

Expanding Market Infrastructure through Service Providers

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Omgeo LLC

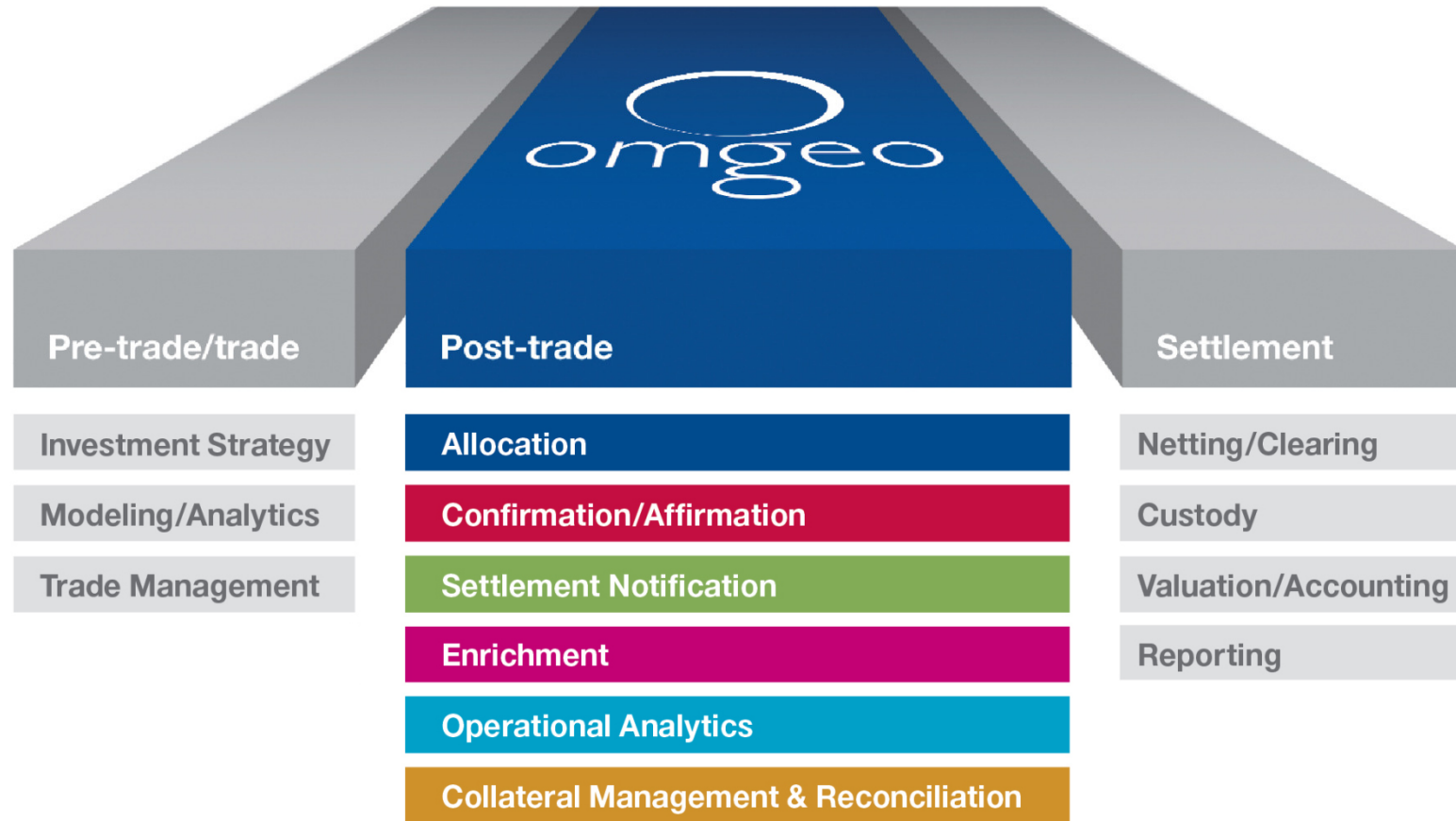
Omgeo LLC is a global joint venture of the Depository Trust & Clearing Corporation (DTCC) and Thomson Reuters. The strength and resources of these two influential organizations inform and underpin our innovative, market-leading work.

We partner with our clients: 800 investment managers and more than 1,700 broker dealers using ‘central trade manager’ (CTM). With them, we reach across 50 countries worldwide and have created automated solutions that improve the speed and efficiency of these clients’ post-trade processes.

Our network of resources and depth of expertise enables us to keep our clients at the forefront of a fast-evolving industry, and our close partnerships with regulators enable us to ensure that all industry standards are met.



Omgeo's Ambition





Why Omgeo?

COMMUNITY	Providing connectivity to a global community of 6,500 members in 52 countries
PARTNERS	Over 80 connections into ‘front’ and back office’ systems to seamlessly capture, verify, and “lock-in” trades for settlement
PROVEN TRACK RECORD	Handling over 1.2 million transactions per day and managing over 5 million settlement instructions on over 500,000 accounts
SAME DAY AFFIRMATION	An increase of 93% or more SDA (“same day affirmation”)
COMPLIANCE	Industry-driven entity with US SEC oversight & regulation on a number of offerings



Current Observations & Challenges

Currently links established or in development with several key global depositories:

- DTCC (U.S.) since 1973
- CDS (Canada) live Nov. 2007
- JASDEC (Japan) live Jul. 2009
- KSD (Korea) live Sept. 2009
- DCV (Chile) – signed agreement Dec. 2010

These links are gaining momentum in the local market:

- Chile: To be launched in 2012
- Japan: 41 institutions utilizing link (currently only avail. to buy-side for domestic trades)
- Korea: Ended 2010 averaging 145% more trades per month than in 2009

Key focus:

- Global client community acts as primary driver
- Extending Omgeo's central matching solution into the local market infrastructure
- Implementations are customized to meet the needs/capabilities of each infrastructure
 - Breadth of current Omgeo product coverage (asset classes)
 - Full understanding of complete local requirements is critical



Market Criteria Analysis

Several criteria are assessed when analyzing new markets, these identify the ideal markets for Omgeo to engage.

Desirable market characteristics

- Clearly defined opportunity for increased market share and revenue
 - Sub-optimal efficiency
 - Forced buy-in's
- Experiencing or expecting a high level of cross-border inflows
 - A short settlement cycle, or in-process of shortening
- Active market in “vanilla” investment products (equity, corporate debt)

Current investigations include:

- Brazil
- Colombia
- Peru
- Mexico
- South Africa

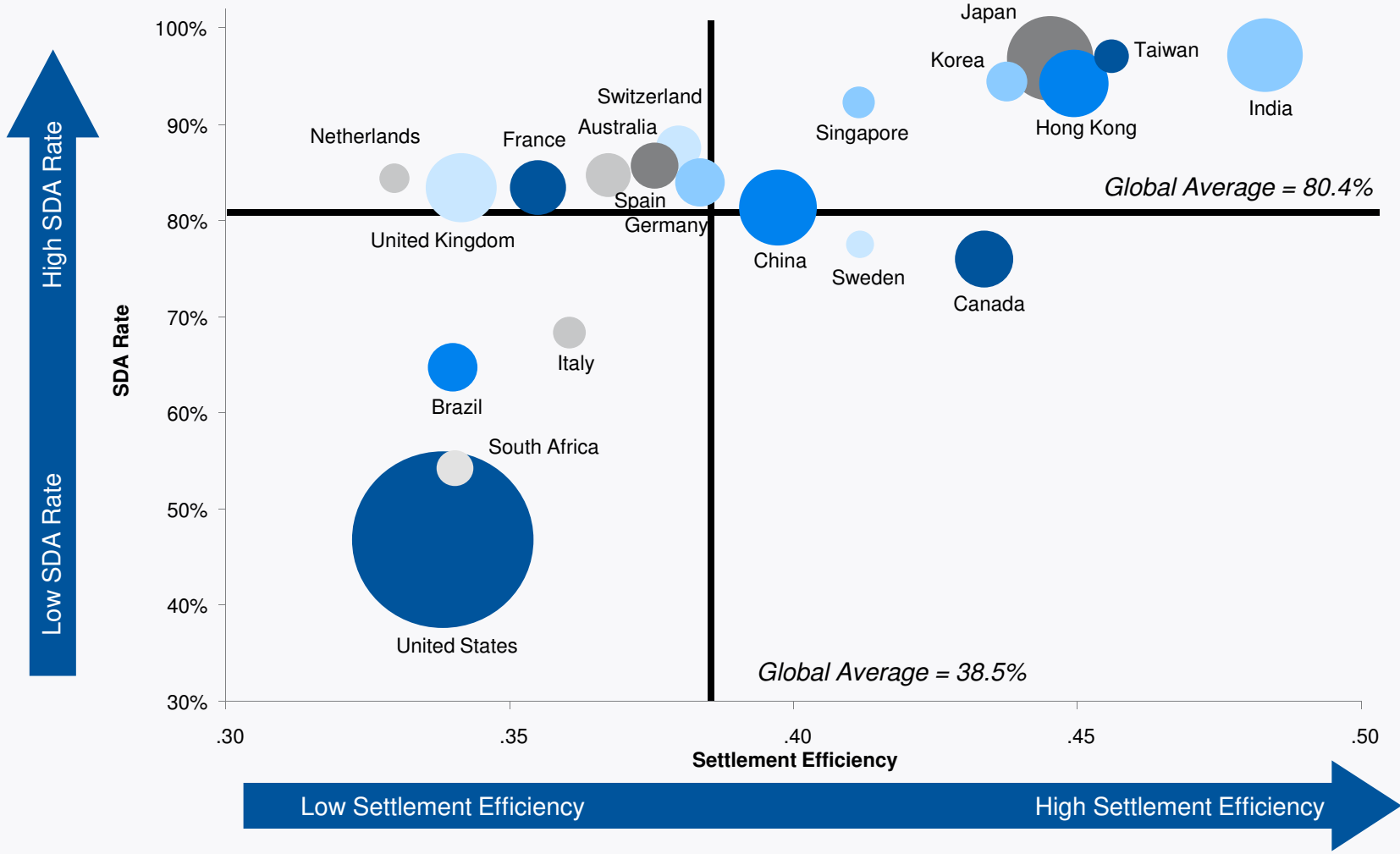


Assessing Global Emerging Markets

Country Name	Avg Ann'l Foreign Indirect Investment (US\$ Mil) - 2000-09	Rank	Equity Trades/Annum (000s) - 2010	Rank	Depository	Settlement Cycle	Mandatory Buy-Ins?
Brazil	11,673.5	1	86,304	6	CBLC	T+3	Y
China	2,491.1	8	2,990,777	1	China SD&C	T+2	Y (B shrs)
Colombia	-293.8	15	712	16	DECEVAL	T+3	Y
Czech Republic	-279.6	14	n/a		Prague Securities Centre	T+3	Y
Egypt, Arab Rep.	-773.7	17	10,173	12	MCDR	T+3	Y
Hungary	1,324.3	10	2,614	14	KELER Ltd.	T+3	Y
India	8,404.4	2	2,112,426	2	NSDL	T+2	Y
Indonesia	3,186.1	6	25,836	8	KSEI	T+3	N
Malaysia	-1,410.4	18	19,896	10	Bursa Malaysia Depo.	T+3	Y
Mexico	3,204.7	5	8,323	13	INDEVAL	T+3	N
Morocco	16.7	13	n/a		Maroclear	T+3	Y
Peru	328.0	12	284	17	CAVALI	T+3	Y
Philippines	891.1	11	2,278	15	PDTC	T+3	Y
Poland	3,592.3	4	13,120	11	KDPW	T+3	Y
Russian Federation	-3,965.3	19	n/a		AECSD	T+3	N
South Africa	2,832.8	7	23,687	9	STRATE	T+5 ¹	N
South Korea	4,823.2	3	921,848	3	KSD	T+2	Y
Taiwan	n/a	n/a	232,740	4	TDCC	T+2	Y
Thailand	-522.8	16	42,127	7	Thailand Securities Depo.	T+3	Y
Turkey	2,307.9	9	90,992	5	CRA	T+3	Y

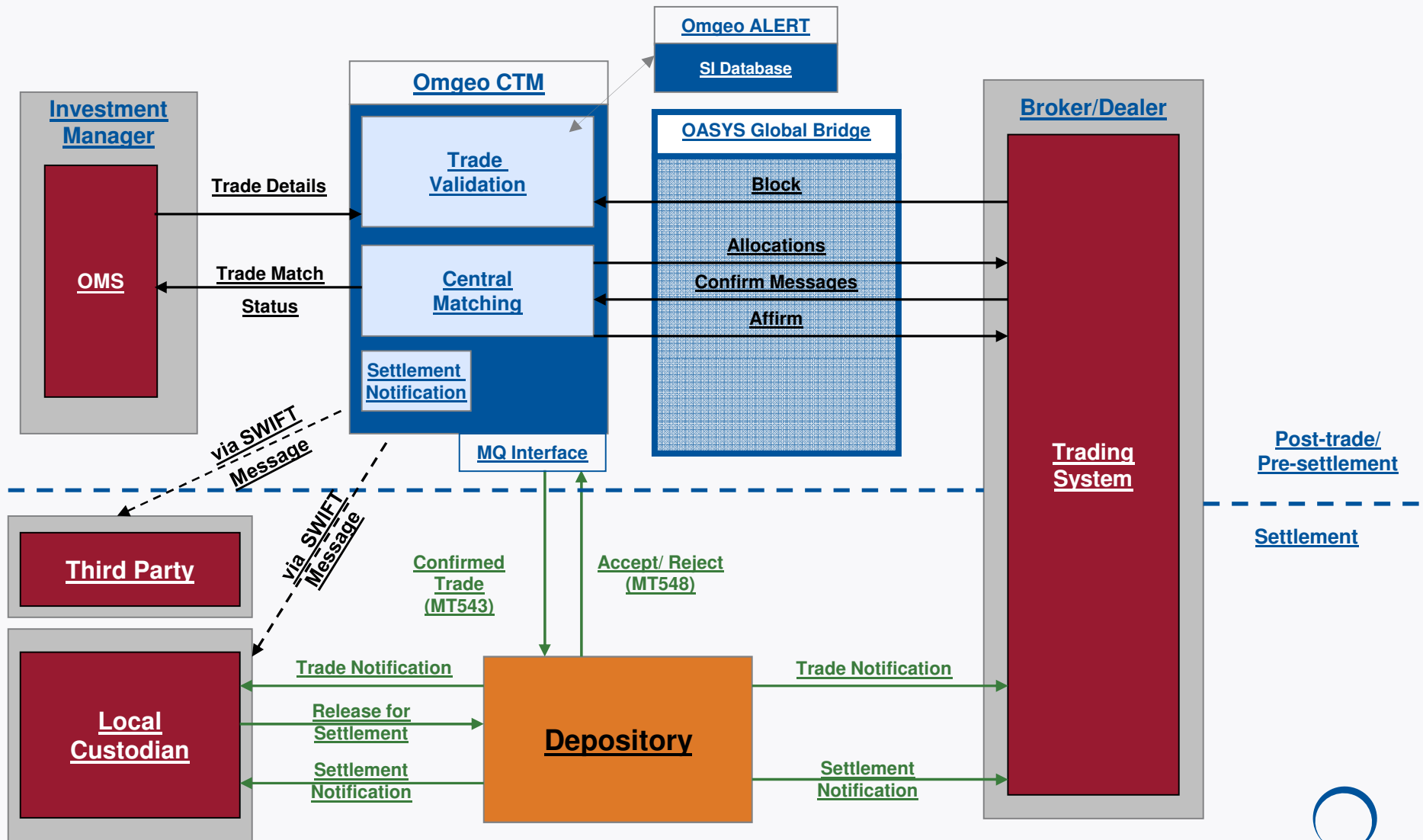


The Relationship Between SDA Rates and Settlement Efficiency



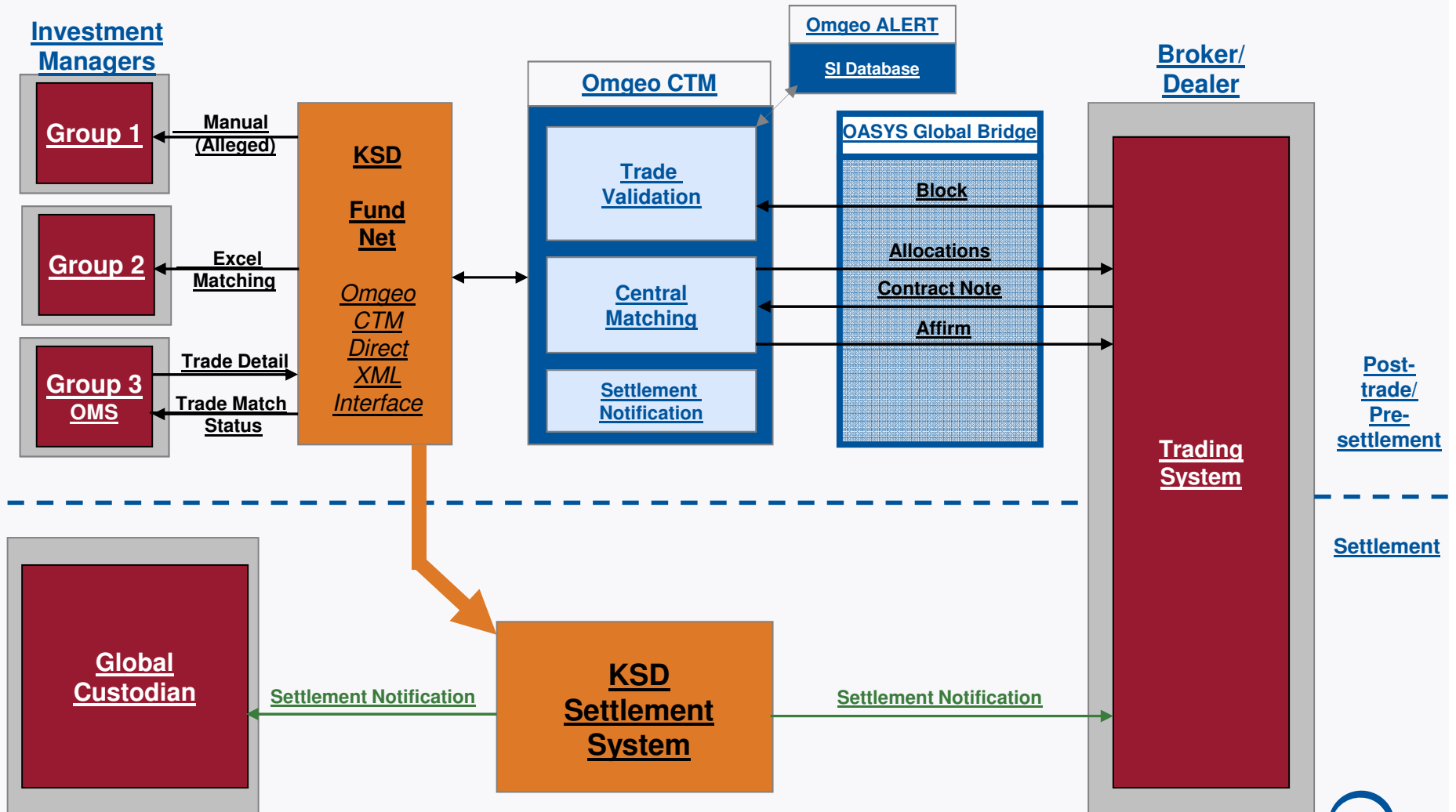


Depository Workflow: *Canada Model*



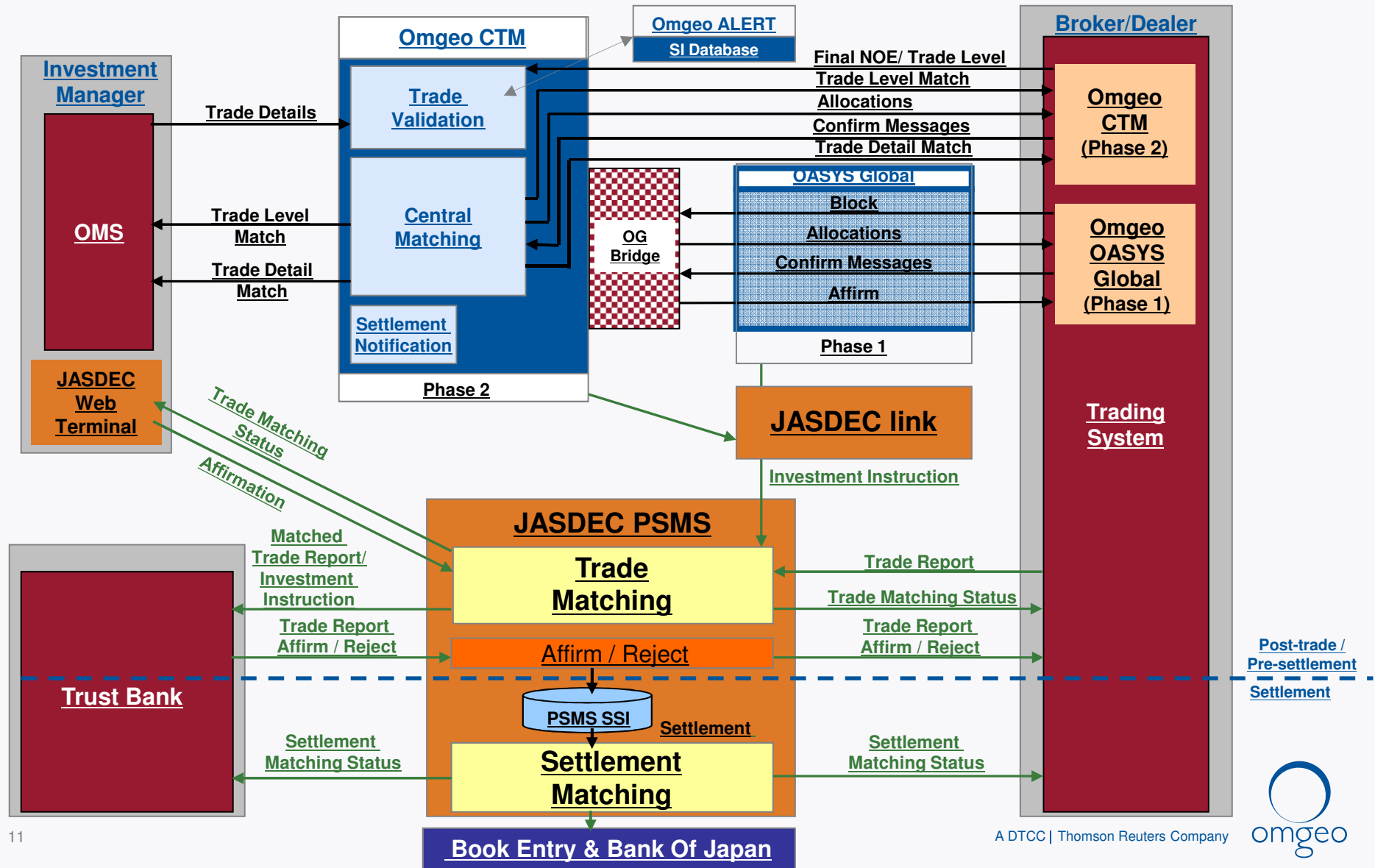


Depository Workflow: KSD Model



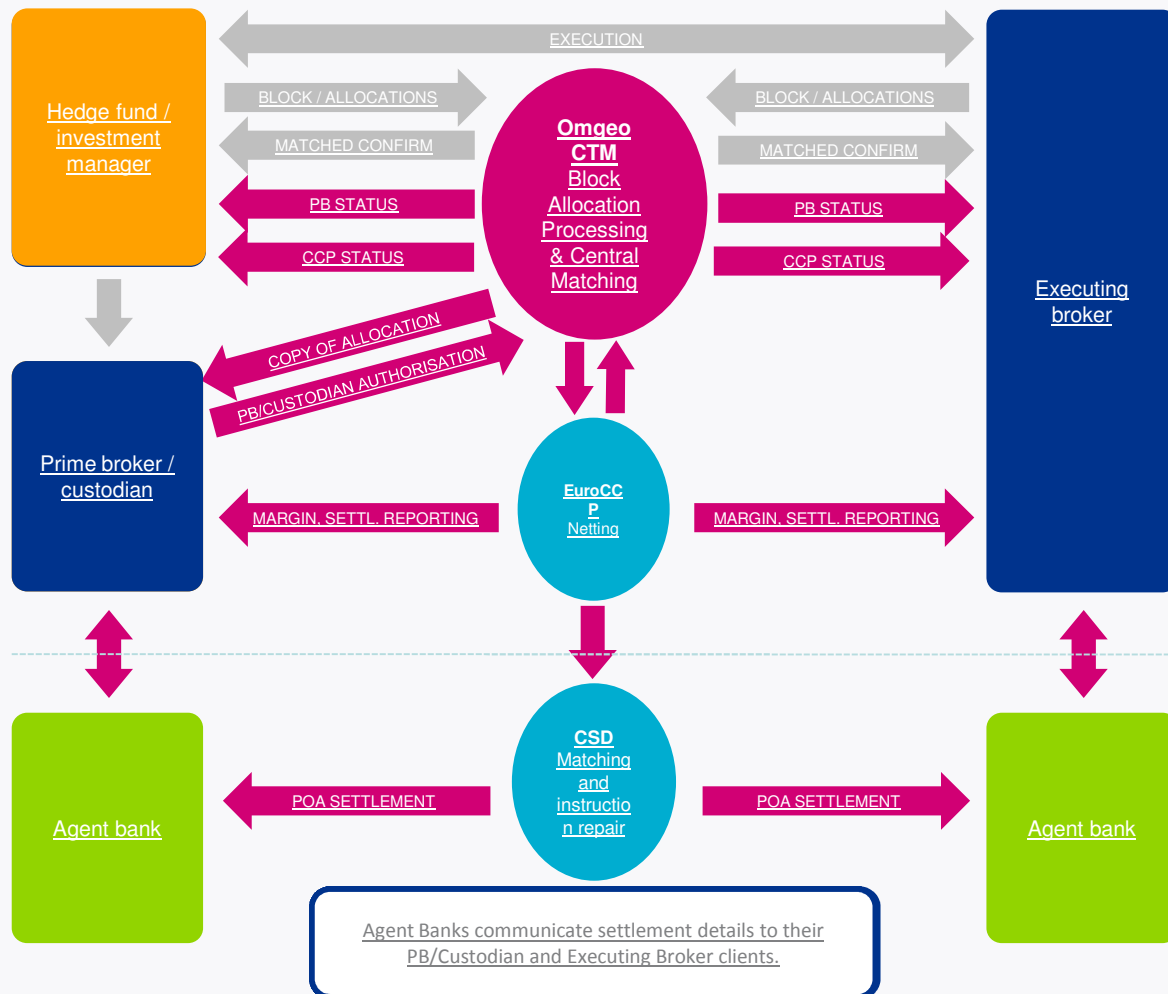


Depository Workflow: JASDEC Model





Depository Workflow: *EuroCCP model*



BACKGROUND

- Failures better handled in markets that had a CCP than in those without CCP.
 - E.g Denmark, CSD closed out Lehman, leaving 4,300 trades still hanging with counterparty risk directly at the failing party.
 - Guarantee supported by EuroCCP's risk controls
 - Membership
 - Margin and guarantee fund
 - Equity, loss sharing
 - A CCP gives you a better risk picture, responsibilities are clearer, and financial protection is more solid as a result of several defense layers.
 - Trade novation – EuroCCP legally assumes the obligation of its participants to each other
 - All trades guaranteed to settle at original contract price
 - Methodology based on DTCC's 30+ years of experience as a critical market infrastructure
- ## STATUS
- Link to EuroCCP - completed Aug 2009
 - Industry awareness – Industry group meetings, press releases, Institutional Investor workshops
 - CTM Broker migrations ongoing throughout 2009/2010
 - Full process functionality – on track for April 2010
 - Pilot scheduled May 2010

