

Credit: Standardization Matrix Definitions and Reporting Explanations

General Product Definitions

Base Product (A)

The primary product categories. These are Index, Index Tranche, Single Name CDS, Swaptions, Baskets and Other, 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. Examples of the sub-product are Single Name CDS on Corporate reference entities or an Index Tranche transaction on a CDX (untranching index). The sub-product is further split into Transaction Types (B1). Individual transactions within the same Transaction Type each reference the same set of legal provisions governing the credit derivative transaction, providing a standard product type for reference in a relevant Confirmation, reporting, or other communication in respect of a transaction.

Region (C)

The individual Transaction Type used for a transaction is typically determined by the location of the Reference Entity (ies), and the Matrix further groups the Transaction Types into geographical region. This allows the Matrix to reflect differences in regional processes and provide associated trading metrics. The regions used are based on the assignment of individual Transaction Types to the five regional ISDA Credit Derivatives Determinations Committees. "Global" refers to Transaction Types whose Reference Entities are potentially drawn from multiple regions.

Industry Volume Metrics

Submissions are sourced directly from reporting firm's 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 represented twice in the data. Gross notional values will be converted to USD using the exchange rates from the Trade Information Warehouse ("TIW")* as of 30th December 2011. Submissions will include all trades that would be eligible for reporting to the TIW.

Stock Portfolio (D)

A count of all current outstanding live transactions across G15 dealers[†] for each sub-product/region combination as of the 30th December 2011. 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 volume[§] 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 executions of New Trades, Unwinds and Step-In Assignments. This metric excludes all activity related to post trade date clearing, portfolio compression, remaining party novations and bulk assignments related to mergers, etc. This metric includes only economic risk transfer activity for the submitting dealers. Transactions resulting from Delta Neutral Auctions (DNAs) are considered new trades.

* FX Rates supplied by DTCC repository for the purpose of conversion into USD. Appendix 2: FX Conversion Rates.

[†] Data should be submitted for those entities that currently submit to the repository.

[‡] In respect to Monthly Volume facing CCP, these figures exclude trades executed in 4Q2011 and cleared in the weekly batch process.

[§] Firms should submit this data in the form of their monthly average.

Standardisation Levels

Execution Venue (F & G):

Electronic (F1 & F2)

Monthly Volume 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 (F1)

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 (F2)

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

Voice (F)

The average monthly volume, expressed as an absolute number of trades, executed by communication over phone, email or similar messaging platforms.

Electronic Confirmation Eligible (H)

A yes or no value indicating whether a sub-product is eligible for electronic confirmation.

Electronically Confirmed (I)

The monthly average actual number of trades within each sub product during the designated three month period³ that is confirmed using electronic confirmation.

Clearing Eligibility (L)

Yes/No value indicating that at least one transaction in any sub-product/region combination is available for clearing.

Annex 1

Credit Base Product Definitions	
<u>Base Product</u>	<u>Base Product Description</u>
Single Name CDS	A credit derivative transaction, on a single name Reference Entity **, in which one party (the Protection Buyer) pays the other party (the Protection Seller) periodic payments for the specified life of the agreement. The Protection Seller makes no payment unless one of a defined set of Credit Events relating to a Reference Entity or certain of its obligations occurs. If such an event occurs, it triggers the Protection Seller's settlement obligation, which can be either cash or physical.
Index	A portfolio of Single Name CDS, each Reference Entity and the relative weighting of each Reference Entity being determined by reference to a published index.
Index Tranche	A credit derivative transaction on a portfolio of Reference Entities, each Reference Entity and the relative weighting of each Reference Entity being determined by reference to a published index, in which one party (the Protection Buyer) pays the other party (the Protection Seller) periodic payments for the specified life of the agreement. The Protection Seller makes no payment unless one of a defined set of Credit Events relating to a Reference Entity or certain of its obligations occurs and losses on the portfolio due to such Credit Events exceed a pre-agreed attachment point. If such an event occurs, it triggers the Protection Seller's settlement obligation, which can be either cash or a combination of cash and physical. The Protection Seller ceases to make payments once losses on the portfolio exceed a pre-agreed detachment point. Different attachment and detachment points or "tranches" (equity, mezzanine, senior, and super senior) reference a different segment of the loss distribution of the underlying index.
Swaptions	An option to enter into a predetermined underlying CDS transaction that is either a Single Name CDS or an Index.
Baskets	A Bespoke Tranching Credit Derivative Transaction that is similar to an Index Tranche, but references Reference Entities agreed by the parties rather than an index.

** Refers to the legal entity that is the subject of a CDS contract. The reference entity can be the issuer or the guarantor of the debt.

Credit Standardisation Definitions

Securitized Credit Products: (Index, Index Tranche, Single Name CDS)	Any Credit Derivative Transaction referencing a single Reference Obligation that is an asset-backed security, mortgage-backed security and/or collateralized debt obligation (including, but not limited to, any collateralized loan obligation, collateralized bond obligation, collateralized synthetic obligation or hybrid thereof).
Other	Any Credit product or deal that falls outside of the above categories.