Legend for Standardization Template

Base Product – major unit of product classification within asset class. For Equity, these include Portfolio Swaps, TRS, Variance Swaps, Dividend Swaps, Equity Options, Accumulators, CFDs, Baskets and Exotic/Other. The Exotic/ Other category includes, but is not limited to, Cliquet Options, Asian Options, Rainbow Options, Barrier Options, Options on Variance, Variance Dispersion and potentially other strategies of vanilla trades.

Sub-Product – further classification of product, primarily defined by type of underlier (Index, Share, EM (Index and Share)).

Region – further differentiation of Base Product and Sub-Product to allow regional process and trading variations to be reflected in the matrix. Regions identified are those typically reflected through ISDA documentation. Multi reflects where it has been deemed appropriate to aggregate more than a single typical region for purposes of this exercise, i.e. there is no material difference to the behaviour of the region when considered across the Matrix columns, unless otherwise indicated in the Narrative.

Stock Portfolio – current outstanding count of all open contracts across G14 dealers for relevant sub-product/region combination as of 31st March 2010 (in the G14 column trades will be counted for each dealer that has submitted and therefore represents a single sided view of the market). For Portfolio Swaps this represents the number of open Portfolio Swap Agreements. This will be reflected as a pure count of transactions and a gross notional of those transactions.

Monthly Volume – sum of submissions of G14 dealer’s monthly average economic trading volume for the 3 month period January 2010 – March 2010 reflected in terms of both trade count and Notional (in the G14 column trades will be counted for each dealer that has submitted and therefore represents a single sided view of the market). This volume includes all external executions of New Trades, Unwinds and Step-In Assignments. This metric should include only economic risk transfer activity for the submitting dealers. For Portfolio Swaps this includes all activity within each Portfolio Swap Agreement.

Voice Execution Venue – percentage of Monthly Volume that is executed by bi-lateral communication over phone, email or similar bi-lateral messaging platform (Bloomberg, IM, etc.), represented in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate Monthly Volume.

Single Dealer Electronic Execution Venue – percentage of Monthly Volume that is executed on platforms sponsored by a single market maker and available to one or more counterparties for trade execution, represented in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate Monthly Volume.

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1 The number of submissions for each column are indicated at the top of that column.
MTF Execution Venue – percentage of Monthly Volume that is executed through Multi-Lateral Trading Venues that contain multiple market-maker bids/offers. This will be further divided across voice (i.e. through an IDB) and electronic (i.e. RFQ platforms), each represented in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate Monthly Volume.

Electronic Confirmation Available– Yes/No value indicating whether a sub-product/region combination is available for electronic confirmation processing.

Electronic Confirmation – percentage of trades within each sub-product/region combination that are confirmed through electronic confirmation systems, reported in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate the Monthly Volume.

Industry Standard Short Form Confirmation – percentage of trades within each sub-product/region combination that are confirmed using an ISDA published MCA but not processed through an electronic confirmation system, reported in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate the Monthly Volume.

Long Form Confirmation – percentage of trades within each sub-product/region combination that are confirmed using a Long Form Confirmation, including trades confirmed under a bespoke bilateral MCA, reported in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate the Monthly Volume.

Bilateral Short Form Confirmation - percentage of trades within each sub-product/region combination that are confirmed using a bilateral non-ISDA published MCA, including both positively and negatively confirmed transactions, reported in 10% point bands (0-10%, 10-20%...90-100%) over the 3 month period used to calculate the Monthly Volume.

Repository – Industry recognized reporting repository utilized to report transaction records at sub-category level.

Cashflow Settlement Process – No industry utility currently exists for processing and settling of periodic cashflows, however, the OTC Equity Derivative industry is currently working with DTCC to develop a utility for pre-value date affirmation of cashflows which is due to go live by the end of 2010. Currently all payments are bilaterally processed.

Central Settlement % – Central settlement does not currently exist for OTC Equity Derivatives. It will be part of the subsequent phase prioritization for the Cashflow Matching Utility.

Event Processing – All trade life cycle events are currently bi-laterally agreed and unilaterally processed.

Clearing Eligibility – Not currently applicable for Equity OTC Derivatives under a bilateral ISDA Master Agreement. It should be noted that a proportion of the large-size transaction business in standardised equity and index options is negotiated in the OTC market but is then crossed on-
exchange and cleared as a listed derivative (i.e. in BClear, Liffe and Eurex). Please see the accompanying Equity Derivative narrative for more detail.