Achieving Operational Efficiency in the OTC Derivatives Market



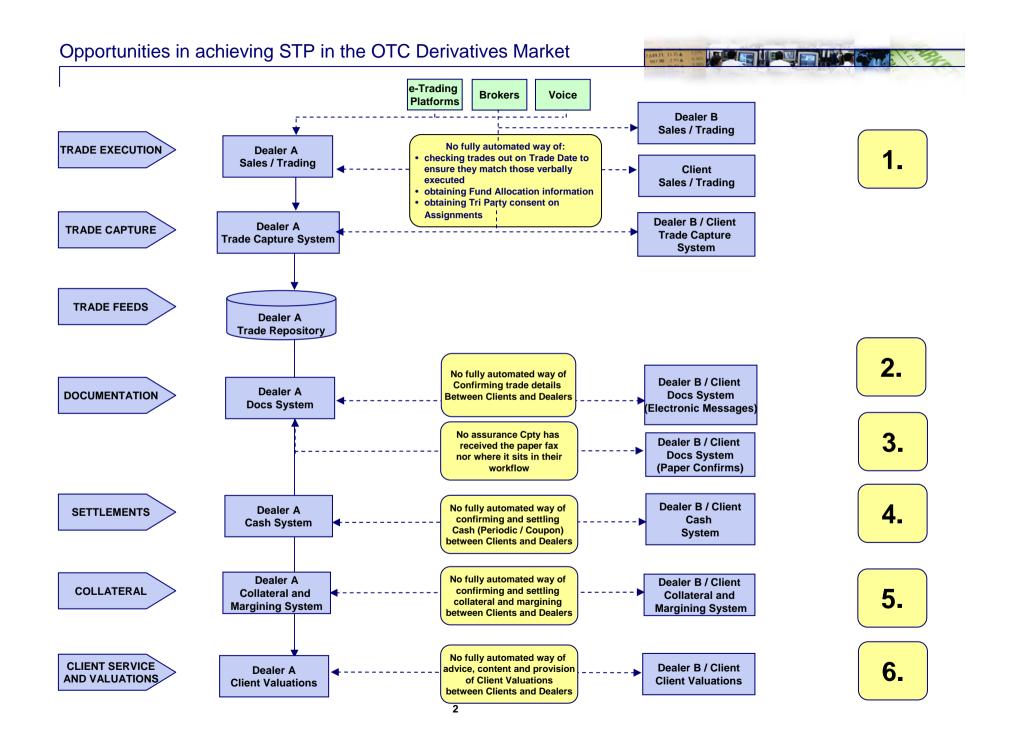
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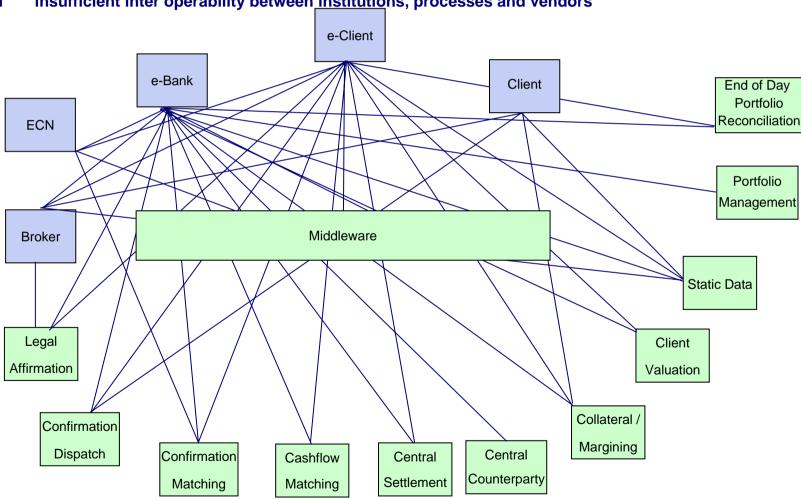


The Challenge in achieving STP in the OTC Derivatives Market



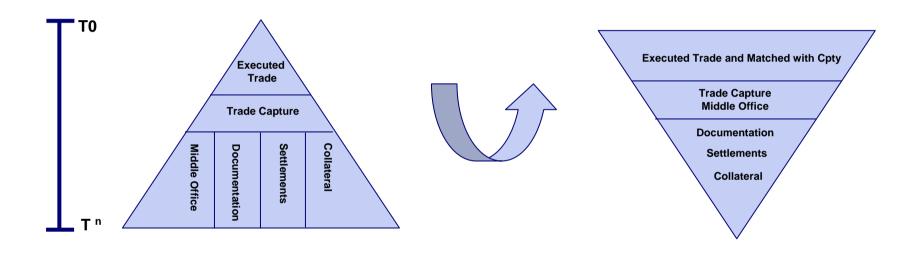
We face an environment with:

- multiple institutions
- multiple processes
- multiple vendors
- insufficient inter operability between institutions, processes and vendors





The OTC Derivatives Industry needs to fundamentally change the way it supports and processes transactions by inverting and automating the support pyramid:



This not only provides support efficiencies but mitigates risk earlier in the life cycle of a transaction.

Requirements for reducing Confirmation and Settlement breaks



- ☐ Trade Date agreement of Trade Details
- ☐ More efficient use of Trade Execution Platforms to increase accuracy and speed of confirmations
- More efficient provision of Fund Allocations
- **☐** More efficient use of the Request for and Provision of Consent to drive the confirmation of Assignments
- ☐ Faster roll out of additional Asset Classes onto Electronic Confirmation platforms
- □ Continued identification of common breaks and process changes to eliminate reoccurrence

Current and Future STP Solutions in the OTC Derivatives Market Note: not complete - for illustrative purposes only **ICAP** GFI Prebon **ICAP** Autobahn Market Trade Web Creditex Bloomberg **iSwap** Fi+ Axess VOICE CLIENT **ECN** Dealer B TRADE EXECUTION Dealer B TRADE CAPTURE **Swapswire Trade Capture** API Dealer A 2. **Trade Capture System** TRADE CHECKOUT Communicator T-Zero Client **Trade Capture** API / Manual 3. Dealer A TRADE FEEDS **DTCC Trade Repository** Dealer A DTCC **DOCUMENTATION Docs System** LCH TIW **Central Cpty** Dealer B / Client 4. Cash System Dealer A Cash Central Cash **SETTLEMENTS Settlements** Cash System **Settlements** Dealer B / Client Collateral 5. Dealer A Central Coll. Coll. Collateral and **TBD COLLATERAL** Collateral and Collateral Margining System **Margining System Valuations Central Cpty** CLIENT SERVICE Dealer B / Client 6. Val. Dealer A **TBD** TBD **Valuations** AND VALUATIONS **Client Valuations**