



# Omgeo TradeSuite<sup>SM</sup> 7.1

## Confirm Disclosure Service

To mitigate risk, the legal and compliance groups of most broker/dealers mandate that a separate paper confirm listing broker-specific disclosure information be distributed to counterparties in addition to the electronic confirm. Recipients of these supplementary confirm disclosures often pay a third party to store the documents offsite. While not legally required to send this additional information, broker/dealers do so to protect themselves in the event of a dispute between counterparties. The result is an enormous cost to the industry for processing, distributing, and storing these documents.

### Background

Through ongoing participation with the Securities Industry and Financial Markets Association (SIFMA), Omgeo learned of the issues surrounding rule 10b-10 and the costs affecting industry participants. Given Omgeo's role facilitating electronic trade confirmation processing, it was a logical step to leverage the Omgeo TradeSuite confirm in an effort to address this industry pain point.

Omgeo worked closely with SIFMA to identify a solution that would satisfy the operational, compliance and legal requirements of market participants and regulators. The result is the TradeSuite Confirm Disclosure Service and corresponding data repository, Omgeo inSITE<sup>SM</sup>.

In November of 2007 Omgeo, along with industry representatives, met with the Securities and Exchange Commission (SEC) regarding this proposed solution. As a result, Omgeo received a "No-Action" letter from the SEC on March 12, 2008. The letter stated that use of the Confirm Disclosure Service would not result in enforcement action, essentially declaring that access to electronic confirm disclosures equaled

delivery from a 10b-10 compliance standpoint.

### Solution

In addition to the Confirm Disclosure Service component, the solution includes Omgeo inSITE, an Omgeo-built, web-based central repository created to house broker/dealers' disclosure information. Broker/dealers will post their disclosures to Omgeo inSITE using established criteria that will generate a reference number unique to that specific disclosure document. The TradeSuite confirm submitted by broker/dealers is then enriched with the Omgeo inSITE URL and reference number assigned to the relevant disclosure. As part of the existing TradeSuite processing, the enriched confirm will be distributed to all parties of the trade.

### Mailed Elimination Confirmation Agreement

As a result of Omgeo receiving "No Action" relief from the SEC, investment managers using TradeSuite no longer need to send the Mailed Elimination Confirmation Agreement to broker/dealers subscribed to the Confirm Disclosure Service. TradeSuite investment manager clients who want paper confirms need to contact their brokers directly and request the mailed paper confirmations.

### Benefits

The Confirm Disclosure Service benefits not only those parties directly involved, but the industry overall. Key benefits include:

- **Increased efficiencies** through the elimination of processes associated with mailing, distributing and storing paper confirmations
- **Cost savings** for both broker/dealers and investment managers
- **Eco-friendly** paper reduction/elimination
- **Increased compliance flexibility** via a web-based enrichment solution that allows broker/dealers to easily make changes to required regulatory disclosures

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### Timetable

TradeSuite 7.1 is anticipated to launch in pilot program in Q4 2008.

### TradeSuite Confirm Disclosure Service subscription details

A component of TradeSuite 7.1, the Confirm Disclosure Service is an optional subscription-based service for broker/dealers. Once subscribed, broker/dealers are able to upload disclosure documents to Omgeo inSITE and have the URL and unique reference number enriched on TradeSuite confirms.

No additional subscription is necessary for investment managers, custodian banks, or interested parties using TradeSuite 7.1. These users receive the enriched confirm as part of standard TradeSuite processing. Via the enriched confirm, disclosure documents can be accessed electronically, eliminating costs associated with storage of paper confirms containing the same disclosure information.

### Omgeo inSITE<sup>SM</sup> document and profile management

To accommodate the storage and enrichment of confirm disclosures, Omgeo inSITE is made-up of two website components. The first is a broker/dealer site where disclosure documents are posted for confirm enrichment. Each broker/dealer is given a login and password that allows them to upload disclosure documents and assign enrichment profiles using the following defined criteria:

- TradeSuite Executing Broker/Dealer ID #
- Effective Trade Date
- Security Asset Class or Security Type
- Settlement Location
- User Defined Disclosure Code

To determine enrichment, system logic requires broker/dealers to identify either asset class and settlement location or individual security type and settlement location (established for a given executing broker ID# and effective trade date). See

Appendix B for a list of the security types included within each asset class.

In addition to using system logic to determine disclosure enrichment, broker/dealers also have the option of utilizing user defined logic via a user defined disclosure code. User defined disclosure codes, established for a given executing broker ID number and effective trade date supersede system logic. Accordingly, to avoid a trade error broker/dealers must ensure that the exact user defined disclosure code is identified in the related discrete field on the TradeSuite confirm input. This method provides broker/dealers with the additional control of an internal identifier number to determine enrichment for their firm specific disclosures.

The second component of Omgeo inSITE is dedicated to confirm recipients (i.e. investment managers) and allows only viewing, printing, and the ability to save the relevant document in a PDF format. Investment managers and other parties receiving the enriched trade confirm use the URL and disclosure reference number to access Omgeo inSITE and the relevant disclosure document. No login or password is required for users to access the site in this manner.

### Additional features

Omgeo inSITE and the Confirm Disclosure Service also have versioning and archiving capabilities. When broker/dealers upload revised versions of disclosure documents that are associated with the same defined criteria as the previous version, the versioning function provides distinction between current disclosure documents and those effective at the time of past dated trades.

The broker/dealer component of Omgeo inSITE also offers audit trail capabilities,



reports, and an optional maker-checker function. Maker-checker allows broker/dealers to institute an approval process for disclosure documents being uploaded to Omgeo inSITE. This provides an element of risk mitigation by requiring disclosure documents to be reviewed and approved by another individual at the firm before documents are submitted to the host for enrichment.

#### Future effective date processing

Omgeo inSITE gives broker/dealers the ability to upload disclosure documents and establish profiles for future use and enrichment. Using the Effective Trade Date enrichment criteria, broker/dealers specify a trade date in the future for enrichment to begin. The system defaults to the next effective business trade date, as same day or immediate enrichment is not permissible. Please note that trade confirms submitted prior to profile submission will not be enriched with a URL and disclosure reference number.

This permits original trade confirms processed on a given trade date to contain disclosure enrichment active at the start of the trading day. Additionally, disclosure enrichment profiles cannot be established with past effective dates. From a regulatory and compliance perspective, this rule prevents broker/dealers from submitting future disclosure documents that were not officially in effect at the time of the trade and may contain different disclaimer or terms and condition language.

To ensure accuracy, it is important that broker/dealers establish accurate enrichment profiles for disclosure documents before activation. Omgeo recommends using the maker-checker functionality and performing satisfactory testing to verify results.

#### Profile management processing cut-off

The cut-off time for adding or deactivating Confirm Disclosure Service enrichment profiles for next day activation is 6:00 pm EST each business day. Omgeo inSITE communicates all details of user profile activity to TradeSuite at the end of each processing day to take effect in the next trade date processing. To avoid any business implications, it is important that users are aware of this processing cut-off time and plan updates accordingly. Profile updates submitted to the Omgeo Host after the cut-off will not take effect the next day, but rather the second business day.

#### TradeSuite processing features for Confirm Disclosure Service

TradeSuite processing essentially remains the same in TradeSuite 7.1. The difference for broker/dealers subscribed to the Confirm Disclosure Service is that on a nightly basis TradeSuite will process a file of enrichment profile additions and updates from Omgeo inSITE and store them locally. TradeSuite uses this locally stored data to enrich trade confirms with the URL and reference number associated with specific disclosure documents and established profiles. This approach allows for peak performance during the enrichment process.

There are five TradeSuite fields associated with processing confirm disclosures. These fields reside in record 5 of the TradeSuite confirm record layout. Record 5 was added as part of TradeSuite 7.0 to provide broker/dealers with discrete and free form text fields. These added fields allow users to communicate additional firm-specific and 10b-10 disclosure information. The disclosure link and reference fields were added to TradeSuite 7.0 as output only fields in anticipation of the Confirm Disclosure Service. TradeSuite clients using the Direct API interface must be turned on to receive record 5 and must program to read and submit the new fields associated with this processing. See appendix A for field

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information details relative to the TradeSuite message specification changes.

#### **Additional 10b-10 related fields**

As a condition to granting exempt status, the SEC required Omgeo to include the following discrete 10b-10 fields on the TradeSuite confirm:

- New Values for existing Role Field
- Mark Up / Mark Down
- Current Yield
- Yield to Maturity
- Yield to Call/Redemption
- 3<sup>rd</sup> Party Remuneration Received Indicator
- Dated Date
- Broker-Dealer Telephone #

TradeSuite users should be keenly aware of the new values added to the role field, as this is an existing mandatory field. Systems not prepared to accept these new values could be adversely affected. Accordingly, TradeSuite Direct users (CCF/MQ) must make the appropriate programming changes included in the TradeSuite 7.1 message specification (located on the Omgeo Client Center website under documentation).

For STP related purposes, TradeSuite 7.1 also includes the addition of an Allocation Source field for broker/dealers to identify the allocation method used by the investment manager. See appendix A for field information details relative to the TradeSuite message specification changes

#### **TradeSuite specification field changes for Confirm Disclosures**

Introduction of the Confirm Disclosure Service requires modifications to the TradeSuite message specification record layout. In addition to the disclosure link and disclosure reference fields included in TradeSuite 7.0, the following fields were added to TradeSuite 7.1 to facilitate confirm disclosure processing:

- User Defined Disclosure Code
- Confirm Backer / Disclosure Found Indicator
- Confirm Backer / Disclosure Bypass Indicator

Direct users or Machine-Readable users should be prepared to provide or process these new fields. See appendix A for field information details relative to the TradeSuite message specification changes.

#### **Workstation PTS Inquiry updates**

Updates are anticipated to be made to TradeSuite workstations and TradeSuite PTS Inquiry functions to accommodate the new fields and processing changes. For more information, see the TradeSuite 7.1 Release Information Guide (located on the Omgeo Client Center website under documentation).

#### **What a broker/dealer needs to do**

- Clients using a TradeSuite direct interface (CCF/MQ) need to prepare and validate the system's ability to submit and accept/process TradeSuite's new record 5 and the five new fields associated with confirm disclosure enrichment. At a minimum, clients must accept/process the disclosure link and disclosure reference fields. Determine whether your firm will utilize the user defined disclosure code field as opposed to relying on system logic.
- Prepare and validate system's ability to submit and process the additional 10b-10 discrete fields being added to record 2 and record 5 included with TradeSuite 7.1. This includes the five fields added as part of TradeSuite 7.0.
- Validate whether your firm should be prepared to accept and process the new field values for the role field in record 1 and/or the new fields added to record 2. Ensure that the population of these fields and values will not adversely affect existing processing within the current system.

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- Please contact your Omgeo Relationship Manager or the Omgeo Client Contact Center for subscription details or more information on the TradeSuite Confirm Disclosure Service.

#### What an IM needs to do

- Please contact your broker/dealer counterparties and ask them to subscribe to the TradeSuite Confirm disclosure Service so you can stop receiving their paper confirmations.
- Clients using a TradeSuite direct interface (CCF/MQ) must prepare and validate their system's ability to accept and process TradeSuite's new record 5 and the five fields associated with confirm disclosure enrichment. At a minimum, the disclosure link and disclosure reference fields must be verified.
- Clients using a TradeSuite Direct interface (CCF/MQ) must prepare and validate their system's ability to accept and process the additional 10b-10 discrete fields added to record 2 and record 5, including the new field values for the role field. This includes the five fields added as part of TradeSuite 7.0. At a minimum, ensure that the population of these fields and values will not adversely affect existing processing within their current system.
- Workstation users need to upgrade to TradeSuite 7.1 to receive the additional fields added for the Confirm Disclosure Service.

#### What a service provider needs to do

- Prepare and validate system's ability to submit and accept/process TradeSuite's new record 5 and the five fields associated with confirm disclosure enrichment on behalf of client customers. At a minimum, the disclosure link and disclosure reference fields must be verified. Determine whether your firm would utilize the user defined disclosure code field to as opposed to system logic.

- Prepare and validate system's ability to submit and process the additional 10b-10 discrete fields added to record 2 and record 5.
- Validate whether your firm should be prepared to accept and process the new field values for the role field and/or the four new fields added to record 2.
- Please contact your Omgeo Global Alliances Manager for more information on the Confirm Disclosure Service.

#### For more information

For more information on TradeSuite 7.1, the Confirm Disclosure Service, or Omgeo inSITE, contact your Relationship Manager directly or call the Client Contact Center at +1-877-664- 3625.

#### 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 45 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](http://www.omgeo.com)



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## Appendix A

Confirm Disclosure TradeSuite message specification field modifications depicted below:

Field Name	Record	Format	Length	Field Description	Input / Output	M / O
Disclosure Link	5	X(50)	50	Contains the URL Link for Broker/Dealer Confirm Disclosure information from the Omgeo Disclosure Repository. It is used to access the Repository to view the Confirm Backer/Disclosure information associated/specific to the trade confirmation.	Output	-
Disclosure Reference Number	5	X(16)	16	Disclosure Reference Number assigned by Backer / Disclosure Repository to identify the specific Backer / Disclosure associated with the trade confirmation. It is required information to view the Backer/Disclosure Document on the Repository along with the corresponding URL Disclosure Link.	Output	-
User Defined Disclosure Code	5	X(16)	16	User defined value for broker-dealers to use as exact criteria for Confirm Backer/Disclosure enrichment	Both	Optional
Confirm Backer / Disclosure Found Indicator	5	X(1)	1	Output Field that indicates whether Confirm Backer / Disclosure URL and Reference # was enriched/ Found on Trade Confirm Output. Y= Disclosure URL & Reference Found N = Disclosure URL & Reference Not Found U = Not Subscribed	Output	-
Confirm Backer / Disclosure Bypass Indicator	5	X(1)	1	Field for broker-dealer to Instruct TradeSuite to 'Bypass' or 'Override' Confirm Backer / Disclosure Enrichment B = Bypass Confirm Backer / Disclosure Enrichment Space = Enrich Confirm Backer / Disclosure Must be a valid value if supplied.	Both	Optional

Direct users or Machine-Readable users should be prepared to provide or process these new fields.



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## Appendix A (continued)

10b-10 / Disclosure field information TradeSuite message specification additions depicted below:

Field Name	Record	Format	Length	Field Description	Input / Output	M / O
New Values for Role	1	X(1)	1	<p>Four new field values are being added to the Role field located in record 1 position 67. The field values added should be:</p> <ul style="list-style-type: none"> <li>• 6 = Mixed Capacity - The Executing Broker-Dealer acted as both Principal and Agent in the transaction</li> <li>• 7 = Executing Broker acted a Principal, Agent and Agent for another person in the transaction</li> <li>• 8 = Crossing as Agent - Executing Broker-Dealer is Crossing transaction as Agent on behalf of customer</li> <li>• 9 = Crossing as Principal - Executing Broker-Dealer is Crossing transaction as Principal for his own account</li> </ul>	Both	New Values are Optional
Mark Up / Mark Down	5	X(11)	11	10b-10 Field information for broker-dealer to disclose the mark up or mark down involved in the transaction	Both	Optional
Mark Up/Mark Down Sign	5	X(1)	1	<p>Associated with Mark Up Mark Down Field. Indicates whether the Mark Up or Mark Down is a Negative or Positive value.</p> <p>+ = Positive Value. - = Negative Value.</p>	Both	Optional
Current Yield	2	X(11)	11	<p>10b-10 Field information for broker to disclose the current yield of the security</p> <p>Numeric only values allowing for a floating decimal in any position. Spaces if not supplied</p>	Both	Optional
Yield to Maturity	2	X(11)	11	10b-10 Field information for broker to disclose the yield to maturity of the security	Both	Optional
Yield to Call/Redemption	2	X(11)	11	10b-10 Field information for broker to disclose the yield to call/redemption of the security	Both	Optional



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## Appendix A (continued)

Field Name	Record	Format	Length	Field Description	Input/Output	M/O
3 <sup>rd</sup> Party Remuneration Received	5	X(1)	1	10b-10 field for broker to denote whether the broker-dealer received any 3 <sup>rd</sup> party remuneration in the transaction. Y = Yes N = No If supplied, must be a valid value. Spaces = Not supplied	Both	Optional
Broker Dealer Telephone Number	5	X(20)	20	10b-10 field information for broker-dealer to disclose a telephone number to its counterparty	Both	Optional
Dated Date	2	X(8)	8	Field information for the broker-dealer to identify Dated Date of the fixed income Security involved in the transaction	Both	Optional
Allocation Source	1	X(1)	1	Field for broker-dealer to identify or disclose the system or method used by the investment manager to send the allocation to the broker-dealer in which to process the trade confirmation. The field values added should be: 1 = OASYS 2 = TradeXpress (TradeWeb) 3 = FIX 4 = MarketAxess 5 = Manual (phone, fax or email) If supplied, must be a valid value. Spaces = Not supplied	Both	Optional

Direct users or Machine-Readable users should be prepared to provide or process these new fields.

# Appendix B

## Asset Class Security Type Categories

A breakdown of the securities (security types) contained in each Asset Class Category is shown below. If you upload a disclosure document and establish enrichment criteria/profiles in Omgeo inSITE using one of the Asset Classes, trade confirms submitted with any of the security types within the category/group will be enriched with the URL and Reference number of the document defined under that asset class.

Asset Class Code	Asset Class Description	Security Type	Security Type Description
EQU	Equities	CER	REPRESENTATIVE CERTIFICATES
EQU	Equities	MSC	MISCELLANEOUS
EQU	Equities	OPC	OPTION CONTRACTS
EQU	Equities	OPS	OPTION SHARES
EQU	Equities	PRC	PREMIUM CONTRACTS
EQU	Equities	PRS	PREMIUM SHARES
EQU	Equities	RTE	RENTES
EQU	Equities	RTS	RIGHTS
EQU	Equities	SHP	EQUITIES - PREFERRED SHARES
EQU	Equities	SHS	EQUITIES (SHARES)
EQU	Equities	UNT	UNITS
EQU	Equities	WTS	WARRANTS
FXI	Fixed Income	AGS	AGENCIES
FXI	Fixed Income	BAS	BANKER'S ACCEPTANCES
FXI	Fixed Income	CDS	CORPORATE DEBT
FXI	Fixed Income	COD	CERTIFICATE OF DEPOSIT
FXI	Fixed Income	COL	COLLATERAL
FXI	Fixed Income	CON	CONVERTIBLE BOND
FXI	Fixed Income	CPA	COMMERCIAL PAPER
FXI	Fixed Income	CPN	COUPONS
FXI	Fixed Income	CSH	U.S. CASH WIRE
FXI	Fixed Income	CS1	US CASH WIRE NUMBER 1
FXI	Fixed Income	CS2	US CASH WIRE NUMBER 2
FXI	Fixed Income	CS3	US CASH WIRE NUMBER 3
FXI	Fixed Income	CS4	US CASH WIRE NUMBER 4
FXI	Fixed Income	CS5	US CASH WIRE NUMBER 5
FXI	Fixed Income	DFI	DTC OMNIBUS
FXI	Fixed Income	EBD	EUROBONDS
FXI	Fixed Income	ECD	EURO CD
FXI	Fixed Income	ECP	EURO CP
FXI	Fixed Income	ENT	EURONOTES
FXI	Fixed Income	FFI	FIXED INCOME OMNIBUS
FXI	Fixed Income	FIN	FINANCE TRANSACTION
FXI	Fixed Income	FPA	FACE OR PRINCIPAL OR NOMINAL AMOUNT
FXI	Fixed Income	GDS	GOVERNMENT DEBT SECURITIES
FXI	Fixed Income	ITS	INDEXED TREASURY SECURITIES
FXI	Fixed Income	MMI	MONEY MARKET INSTRUMENTS
FXI	Fixed Income	MTN	MEDIUM TERM NOTES
FXI	Fixed Income	MUN	MUNICIPAL BONDS
FXI	Fixed Income	NSD	NON US SOVEREIGN DEBT
FXI	Fixed Income	OMM	OTHER MONEY MARKET INSTRUMENTS
FXI	Fixed Income	SLA	STUDENT LOAN MARKETING ASSOCIATION



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## Appendix B (continued)

<b>Asset Class Code</b>	<b>Asset Class Description</b>	<b>Security Type</b>	<b>Security Type Description</b>
FXI	Fixed Income	TBI	TREASURY BILLS
FXI	Fixed Income	TEM	TAX EXEMPT MONEY MARKETS
FXI	Fixed Income	TRB	TREASURY BONDS
FXI	Fixed Income	TRN	TREASURY NOTES
FXI	Fixed Income	TRS	TREASURY STRIPS
MBS	Fixed Income	XCP	TAX EXEMPT COMMERCIAL PAPER
MBS	Mortgage-Backed Securities	ABS	ASSET-BACKED SECURITY
MBS	Mortgage-Backed Securities	CMO	COLLATERALIZED MORTGAGE OBLIGATION
MBS	Mortgage-Backed Securities	FMR	FREDDIE MAC REMICS
MBS	Mortgage-Backed Securities	FNM	FANNIE MAE
MBS	Mortgage-Backed Securities	FNR	FANNIE MAE REMICS
MBS	Mortgage-Backed Securities	FRM	FREDDIE MAC
MBS	Mortgage-Backed Securities	GMR	GINNIE MAE REMICS
MBS	Mortgage-Backed Securities	GNM	GINNIE MAE
MBS	Mortgage-Backed Securities	MBS	MORTGAGE-BACKED SECURITIES
MBS	Mortgage-Backed Securities	OMB	OTHER MORTGAGE BACKED SECURITIES



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