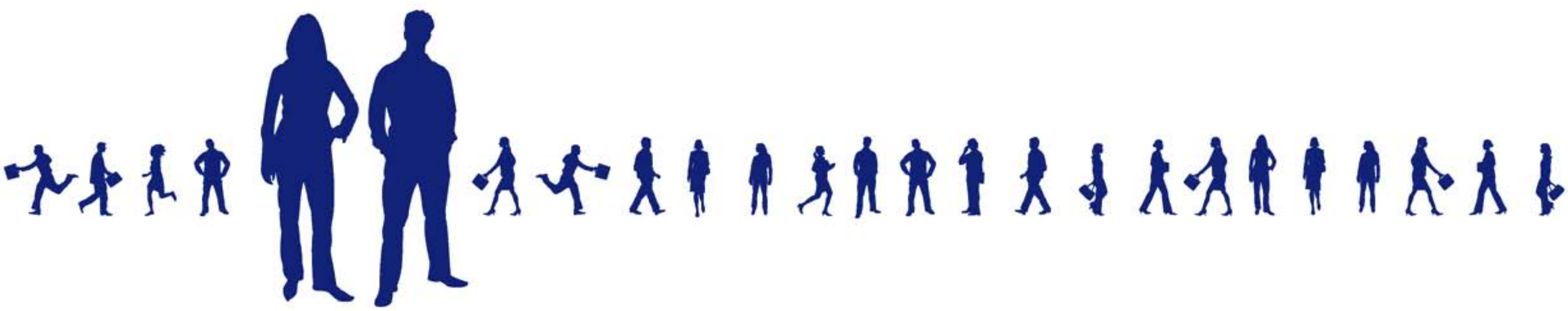
Omgeo Central Trade Manager℠

Best Practices

Version 1.0



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Best Practices

This document contains the best practices for Omgeo CTM Investment Managers and Omgeo CTM Broker/Dealers as agreed upon by the Omgeo CTM Working Party. Please refer to the *Appendix* for a list of the firms that participated in the Omgeo CTM Working Party and ratified these best practices. Please note that no coding changes will be made to Omgeo Central Trade Manager℠ (Omgeo CTM) to enforce these best practices, except where noted.

New Matching Fields

The following new matching fields are available for investment managers when transacting with Omgeo CTM broker/dealers only. These are optional fields that can be added by the investment manager to their matching profiles for equity, debt, futures, options, or contracts for difference (CFDs).

Table 1 New L2 Matching Fields

Component	**Level 2 Matching Field**
TradeLevel (block)	PlaceOfTrade
TradeDetail (allocation)	SettlementAmount[1]

1. Applicable only for equity and debt matching profiles

Note *TradeChargesOrTaxes*, *TotalNetCashAmount*, and *SettlementTransactionConditionIndicator* should not be used for matching and have been removed from the matching profile forms on www.omgeo.com.

Best Practices

SettlementAmount should only be provided by investment managers and broker/dealers if it is different than *NetCashAmount*.

It is recommended that investment managers match on *PSET* at the TradeDetail (allocation) in order to ensure that settlement instructions are correct before a trade goes down to settlement.

New Broker Identifiers

Omgeo CTM broker/dealers will be identified by a new BIC (instead of an OASYS Global℠ acronym). Investment managers will need to submit trades into Omgeo CTM using a broker's BIC or update their Broker Matching Groups (BRMGs) to include the new BICs.

Best Practices

Omgeo CTM broker/dealers should register all new BICs with SWIFT.

When updating a BRMG, investment managers should only include BICs that belong to the same family or parent. BICs of different brokers should not be mixed in the same BRMG.

New Commission Types

OASYS Global℠ broker/dealers only utilize Executing Commission (EXEC). Omgeo CTM creates the Total Commissions Amount (TCOM) by totaling up all the discrete commission types submitted, which in the case of OG brokers will always be equal to EXEC. If the investment manager has selected to match on commissions at the block or allocation, all matching in Omgeo CTM is done on total commissions (TCOM) only and not on the individual commission amounts.

Omgeo CTM broker/dealers can send in any of the commission types listed in Table 2 below. If the investment manager has selected to match on commissions at the block or allocation, all matching will continue to be done on total commissions (TCOM) only. If the broker or investment manager sends in TCOM, Omgeo CTM will use that value for matching (and not calculate it). If the broker or investment manager does not send TCOM, Omgeo CTM will add all the commission types submitted to create TCOM for matching.

Table 2 Commission Types

CTM CODE	DESCRIPTION	OG CODE
EXEC	Executing Broker's Amount	EXEC
LOCO	Local Broker's Commission	
SPCN	Special Concessions Amount	
CLBC	Clearing Broker's Commission	
TCOM	Total Commissions Amount	

Best Practices

Investment managers and brokers should continue to send in the one detail commission type (EXEC) that is supported in OASYS Global. The other non-OG commission types should not be used at this time.

Note A per client flag will be added to Omgeo CTM in Q3 2009 to indicate whether an investment manager is prepared to accept non-OG commission and fee types. If they are not, an Omgeo CTM broker/dealer will get an error message if they try to submit a trade with any of the new commission types.

Investment managers should be able to take back TCOM into their internal systems in order to protect themselves from future changes to this best practice. Since TCOM is calculated by adding up all the other discrete commission types, this will ensure that the investment manager will always have the total commission amount that was matched on and agreed upon with their counterparty.

New Charge/Tax Types

OASYS Global broker/dealers only utilize four charge/tax types based on the OASYS Global Code of Practice. Omgeo CTM creates the Total Fees Amount (TFEE) by totaling up all the discrete charge/tax types submitted. If the investment manager has selected to match on charges or taxes at the block or allocation, all matching in Omgeo CTM is done on total fees (TFEE) only and not on the individual charge/tax amounts.

Omgeo CTM broker/dealers can send in any of the charge/tax types in Table 3 below. If the investment manager has selected to match on charges or taxes at the block or allocation, all matching will continue to be done on total fees (TFEE) only. If the broker or investment manager sends in TFEE, Omgeo CTM will use that value for matching (and not calculate it). If the broker or investment manager does not send TFEE, Omgeo CTM will add all the charge/tax types submitted to create TFEE for matching.

Table 3 Charge Tax Types

CTM CODE	DESCRIPTION	OG CODE
CHAR	Charges/Fees	BROK
COUN	Country/National Fed Tax	
LADT	Local Tax – DE Specific 1	
LIDT	Local Tax - DE Specific 2	
LOTE	Local Tax - DE Specific 3	
LYDT	Local Tax - DE Specific 4	
LOCL	Local Tax	FEES
LEVY	Payment Levy	
OTHR	Other Amount	MISC
POST	Postage Amount	
REGF	Regulatory Amount	
SHIP	Shipping Amount	
STAM	Stamp Duty	
STEX	Stock Exchange Tax	
TCHA	Total Fees/Commissions	
TFEE	Total Fees	
TRAX	Transaction Tax	TTAX
TRAN	Transfer Tax	
VATA	Value Added Tax	

Best Practices

Investment managers and brokers should continue to send in the four detail charge/tax types (CHAR, LOCL, OTHR, TRAX) that are supported in OASYS Global. The other non-OG charge/tax types should not be used at this time.

> **Note** A per client flag will be added to Omgeo CTM in Q3 2009 to indicate whether an investment manager is prepared to accept non-OG commission and fee types. If they are not, an Omgeo CTM broker/dealer will get an error message if they try to submit a trade with any of the new charge/tax types.

Investment managers should be able to take back TFEE into their internal systems in order to protect themselves from future changes to this best practice. Since TFEE is calculated by adding up all the other discrete charge/tax types, this will ensure that the investment manager will always have the total charge/tax amount that was matched on and agreed upon with their counterparty.

New Workflows

OASYS Global broker/dealers are blind to the matching and exceptions statuses in Omgeo CTM. Once broker/dealers move to Omgeo CTM, they will be able to take a more proactive role in post-trade processing and will no longer be entirely dependent on the investment manager for exception resolution. The sections below document the flexible and non-sequential workflows that will be available for investment managers and broker/dealers on Omgeo CTM.

Cancel Requests on Match Agreed Trades

In today's OASYS Global workflow, only the broker can cancel a Match Agreed (MAGR) trade. The investment manager must contact the broker and request that they cancel the trade and they must accept the cancel.

In Omgeo CTM, the request to cancel can come from either party, and the other party can accept or reject the request. If the cancel request is accepted, the trade is canceled and its status changes to Cancel Match Agreed (CMAG). If the cancel request is rejected, the trade remains at Match Agreed. Bilateral agreement is required in order to cancel a Match Agreed trade.

Best Practices

The party requesting a cancel should monitor the request and contact their counterparty if they have not responded on a timely basis.

The party receiving a cancel request should monitor and respond to cancel requests on a timely basis by either accepting them or rejecting them.

If a cancel request is rejected, the rejecting party should always enter a comment explaining the reason for the rejection.

If a cancel request is accepted, there should be a timely reinstatement by both parties of the new trade replacing the canceled trade.

If any trade financials change after Match Agreed, the entire trade should be cancelled and rebooked within Omgeo CTM.

Unilateral Amendments

In today's OASYS Global workflow, if the investment manager wants the broker to change their trade data (for example, to resolve a mismatch), the investment manager must first reject the block or contract back to the broker.

An Omgeo CTM broker/dealer can unilaterally amend blocks and contracts in any Match Status up until the time the trade is Match Agreed without waiting for the investment manager to reject first. This allows the broker the opportunity to proactively resolve known errors.

Best Practices

Brokers should proactively amend trades if they have determined that their side is in error without waiting to receive a reject from the investment manager first.

Investment managers should display trade financials to their counterparty on mismatched trades to help resolve exceptions.

> **Note** Omgeo will be changing the default for the 'Show Hidden Fields' indicator at the firm level for all investment managers to display all money amount fields to broker/dealer counterparties in Q4 2009. This firm-level default can be overridden on an individual TradeLevel or TradeDetail message by setting the *ShowHiddenFieldsIndicator* field to Y (to display) or N (to hide).

Rejecting Alleged Against Blocks

In today's OASYS Global workflow, the broker does not see and cannot reject the investment manager's blocks. In Omgeo CTM, a broker can query for blocks alleged against them (if BRMGs are not used) and can reject the investment manager's block before the broker has submitted anything on their own side.

> **Note** Please note that if the investment manager submits a block with a Broker Matching Group (BRMG), this block will not be displayed to any brokers in that BRMG.

Best Practices

Brokers can reject unmatched blocks alleged against them.

If a broker rejects an unmatched block back to the investment manager, the broker should always enter a comment explaining the reason for the rejection.

Investment managers should monitor and take action on rejections received from brokers on a timely basis.

The party alleging the trade should monitor that the corresponding trade from the counterparty is submitted on a timely basis.

Rejecting Mismatched Trades

In today's OASYS Global workflow, if trades are mismatched, it's entirely up to the investment manager to resolve the exception by either rejecting the broker's trade or amending their side. In Omgeo CTM, the broker has full transparency into the status of their trades and can reject a mismatched block or allocation back to the investment manager requesting that they take an action to change the trade details.

Best Practices

Brokers can reject mismatched blocks or allocations.

If a broker rejects a mismatched trade back to the investment manager, the broker should always enter a comment explaining the reason for the rejection.

Investment managers should monitor and take action on rejections received from brokers on a timely basis.

Broker SSI Enrichment on Contracts

In today's OASYS Global workflow, the broker can only submit or enrich standing settlement instructions (SSIs) on the block. An Omgeo CTM broker/dealer can also submit or enrich SSIs on the individual contracts and re-enrich on amendments. Delivery instructions on one contract can be different than another.

Best Practices

Brokers should always provide SSIs on the block and only override on those contracts that have different instructions than the block.

Investment managers that download broker delivery instructions into their internal systems should look for SSIs on both the block and the contract.

Note Please note that when the broker is on Omgeo CTM and the investment manager is on OASYS Global contract level, the broker must provide SSIs for both sides on the contract.

APPENDIX

The following firms and individuals participated in the Omgeo CTM Working Party and subcommittee on best practices held in the Americas and EMEA in Q2 2009 to discuss and finalize the best practices in this document.

Table 4 Omgeo CTM Working Party Attendees

Segment	Firm	Region	Representative
IM	Legg Mason	Americas	Susan Blatt Mariane Matos
IM	State Street Global Advisors	Americas	Martin Pearce
IM	The Boston Company	Americas	Altaf Hossine
IM	Alliance Bernstein	EMEA	Vincent Fannon
IM	BGI UK	EMEA	Philip Westpfel Luke Tabi
IM	Schroders	EMEA	David Tuite Phillip Williams
Outsourcer	BNY Mellon Asset Servicing	Americas	Robert Forand
Outsourcer	State Street IMS	Americas	Genevy Dimitrion
Outsourcer	HSBC	EMEA	Alan Plom John Crossley
Outsourcer	Northern Trust	EMEA	Matthew Pruss James Murphy
Broker	Citigroup	Americas	Manuela Tuohy
Broker	Fidelity	Americas	Patricia McHale Loida de la Isla
Broker	Goldman Sachs	Americas	Steven Kelly
Broker	ITG NY	Americas	Dina Kouredjian
Broker	Morgan Stanley	Americas	Michael Fiscella
Broker	UBS	Americas	Keith Beniston
Broker	BNP Paribas	EMEA	Pavel Kozela
Broker	Citigroup	EMEA	Milly Webb
Broker	Credit Suisse	EMEA	Michael Goodwins
Broker	Deutsche Bank	EMEA	Caroline Nicol Jennifer Sayles

Segment	Firm	Region	Representative
Broker	Goldman Sachs	EMEA	Eric Klein
Broker	Merrill Lynch	EMEA	Nick Morgan Keren Hampson Frank Myles
Broker	Morgan Stanley	EMEA	Paul Sheldon
Broker	New Edge Group	EMEA	Corinne Yeguawian Guillaume Petit
Broker	UBS	EMEA	Katja Gregory Marissa Herlitz

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