

Introducing Omgeo/EuroCCP





Agenda

- Background
- Objectives
- Proposed Solution
- Benefits of the New Model
- Next Steps, Project Timelines





Background

- Approached by Prime Broker Community in 2008
- Work effort in Hedge Fund processing
- Efficiency deficits, raised risk profile
- Solutions presented focused on automation of existing workflow
- New Model emerged from group objectives



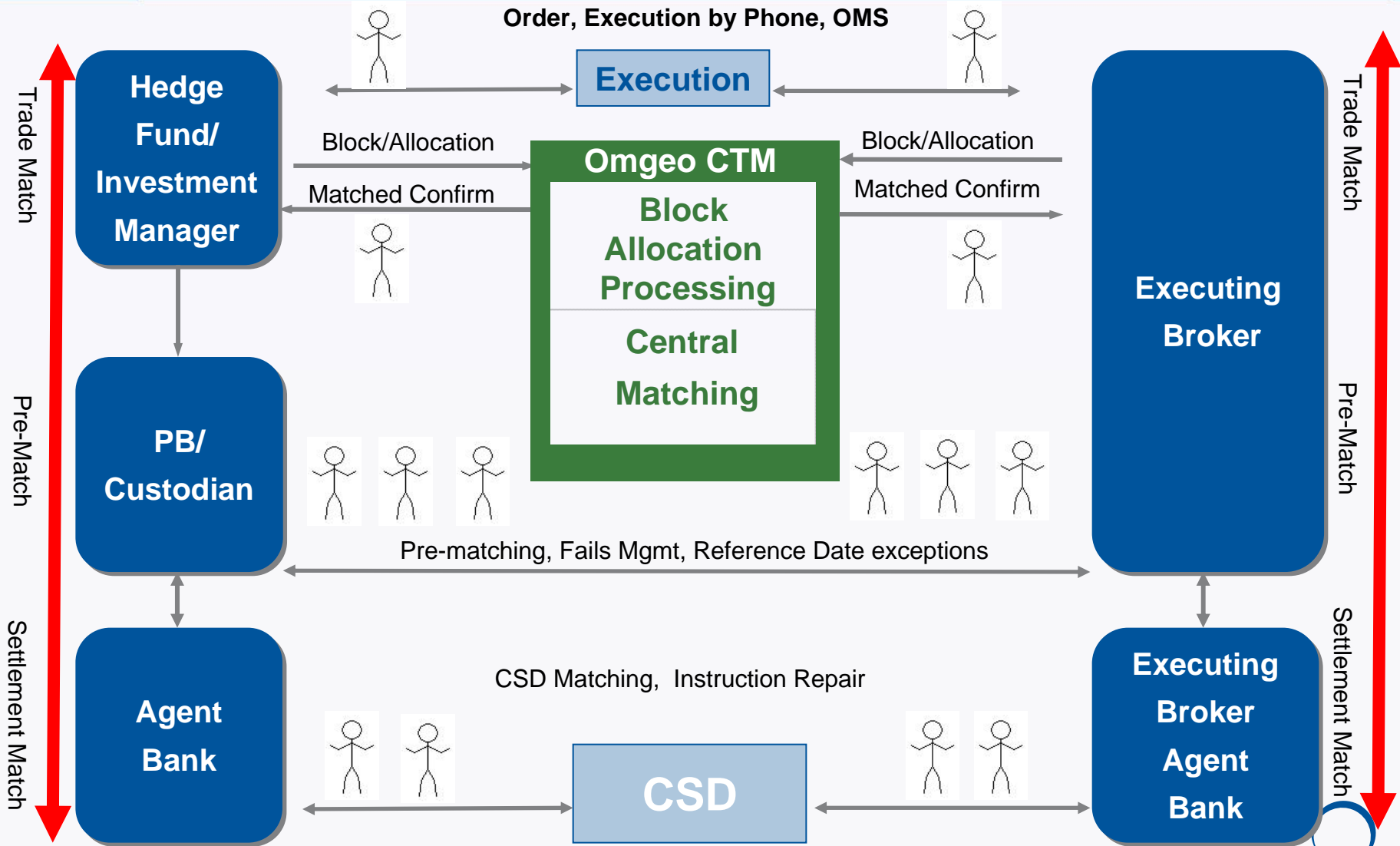


Industry User Group Objectives

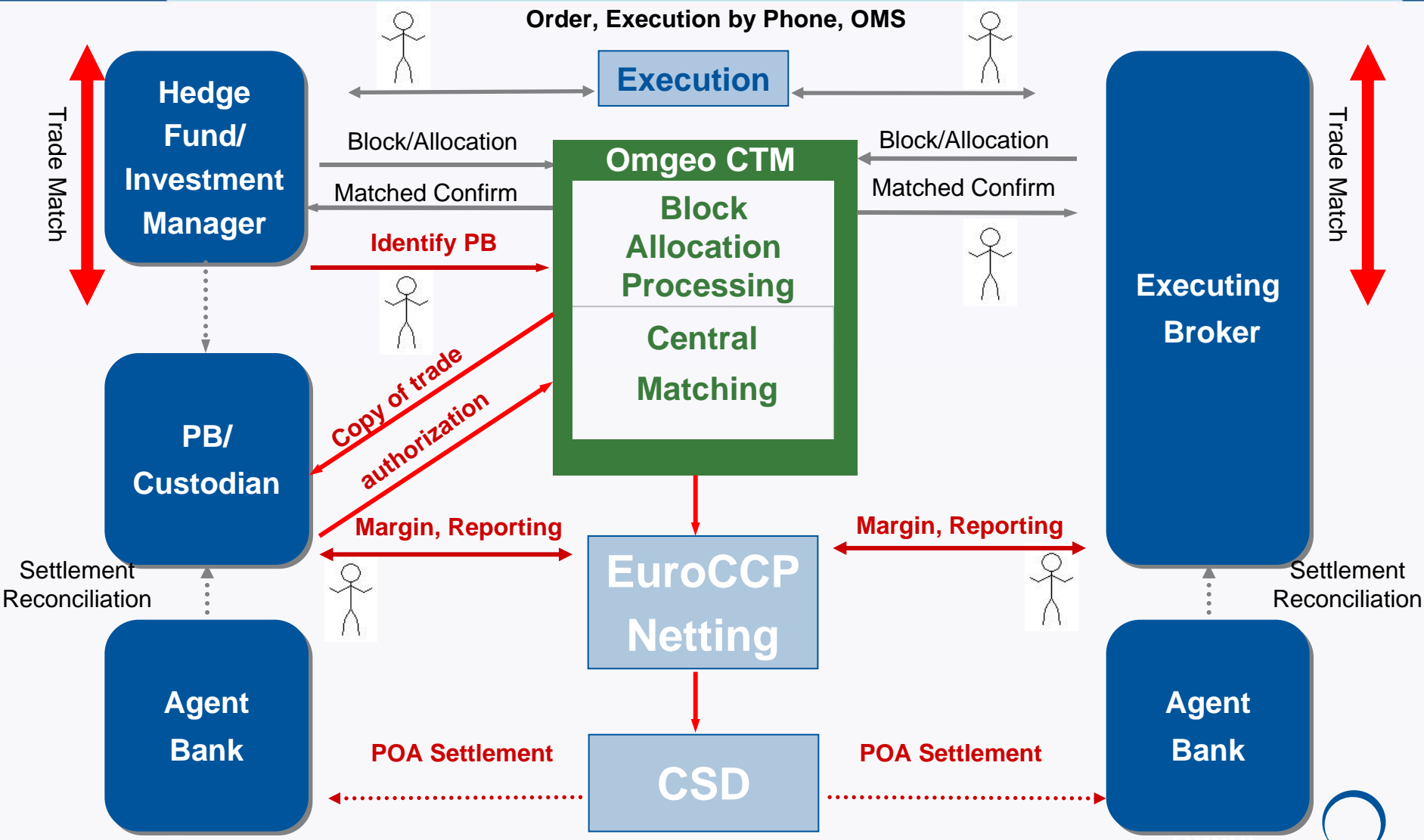
- Mitigate Counterparty Risk
- Optimal settlement efficiency, minimise fails
- Decrease cost of European clearing and settlement
- Utilise current system interfaces, benefit from existing investments
- Create a fully integrated STP solution



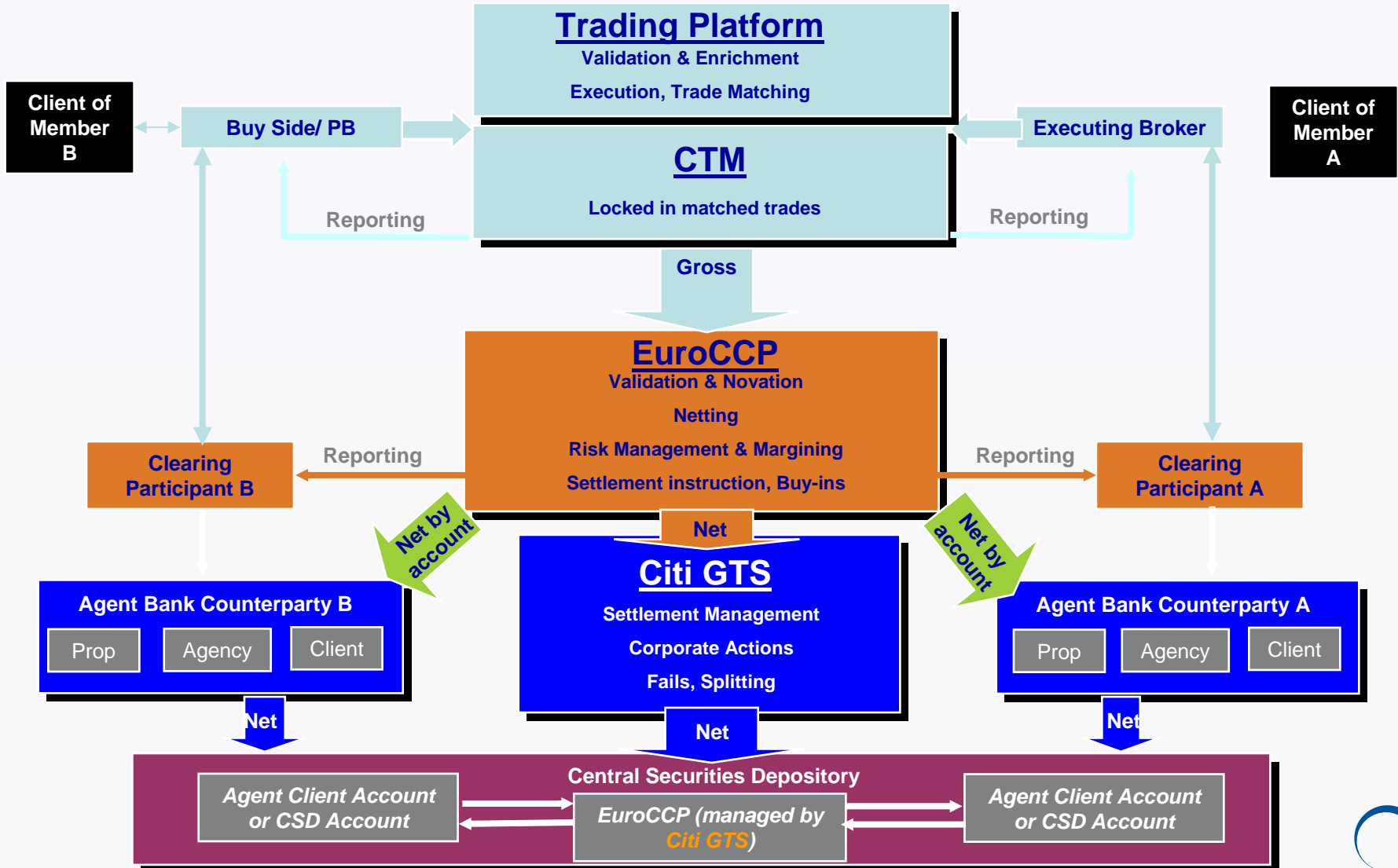
Current Workflow



Future State



Clearing and Settlement Model





Omgeo/EuroCCP benefits

- Mitigates counterparty settlement risk through Novation
- Streamlines operational workflows
 - Efficiency gains through process elimination
 - Fewer Settlement Fails, less remediation
- Reduction in Cost of Settlement
 - Netting Benefits
 - Lower Agent Bank costs
 - Fewer interfaces lead to lower connectivity costs
- Leverages existing CCP, Confirmation process
 - Recycling current technology links





Next Steps

- Pilot – buy side involvement
- Link to EuroCCP completed by Sep '09
- Third Party Interaction (Custodian/PB Authority) completed Mar '10
- CTM Broker Migrations ongoing throughout '09/'10
- Industry awareness – client group meetings, press releases



