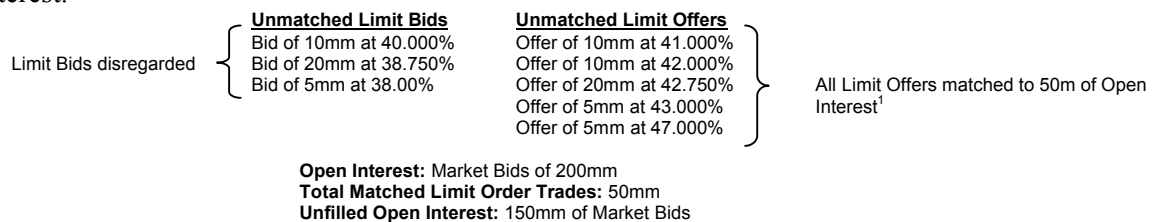## Auction Example

This example is based on the auction methodology in the Revised 2005 Delphi CDS Index Protocol, as published by ISDA on October 28, 2005 (the "Protocol"), and is for convenience only. It is not intended to reflect indicative prices for the Deliverable Obligations. This example and the discussion below are subject to the Protocol in all respects. Market participants should examine the text of the Protocol itself before deciding whether to adhere to the Protocol or take any other action with respect thereto. Neither ISDA nor any of the CDX Members (as defined in the Protocol) make any representation or warranty as to the accuracy or completeness of any information contained in this example and neither ISDA nor any of the CDX Members accepts any liability for the accuracy or completeness of such information.

For the purpose of the following example, the Inside Market Midpoint is assumed to be the price of 40.625% obtained in the examples above, but the size and number of Limit Orders have been changed and reduced.

Step 1 – Market Offers are matched pro rata with Market Bids to determine Market Order Trades. The Open Interest is the sum of the unmatched Market Orders.

Market Bids

100mm
100mm
100mm
100mm
100mm   5 Market Order Trades of 80mm   **Market Offers** 400mm
100mm
100mm
100mm
100mm   5 Market Order Trades of 80m   400mm
100mm

Total Market Order Trades: 800mm
Total Open Interest: 200mm of Market Bids

Step 2 – Unmatched Limit Orders of the same type as the Open Interest are matched against the Open Interest.

Limit Bids disregarded	**Unmatched Limit Bids**	**Unmatched Limit Offers**	
	Bid of 10mm at 40.000%	Offer of 10mm at 41.000%	
	Bid of 20mm at 38.750%	Offer of 10mm at 42.000%	
	Bid of 5mm at 38.00%	Offer of 20mm at 42.750%	All Limit Offers matched to 50m of Open Interest[1]
		Offer of 5mm at 43.000%	
		Offer of 5mm at 47.000%	

Open Interest: Market Bids of 200mm
Total Matched Limit Order Trades: 50mm
Unfilled Open Interest: 150mm of Market Bids

Step 3 – A Final Price is not determined and a Subsequent Auction is necessary because the sum of the amounts of all the Market Order Trades (800m) and all the Matched Limit Order Trades (50m) does not equal at least 90% of the sum of all Market Bids (1,000m).

---

[1] Any Limit Offer that was more than 15% higher than the Inside Market Midpoint of 40.625% would have been disregarded.

Step 4 – Participating Bidders submit Subsequent Market Orders, Subsequent Limit Orders (if any) and Replacement Limit Orders (if any). The Administrators then determine the size and type of the Subsequent Open Interest.

Subsequent Market Bids	**Subsequent Market Offers**
100mm	400mm
100mm	425mm
100mm	
100mm	
100mm	
100mm	
100mm	
75mm	
75mm	
75mm	

Total Subsequent Market Order Trades: 825mm
Total Subsequent Open Interest: 100mm of Subsequent Market Bids

Step 5 – After matching the 825mm of Subsequent Market Order Trades, the Limit Orders from the First Auction, along with any Subsequent Limit Orders and Replacement Limit Orders, are matched against the Subsequent Open Interest.

Matched Limit Offers from First Auction	**New Limit Orders**	
Offer of 10mm at 41.000%		
~~Offer of 10mm at 42.000%~~	Replacement Limit Offer of 15mm at 41.500%	All of Subsequent Open Interest matched to 100mm of Limit Offers, beginning with lowest Offer.
Offer of 20mm at 42.750%		
Offer of 5mm at 43.000%		
Offer of 5mm at 47.000%		
	Subsequent Limit Offer of 40mm at 49.000%	Excess Limit Offers of 5mm at 49.000% and 10mm at 55.000% discarded.
	Subsequent Limit Offer of 10mm at 55.000%	

Final Price = Highest Matched Limit Offer = 49.000%
Total Matched Limit Order Trades: 100mm