



Omgeo TradeSuite®

Securities and Exchange Commission (SEC) 'No-Action' Letters

ALERT

Benchmarks
Central Trade Manager
Connect
CrossCheck
OASYS
OASYS Global
OASYS-TradeMatch
ProtoColl
TradeHub
TradeSuite

What are the recent 'No-Action' letters Omgeo received from the SEC and to which products do they apply?

Since March 2008, Omgeo has received three 'No-Action' letters from the SEC.

- March 2008 - TradeSuite Confirm Disclosure service (in conjunction with Omgeo inSITE)
- March 2009 - TradeSuite Confirm Archive service (sell-side usage)
- August 2009 - TradeSuite Confirm Archive service (buy-side usage)

Please note that these are not the first 'No-Action' letters TradeSuite has received. Prior to the creation of Omgeo the DTC ID System, now known as TradeSuite, was granted three 'No-Action' letters (1974, 1983, 1992). The first letter stated that broker/dealers could use the ID System confirm to satisfy their Exchange Act Rule 10b-10 obligations. In 1983, a second letter expanded the media through which Rule 10b-10 compliant confirms could be sent, and a third letter received in 1992 allowed investment managers to use the ID System confirm to satisfy their record keeping obligations under Investment Advisor's Act Rules 204(a)(7) and 204(b)(3).

Why was Omgeo granted these letters and what do they mean?

Omgeo petitioned the SEC for 'No-Action' status separately for each product/service. By granting these letters the SEC is stating that they will not take enforcement action against any entity that uses these products/services to fulfill their SEC requirements.

Has Omgeo been "endorsed" by any other governing groups?

While governing bodies don't issue endorsements, the Municipal Securities Rulemaking Board (MSRB) which regulates municipal securities dealers, has approved usage of the TradeSuite Confirm Disclosure service in conjunction with Omgeo inSITE to fulfill Rule G15 requirements. This service is

particularly relevant because municipal securities often have long disclosure requirements that have historically been forced into free format text fields.

TradeSuite Confirm Disclosure service

Background - SEC Rule 10b-10 requires broker/dealers to provide counterparties with certain disclosures. In addition to these disclosures, broker/dealers' legal and compliance functions require a number of broker-specific disclaimers be included on the back of the confirm to mitigate risk (a.k.a. the confirm backer). Until now, TradeSuite's electronic confirms included information provided on the front of a paper confirm. As a result, many broker/dealers send a supplementary paper confirm that includes their broker-specific disclosures. On top of the cost of printing and mailing the supplementary confirms, recipients often pay a third party to store the documents offsite.

Omgeo solution – Using pre-defined criteria, broker/dealers can post their confirm disclosures within Omgeo inSITE, our web-based repository. Each set of criteria generates a reference number associated with a particular disclosure. The TradeSuite Confirm Disclosure service enriches electronic confirms submitted by broker/dealers with the Omgeo inSITE URL and reference number of the disclosure appropriate for that trade. Counterparties view this information by following the URL and using the unique reference number noted on their enriched electronic confirm. The ability to view confirm disclosures electronically eliminates the sell-side costs associated with printing and mailing additional paper confirms and the buy-side cost of document storage, resulting in savings for the entire community.

What the letter means - By granting the TradeSuite Confirm Disclosure service (used in conjunction with Omgeo inSITE) a 'No-Action' letter the SEC essentially declared that access



www.omgeo.com

Americas
Omgeo LLC
22 Thomson Place
Boston, MA 02210
tel +1 866 49 OMGEO
askomgeoamericas@omgeo.com

Europe
Omgeo Ltd
Aldgate House
33 Aldgate High Street
London
EC3N 1DL
tel +44 20 7369 7777
askomgeoeurope@omgeo.com

Asia
Omgeo Pte Ltd
18 Science Park Drive
Singapore 118229
Tél. +65 6411 6888
askomgeoasia@omgeo.com

Japan
Omgeo K.K.
Palaceside Building
1-1-1, Hitotsubashi, Chiyoda-ku
Tokyo, 100-0003
tel + 813 5218 6621
askomgeojapan@omgeo.com

to electronic confirm disclosures equaled delivery from a 10b-10 compliance standpoint. As a result of the relief granted by the SEC, the Confirm Disclosure service replaces the Mailed Elimination Confirmation Agreement between buy-side TradeSuite users and broker/dealers subscribed to the service. Though once the rule, paper will be the exception and buy-side parties wishing to receive paper confirm disclosures will soon need to contact their broker/dealers directly.

TradeSuite Confirm Archive

Background - SEC Rules 17a-3 and 17a-4 require the sell-side to maintain TradeSuite confirmations for seven years. The SEC also requires this of the buy-side under Investment Advisor's Act Rule 204. Omgeo, in adherence to SEC Rule 10b-10 archives electronic copies of all TradeSuite confirmations for seven years. The buy- and sell-sides meet this requirement by either contracting with a storage vendor or developing an in-house archival system. Since both the buy- and sell-sides are legally required to maintain copies, Omgeo's archives were only to be used as a back-up to their individual archiving systems. However, many firms who use a vendor contact Omgeo directly when a copy is required, as our manual retrieval can be less expensive and more efficient than using their offsite vendor.

Omgeo solution - To streamline the archiving process and eliminate redundant effort, Omgeo built the TradeSuite Confirm Archive service on DTCC's PBS SMART/Search application, the same platform used with TradeSuite QC Online reporting. This service replaces clients' current confirm storage method with an online self-service system. Users no longer have to concern themselves with confirmation archiving. The TradeSuite Confirm Archive service gives users immediate access to seven years of confirmation history and the ability to search / pull confirmations on their own in real-time. Omgeo handles the entire process seamlessly, alleviating users of the administrative burdens. This allows users to eliminate operational overhead associated with managing their archival process.

What the letter means - The SEC granted 'No-Action' letters allowing both buy- and sell-side TradeSuite clients to defer their confirmation archive management to Omgeo. This letter marks the first time the Division of Investment Management has granted such relief and, at this time, it is unique to Omgeo.

About Omgeo

Omgeo creates certainty in post-trade operations through the automation and timely confirmation of the economic details of trades executed between investment managers and broker dealers. Every day Omgeo enables an efficient community of more than 6000 financial services clients in 46 countries to manage matching and exception handling of trade allocations, confirmations, and settlement instructions. Leading organizations rely on Omgeo to help manage an increasingly complex investment industry by providing operational stability and solutions that complement the focus on profitability in an era of escalating trade volumes. Across borders, asset classes, and trade lifecycles, Omgeo is the global standard for operational efficiency across the investment industry. Formed in 2001, Omgeo is jointly owned by the DTCC and Thomson Reuters.

For more information about Omgeo, please visit www.omgeo.com.

