



# Multi-Asset Class Prime Brokerage

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## **Merrill Lynch Multi-Asset Class Prime Brokerage**

### **1. Single platform across all asset classes**

- Equity, Credit, Interest Rate, FX, Listed Products, including financing products – Repo / stock loan
- Single point of contact for all products through client rep – one stop shop

### **2. Cross margining and netting**

- Specific risk based grids that optimise margin based on net market exposure across asset classes
- Ability to net total exposure (margin requirement) against total assets (collateral)

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## **Merrill Lynch Multi-Asset Class Prime Brokerage**

### **3. Innovative and Flexible Financing Solutions**

- Unique structure for loans / illiquid assets financing - Control, tax and funding efficient
- Structured / term repo financing for debt products
- Comprehensive equity finance products delivered through single service driven sales contact

### **4. Derivatives Intermediation**

- Ring fenced platform for derivatives give-up service covering Credit, Interest Rate, FX & Commodities products
- Centralises collateral management and margin calls with positive impact on performance and operational cost base

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## Merrill Lynch Multi-Asset Class Prime Brokerage

### 5. Strong supply in both Equities and Fixed Income securities

- Stock lending
- Repo

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## Financing and Short Coverage Solutions

- Securities lending
- Synthetic financing
- Repo financing
- Loan financing
- Equity financing
- Property derivatives

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## Derivatives Intermediation

### Credit Default Swaps

- Single name
- Index Swaps
- Options on Single Name CDS / Index
- Index Tranches

### Interest Rate Derivatives (including G10 currency)

- Swaps
- Swaptions
- Caps/Floors

### FX

- FX Spot, Forward, Swap
- Non deliverable forwards (NDFs)
- FX Options

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## Derivatives Intermediation

### Commodities

- US Natural Gas: OTC and natural gas Futures and options on Futures traded on ICE or NYMEX or CME/ Globex , plus the Clearport and ICE Clear equivalents of these
- Crude and Products: OTC, Futures and options on Futures traded on ICE or NYMEX or CME Globex, plus the Clearport and ICE Clear equivalents of these

### Coming Soon

- ABX CDS (Index only)
- CMBX CDS (Index Only)
- Total Return Swaps (Bond and Index)
- Commodities - US power, UK and Continental power, UK Gas, Emissions

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## Margin & Risk

- Stable & transparent margin engine - clients can access the margin engine directly to run what-if scenarios
- Full netting capability incorporating, cash, cash products, plus PV of derivatives / repo trades
- Multi-asset class cross margining platform
- Single PB based margin call for products across the 4 major asset classes (Equity, Credit, Rates, FX) offering ability to post PB eligible margin against a wide range of derivatives contracts with a single collateral movement



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## Operational Overview & Reporting

- Single, global technology platform with multi-asset class capabilities
- Web based portal into Merrill Lynch
- “Near time” information availability
- Pro-active Client Services, middle office and operations groups in the regions
- Capture and resolve any upfront transaction issues
- Monitor and drive corporate action and dividend notification and activities – specific corporate actions experts within the business group
- Continuous review and discussion around process improvement

## Real Time Trade Blotter on MLPrime®

- Web delivered, secure digital certificate
- Client has access to the same information as the ML PB Client Services Team
- Client can monitor execution, booking and confirmation status of each transaction
- Covers all products eligible for derivatives give-up

STATUS	FUND ▲	EXECUTING DEALER	ML ADMIN	TYPE	TRADE DATE	EFF DATE	TERM DATE	B/S	FIXED RATE	CCY	NOTIONAL	TKR	REFERENCE ENTITY	IDENTIFIER
Pending Confirmation	Demo Fund I	Merrill Lynch	4432ML	CDS	3/16/2005	3/17/2005	3/20/2010	Buy	325	USD	5,000,000.00	DUK	DUKE ENERGY CORP	1578340H
Pending Confirmation	Demo Fund I	Goldman Sachs	1123ML	CDS Option	3/16/2005	3/17/2005	3/20/2010	Sell	310	USD	3,000,000.00	F	CUSIP: 1578340H ISIN: US345370CA64 SUBORDINATION: Senior Unsecured	
Confirmed	Demo Fund I	Merrill Lynch	5561ML	Index	3/16/2005	3/20/2005	3/20/2010	Buy	332	USD	4,000,000.00	GE	ELECTRIC CAPITAL CORP	732190CT
Pending Confirmation	Demo Fund I	Morgan Stanley	4432ML	CDS	3/16/2005	3/17/2005	3/20/2010	Buy	325	USD	5,000,000.00	LU	LUCENT TECHNOLOGIES	890136FA
Pending Confirmation	Demo Fund II	Goldman Sachs	1123ML	CDS Option	3/16/2005	3/17/2005	3/20/2010	Sell	325	USD	5,000,000.00	LU	LUCENT TECHNOLOGIES	890136FA

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## Client Services

- Access to a global team via a single, consistent point of contact
- Multi-product specialists within Client Services Team to enable cross-training and ensure comprehensive support
- Global model allows clients to benefit from supplemental coverage in multiple time zones
- Service Representatives understand your business and proactively offer solutions and effective troubleshooting

**Merrill Lynch Prime Brokerage has a dedicated middle office team working with us to manage day-to-day issues including:**

- Trade file processing
- Reconciliations
- Portfolio accounting
- Corporate actions
- Margin and risk control
- Stock loan fail management
- Settlement issues

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## Foreign Exchange - e-FX

- Fast, user friendly FX trading platform – MLFX – flexible access via GUI/API/FIX
- Multiple ECN connectivity
- Order book
- Credit checking and allocations
- STP
- Algorithmic risk trading

**FX Client Trades (All)**

CCY1 Side	CCY1	CCY2	CCY1 Amt	CCY2 Amt	Rate	Spot Rate	Fwd Points	Tenor	Time	Trade Date
All	All	All	All	All	All	All	All	All		All
Buy	USD	JPY	10,000,000	1,152,700,000	115.27	115.27		SP	08:06:59	05-Mar-2007
Buy	GBP	JPY	4,000,000	886,520,000	221.63	221.63		SP	08:01:29	05-Mar-2007
Sell	EUR	CHF	700,000	1,117,410	1.5963	1.5963		SP	07:23:29	05-Mar-2007
Sell	EUR	JPY	2,000,000	303,040,000	151.52	151.52		SP	07:20:48	05-Mar-2007
Sell	AUD	USD	5,000,000	3,871,245	0.774249	0.7747	-4.51		07:17:28	05-Mar-2007
Sell	EUR	JPY	1,400,000	212,660,000	151.90	151.90		SP	07:02:47	05-Mar-2007
Buy	USD	JPY	5,000,000	577,750,000	115.55	115.55		SP	06:59:36	05-Mar-2007
Buy	AUD	USD	108,150	83,986.91	0.776578	0.7766	-0.22	SN	05:50:40	05-Mar-2007
Sell	USD	HKD	4,754,806.49	37,156,910.78	7.8146	7.8146		SP	05:47:12	05-Mar-2007

**Fast Deal Montage 1**

<b>EURUSD</b> SP (07/03/07) Sell EUR: 1.31 <b>07</b> Buy EUR: 1.31 <b>09</b> Amount: 1,000,000 EUR Account:	<b>USDJPY</b> SP (07/03/07) Sell USD: 116. <b>17</b> Buy USD: 116. <b>19</b> Amount: 1,000,000 USD Account:	<b>GBPUSD</b> SP (07/03/07) Sell GBP: 1.92 <b>34</b> Buy GBP: 1.92 <b>37</b> Amount: 1,000,000 GBP Account:	<b>USDCAD</b> SP (06/03/07) Sell USD: 1.17 <b>96</b> Buy USD: 1.17 <b>99</b> Amount: 1,000,000 USD Account:	<b>AUDUSD</b> SP (07/03/07) Sell AUD: 0.77 <b>39</b> Buy AUD: 0.77 <b>41</b> Amount: 1,000,000 AUD Account:
<b>USDCHF</b> SP (07/03/07) Sell USD: 1.22 <b>18</b> Buy USD: 1.22 <b>20</b> Amount: 1,000,000 USD Account:	<b>EURJPY</b> SP (07/03/07) Sell EUR: 152. <b>26</b> Buy EUR: 152. <b>28</b> Amount: 1,000,000 EUR Account:	<b>EURGBP</b> SP (07/03/07) Sell EUR: 0.68 <b>12</b> <sup>5</sup> Buy EUR: 0.68 <b>15</b> <sup>5</sup> Amount: 1,000,000 EUR Account:	<b>EURCAD</b> SP (07/03/07) Sell EUR: 1.54 <b>61</b> Buy EUR: 1.54 <b>66</b> Amount: 1,000,000 EUR Account:	<b>EURAUD</b> SP (07/03/07) Sell EUR: 1.69 <b>33</b> Buy EUR: 1.69 <b>38</b> Amount: 1,000,000 EUR Account:
<b>EURCHF</b> SP (07/03/07) Sell EUR: 1.60 <b>13</b> Buy EUR: 1.60 <b>16</b> Amount: 1,000,000 EUR Account:	<b>CHFJPY</b> SP (07/03/07) Sell CHF: 95. <b>07</b> Buy CHF: 95. <b>10</b> Amount: 1,000,000 CHF Account:	<b>GBPCHF</b> SP (07/03/07) Sell GBP: 2.34 <b>98</b> Buy GBP: 2.35 <b>08</b> Amount: 1,000,000 GBP Account:	<b>GBPJPY</b> SP (07/03/07) Sell GBP: 223. <b>46</b> Buy GBP: 223. <b>49</b> Amount: 1,000,000 GBP Account:	<b>NZDUSD</b> SP (07/03/07) Sell NZD: 0.67 <b>74</b> Buy NZD: 0.67 <b>78</b> Amount: 1,000,000 NZD Account:

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## **FX Prime Brokerage - Technology and Automation**

- **STP - low touch or no touch processing**
  - Automated matching with near matching intelligence
  - Automated trade allocation tools
  - Automated position rolls
  - Access and connectivity to multiple ECNs
- **User friendly web based GUI**
  - Real time revaluations for cash and options
  - Credit checking, real time utilisation/availability display
  - Flexibility of fee collection
  - On line position rolls
  - Real time and end of day reporting
  - Configurable access to GUI for client, fund administrator etc

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## **FX Prime Brokerage - Service requirements**

- **24 Hour FX market requires**
  - 24 hour client integration team
  - 24 hour client servicing team
  - 24 hour e-FX platform
  - Real time revaluations
  - Cash management and margin issues

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