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COMMODITY MAJOR DEALERS (CMD) COMMITMENTS ENHANCEMENT SUMMARY

IMPROVEMENTS TO EXISTING COMMITMENTS:

- *Portfolio Reconciliation*¹: partner with collateral portfolio reconciliation vendors to improve matching rates. The Collateral Steering Committee has implemented daily portfolio reconciliations for collateralized portfolios, allowing firms to identify both economic and valuation mismatches which reduces the probability of a dispute on a margin call. However, the possibility to improve matching rates will be investigated further. The CMD aims to see a material reduction in existing breaks through the further standardization of submitted fields and the submission of additional data.
- *COLSC Representation*: assign direct representation from the CMD to the ISDA Collateral Steering Committee (COLSC). This will ensure that both Collateral specific and Commodity Derivative specific views are represented in a consistent fashion.
- *Broader Market Engagement*: continue to partner with the ISDA Commodities Product Steering Committee (COSC) to drive G14 and non-G14 communication and coordination on specific initiatives where appropriate. Also work with COSC leadership and Sapient to share CMD metrics template and definitions with the non-G14 market participants.

¹ This is discussed further in the Lifecycles Event Whitepaper in section IV (b) under the OTC Settlements Processes heading



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NEW INITIATIVES:

- *Trade Repository*: partner with the ISDA Commodity Products Steering Committee to build consensus and support for a Trade Repository in Commodities² among both dealers and non-dealers. Goal to develop a Request For Proposals (RFP) by the third quarter of 2010.
- *Metrics and Electronic Matching*³: The Metrics Working Group will (a) proceduralize how to move products from the "Other" category into the "Energy/Metals" categories once sufficient progress has been made on the development of electronic confirm matching⁴ on vendor platforms for these products and (b) continue the uptake of additional products on electronic confirm matching vendor platforms so that the commitment targets can be raised over time.

² Scope to be determined

³ The Metrics and Electronic Confirmation Process are further defined throughout the Lifecycles Event Whitepaper; including but not limited to sections II (2) (c), IV (a), V, VI and Annex A.

⁴ Best Practices for Electronic Confirmation Matching are incorporated as part of the Lifecycles Event Whitepaper; currently specified as Annex A.