

Equity: Standardization Matrix Definitions and Reporting Explanations

General Product Definitions

Base Product (A)

The primary product categories as used in the Equity Derivative Reporting Repository (EDRR)¹. These are Portfolio Swap, Equity Swap, Variance Swap, Dividend Swap, Equity Option (EDRR product name = Option), Accumulator (including Decumulator), Contract for Difference (CFD) and Other (everything else)² and for ease of reference are further defined in the attached appendix 1.

Sub-Product (B)

Sub-categorisation of the Base Product reflecting its underlying asset as an Index, Share or Basket. A Basket is defined as a transaction with more than one underlying component irrespective of how it may be booked in a firm's booking system, i.e. a booking system that captures a basket trade under a single booking and a booking system that captures a basket under multiple single underlier bookings should be treated in the same way – both are 1 transaction. For purposes of Portfolio Swaps only the sub product category "Basket" is available as a Portfolio swap is by its nature a dynamic basket of underliers, however the data in the matrix will still be recorded at the trade activity level as follows:

- i. where a firm records the individual movements on a daily basis each such movement will be counted as a trade for Monthly Volume and recorded under the relevant sub product category,
- ii. where a firm aggregates a given days movements into an aggregate booking such aggregate booking will count as a single trade and be recorded under the basket sub product category

Region (C)

The Matrix further categorises transactions into geographical region determined with regard to the location of the primary listing for the underlying component. This allows the matrix to reflect differences in regional processes and provide associated trading metrics. Regions are split as per how they are determined in the ISDA MCA's globally with EM defined as a jurisdiction (i) not specified by those MCA's **and** (ii) contained in the 2010 EMEA EM Interdealer Master Equity Derivatives Confirmation Agreement. "Global" refers to indices whose components span multiple ISDA MCA regions and "Multi" refers to Baskets whose components may or may not span multiple ISDA MCA regions.

¹ For avoidance of doubt this is the DTCC Notional Reporting Repository.

² Please see attached for product definitions

Industry Volume Metrics

Submissions are sourced directly from reporting firms internal records and divided into (i) G15 vs. G15 (labeled G15) and (ii) G15 vs. Non G15 (labeled Non G15). The G15 column will count transactions for each dealer that has submitted and therefore a single trade between two G15 firms will be reflected twice in the data. Gross notional values will be calculated using EDRR methodology (see appendix 1 attached) and converted to USD using the exchange rates from the EDRR³ as at 31st December 2011). Submissions will include all trades that would be eligible for reporting to the EDRR.

Stock Portfolio (D)

A count of all current outstanding live transactions across G15 dealers⁴ for the relevant sub-product/region combination as of 31st December 2011. For Portfolio Swaps this represents the number of open Portfolio Swap Agreements. This will be reflected as a count of live transactions **(D)** and a gross notional of those transactions in USD **(D1)**.

Monthly Volume (E)

Sum of submissions of G15 dealer's monthly average economic trading volume⁵ for the 3 month period between October 2011 – December 2011. The submission reflects both trade count **(E)** and gross notional in USD **(E1)**. This volume includes all external execution of New Trades, Increases, Unwinds and Novations⁶ ("Trade Activity"). For Portfolio Swaps this includes all Trade Activity within each Portfolio Swap Agreement.

³ FX Rates supplied by EDRR for the purpose of conversion into USD. Appendix 2: FX Conversion Rates

⁴ Data should be submitted for those entities that currently submit to the repository.

⁵ Firms should submit this data in the form of their monthly average.

⁶ Corporate Actions are excluded

Standardisation Levels

Execution Venue (F & G):

Voice (F)

Monthly Volume, expressed as an absolute number of trades, that is executed by communication over phone, email or similar messaging platform (Bloomberg MSG, IM etc.)

Electronic (G1 & G2)

Monthly Volume, expressed as an absolute number of trades, that is executed on a purpose built electronic execution platform. This can be on a dealers own in-house electronic execution venue offered to its clients (Single Dealer)(G1) or a third party communal venue such as those offered by interdealer execution brokers (Multi Party)(G2)

Single Dealer Electronic Platform (G1)

Platforms sponsored by a single market maker and available to one or more counterparties for trade execution. Transaction details are recorded by a system/platform sponsored/owned by one of the two parties to the trade and there is no third party involved in execution

Multiparty Electronic Platform (G2)

Multiparty platforms that contain multiple market-maker bids/offers that are classified as multilateral trading platforms (Inter Dealer Broker “click to trade” screens, Request-For-Quote platforms, etc.). In all cases, there is a third party that captures transaction details at the point of execution

Electronic Confirmation Available (H)

A value indicating whether a sub-product/region combination is Electronically Eligible as indicated in the Electronically Eligible Matrix⁷. Possible values are: MCA, Matrix, No or MCA and Matrix

Electronic Confirmation (I1 & I2)

Absolute number of trades within each sub-product/region combination that are confirmed through electronic confirmation systems⁸ further categorised as being on MCA (I1) or EDD Matrix (I2) forms.

ISDA Standard Short Form Confirmation (J1)

Absolute number of trades within each sub-product/region combination that are confirmed using an ISDA published MCA but not processed through an electronic confirmation system.

2011 EDD Matrix Confirmation (J2)

Absolute number of trades within each sub-product/region combination that are confirmed using the 2011 Equity Derivatives Definitions (EDD) Matrix Confirmation but not processed through an electronic confirmation system.

⁷ The Electronically Eligible Matrix is published in the Equity derivatives section of the Bookstore on the ISDA website at www.isda.org/publications/isdaequityderivdefconfir.aspx

⁸ Includes non EE products that are confirmed electronically

Long Form Confirmation (J3)

Absolute number of trades within each sub-product/region combination that are confirmed using a Long Form Confirmation.

Bilateral Short Form Confirmation (J4)

Absolute number of trades within each sub-product/region combination that are confirmed using a non-ISDA published MCA, including both positively and negatively confirmed transactions but are not processed through an electronic confirmation system

Cashflow Matching Process (K)

Yes/No value indicating if the product is available for cash flow matching on the industry platform operated by DTCC .

Clearing Eligibility (L)

Yes/No value indicating whether a sub-product/region combination is available for clearing.

Appendix 1

EDRR Product Definitions		
<u>Base Product</u>	<u>Base Product Description</u>	<u>Notional Calculation</u>
Options	Vanilla Option - A contract that gives the buyer of the option the right to exercise it into the equity underlier (or its cash equivalent) under specified conditions.	current number of units * Strike Price * Multiplier
	Strategies - A combination of vanilla put and call options under one confirm that gives the buyer of the option the right to exercise it into the equity underlier (or its cash equivalent) under specified conditions.	It was agreed that Option Strategies are to be shown as individual lines with no netting. The notional calculation will be (current number of units * Strike Price * Multiplier) for each leg.
	Zero Strike Options. - A contract that gives the buyer of the option the right to exercise it into the equity underlier (or its cash equivalent) under specified conditions and where the Strike Price is Zero.	Current no of Units*initial premium * Multiplier
Equity Swaps	A swap agreement in which one party transfers the economic performance of a reference asset to the other party, which may include the exchange of the financing cost of this asset.	Current number of units x Last Reset price
Div Swaps	A transaction in which an investor exchanges an underlying stock or index's current dividend for increased upside (only) equity participation (General)	Current number of units x Fixed Strike Price
Variance Swap	A financial derivative instrument whose price is a function of the variance of the price of the underlier.	Vol Strike * current variance Unit * 2 = Vega Notional
Accumulator	A financial derivative product that may require the seller to sell shares of some underlying security at a predetermined strike price, settled periodically. This allows the investor to "accumulate" holdings in the underlying security over the term of the contract. (General)	Initial notional in local CCY calculated from the initial forward price.
PSA	Portfolio swaps involve a total return swap wrapper with a dynamic portfolio under which multiple swaps and multiple asset types can be traded	1) Calculate the notional as Number of Units x Last Equity (as at last reset) for each portfolio leg, 2) Net all transactions at underlying level to determine the net Long or short notional per point 1 for each underlier, 3) Report one absolute amount across all netted underliers in the settlement CCY of the portfolio.

Equity Standardisation Definitions

CFD	a contract between two parties, where the seller will pay to the buyer the difference between the current value of an asset and its value at contract time. (If the difference is negative, then the buyer pays instead to the seller.) (General)	current number of units x Last Reset price
Other	Any Equity product or deal that falls outside of the above categories.	If product can be identified as being closely aligned to an existing product then the notional should be calculated inline with that product (Barrier Option - Option). If not it should be governed by the following. 1) Take the notional from the financing leg where one exists, 2) otherwise Options calculation for option like products and swap calculation for swap like products, 3) For Trades that are based on the underliers of the index/basket vs its components (dispersion Trades/Correlation) then the notional can be taken from the base index/basket leg.

Equity Standardisation Definitions

Appendix 2: FX Conversion Rates

CCY	Rate	CCY	Rate	CCY	Rate	CCY	Rate	CCY	Rate
AED	0.27225	COP	0.000516	IQD	0.000856	MUR	0.034014	SRD	0.3053435
AFN	0.023299	CRC	0.001978	IRR	8.97E-05	MVR	0.065062	STD	0.0000529
ALL	0.009385	CUP	1	ISK	0.008149	MWK	0.006113	SVC	0.1143511
AMD	0.002592	CVE	0.011758	JMD	0.011621	MXN	0.071667	SYP	0.0184672
ANG	0.570613	CZK	0.050612	JOD	1.410238	MYR	0.315308	SZL	0.1235025
ARS	0.232288	DJF	0.005559	JPY	0.012995	MZN	0.037524	THB	0.0316406
AUD	1.022129	DKK	0.174113	KES	0.011758	NAD	0.123686	TMT	0.3508156
AWG	0.55869	DOP	0.025873	KGS	0.021515	NGN	0.006156	TND	0.6677796
AZN	1.271456	DZD	0.013173	KHR	0.000248	NIO	0.043526	TOP	0.5705157
BAM	0.662252	EGP	0.165796	KMF	0.002628	NOK	0.167191	TRY	0.5288767
BBD	0.5	ERN	0.066225	KPW	0.001111	NPR	0.011711	TTD	0.15625
BDT	0.012215	EUR	1.294247	KRW	0.000863	NZD	0.777998	TWD	0.0329761
BGN	0.65937	FJD	0.54615	KWD	3.588088	OMR	2.597065	TZS	0.0006335
BHD	2.652801	FKP	1.541307	KYD	1.219512	PAB	1	UAH	0.125
BIF	0.000774	GBP	1.553639	KZT	0.006735	PEN	0.370508	UGX	0.0004024
BMD	1	GEL	0.598695	LAK	0.000125	PHP	0.022815	USD	1
BND	0.770594	GHS	0.609942	LBP	0.000664	PKR	0.011116	UYU	0.0502513
BOB	0.144613	GIP	1.541307	LKR	0.008687	PLN	0.290149	VEB	0.2299
BRL	0.536625	GMD	0.034282	LRD	0.013746	PYG	0.000225	VEF	0.2329645
BSD	0.9995	GNF	0.000139	LSL	0.123609	QAR	0.274597	VND	0.0000475
BTN	0.019048	GTQ	0.127959	LTL	0.375361	RON	0.298508	VUV	0.0106895
BWP	0.133801	GYD	0.004915	LVL	1.851509	RSD	0.012083	WST	0.4169968
BYR	0.00012	HKD	0.128758	LYD	0.795482	RUB	0.031133	XAF	0.0019822
BZD	0.508958	HNL	0.052604	MAD	0.116697	RWF	0.001672	XCD	0.3703704
CAD	0.980969	HRK	0.171016	MDL	0.085288	SAR	0.266645	XDR	1.535148
CDF	0.001099	HTG	0.02448	MGA	0.000448	SCR	0.070817	XOF	0.0019769
CHF	1.065076	HUF	0.004107	MKD	0.021097	SDG	0.373622	XPF	0.0108814
CLF	42.88165	IDR	0.00011	MMK	0.15361	SEK	0.14506	XXX	1
CLP	0.001923	ILS	0.261575	MNT	0.000726	SGD	0.770832	YER	0.0045609
CNY	0.158748	INR	0.01885	MOP	0.124927	SHP	1.541307	ZAR	0.1236018
				MRO	0.003473	SLL	0.00023	ZMK	0.0001936
						SOS	0.000615	ZWL	0.0026344

