

One Source, One View:
A Complete OTC
Derivatives Solution
for LatAm

September 2010



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A joint service from DTCC and Markit

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Agenda

1. MarkitSERV overview
2. Regulatory update
3. Bringing it together
4. Q&A session



MarkitSERV overview

Eric Maldonado
Managing Director
MarkitSERV Sales



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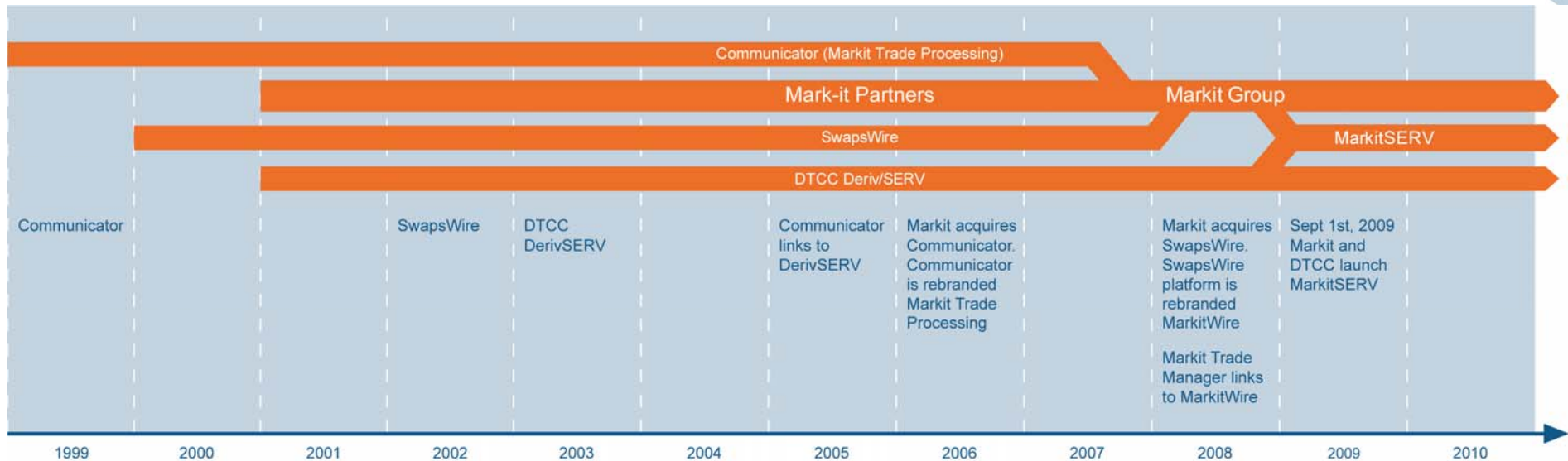
About MarkitSERV

“MarkitSERV will connect buy- and sell-side communities with a single electronic gateway for trade processing across asset classes. We will help market participants meet their commitments to regulators globally to reduce operational risk and adopt clearing for the OTC derivative markets.”

Jeff Gooch, CEO

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MarkitSERV history



- Markit Trade Processing (Communicator) founded in 1999
- MarkitWire (SwapsWire) began in 2002 with backing by a consortium of 23 derivatives dealers
- DTCC Deriv/SERV began in 2003 as a subsidiary of The Depository Trust & Clearing Corporation
- MarkitSERV officially launched on September 1, 2009 with joint ownership by Markit and DTCC

Industry participation

- **MarkitSERV:** more than 70 dealers banks, 50 inter-dealer brokers, 2000 buy-side institutions, and multiple connections to other vendors
 - **Confirmations:** industry standard platform for handling all electronic confirmations
 - **Portfolio Reconciliation** (*MarkitSERV PortRec and Markit Valuations Manager*): data submissions from more than 50 banks/entities
 - **Valuations** (*Markit Portfolio Valuations*): process calibrated from data supplied by more than 30 banks

MarkitSERV value proposition

- Unparalleled network of participants and services
- Across major asset classes
- Ultimate connection point



Commodities	Credit	Equity	Rates
Agriculturals	ABS	Index and Share	Asset Swaps
Base Metals	ABX	Dividend Swaps	Basis Swaps
Coal	CDS Single Name	Options	Bond Options
Freight	CMBS	Swaps	Callable Swaps
Natural Gas ²	CMBX	Variance Options	Caps and Floors
Natural Gas Liquids ²	CDX Index	Variance Swaps	Cross Currency Swaps
Oil and Refined Products	IOS	Dispersion Variance Swaps	Forward Rate Agreements
Pulp and Paper	PO	Option Strategies	Inflation Swaps
Power ²	iTraxx		Interest Rate Swaps ¹
Precious Metals ²	iTraxx SovX		OIS ¹
Pulp and Paper	LCDS		Swaptions ¹
Power ²	LCDX		Zero Coupon Swaps
Precious Metals ²	MCDX		
	PrimeX		
	RMBS		
	Tranches		
	TRX		

1 – Non-Deliverable transactions supported

2 – Physically-settled commodities supported

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Industry benefits

- Increase industry efficiency and decrease operational risk
- Connect multiple market participants, execution venues and clearing providers through a single, secure gateway
- Reduce/eliminate the dependencies on manual-based processes
- Improve accuracy and security of OTC derivative transactions globally
- Lead and assist the industry in meeting the challenging regulatory demands in a very dynamic environment

MarkitSERV platform overview

- MarkitSERV's electronic platform for derivative post-trade processing is the most utilized in the industry, processing more than 600,000 trades every month.
- Our services help reduce risk exposure, increase counterparty transparency and create operational efficiencies for a variety of post-trade processing activities.
- The full suite of services includes tools for trade affirmation, confirmation and portfolio reconciliation across all asset classes and transaction types.

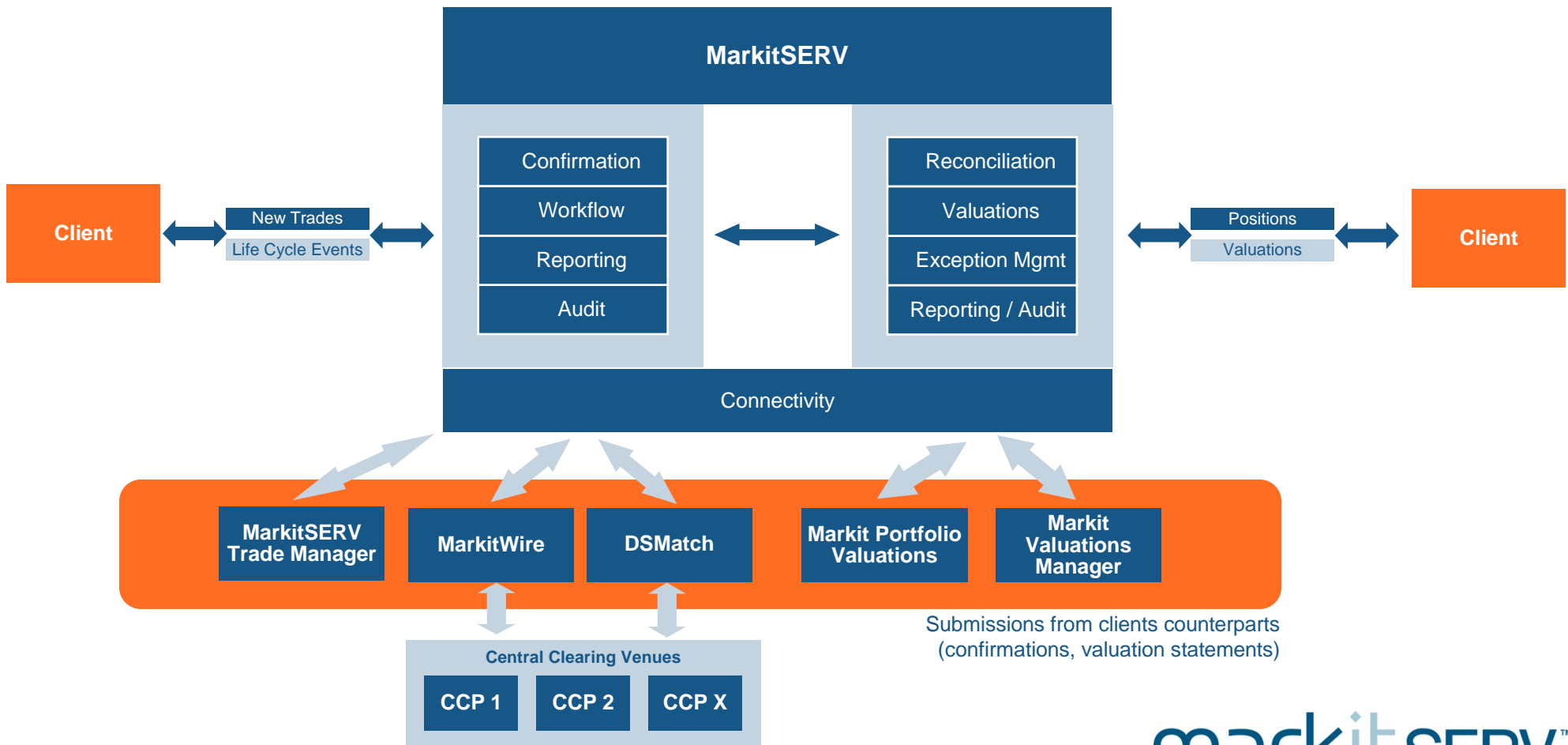
MarkitSERV platform overview *(cont'd)*

- **MarkitWire** (formerly SwapsWire) delivers real-time legal confirmation, trade capture and STP for sell-side and buy-side firms, inter-dealer brokers (IDBs) and fund administrators, for OTC rates, equities and commodities products.
 - Includes support for all trade life-cycle events and innovative functionality to handle novations and allocations.
- **DSMatch** (formerly DTCC Deriv/SERV) automates matching and confirmation for OTC asset classes – credit, rates and equities.

MarkitSERV platform overview *(cont'd)*

- **MarkitSERV Trade Manager** offers electronic confirmation workflow tools for buy-side firms and fund administrators including STP connectivity to DSMatch and MarkitWire, “paper” confirmation workflow, novation consent, trade recap management, comprehensive reporting and metrics for all OTC derivatives.
- **MarkitSERV PortRec** is an automated OTC derivative position reconciliation and valuation comparison service.

MarkitSERV: solutions for your needs





Regulatory update

Marcus Schüler
Managing Director, Markit
Regulatory Affairs

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Update on OTC legislation/regulation

- G20 Pittsburgh commitments
- US
 - Dodd-Frank Act
 - Rule writing by the Commissions
- Europe
 - EMIR
 - MiFID review
 - Standardisation and exchange trading

Themes

- Central clearing
- Trading requirement
- Post-trade transparency
- Trade Repositories
- Business conduct: confirmation - valuation - netting - collateral

Other topics

- Definition of SD and MSP
- End user exemption
- International harmonisation



Bringing it together

Katrina Bell
Vice President
Product Management



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MarkitSERV: live

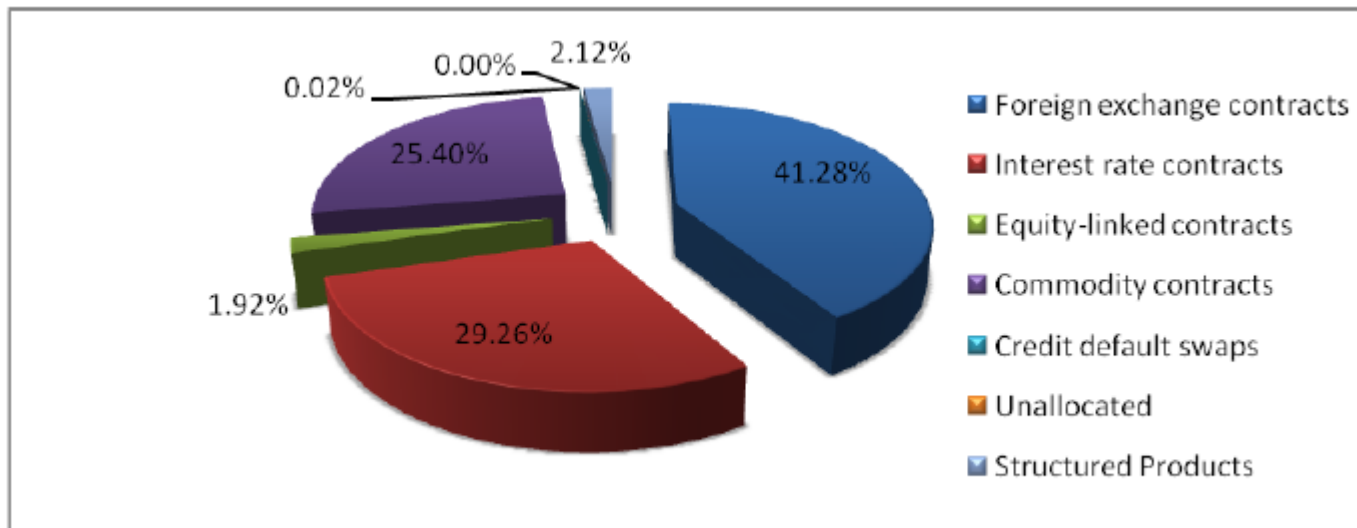
Currency	Product Type
MXN	Interest Rate Swaps
	Forward Rate Agreements
	Caps and Floors
	Swaptions
MXN/USD	Cross Currency Basis Swaps
BRL CDI	Interest Rate Swaps

MarkitSERV: pipeline new product support

Currency	Product Type
CLP	Interest Rate Swaps
CLP/USD	Cross Currency Swaps
COP	Interest Rate Swaps
COP/USD	Cross Currency Swaps
PEN	Interest Rate Swaps
PEN/USD	Cross Currency Swaps

OTC emerging markets survey

- Notional Value of OTC Derivatives Transactions Percentage Breakdown by Instrument Type



Source: CMB, Task Force Survey.

* Published by the International Organization of Securities Commissions, July 2010

The industry has laid out six key objectives

- Report OTC trades to centralized repositories in all asset classes over the coming year
- Engage with central counterparties to broaden the range of cleared products and market participants
- Provide for customer access to clearing solutions
- Enhance collateral management processes
- Broaden and rationalize the governance structure of the OTC derivative markets
- Operational improvements, including:
 - Electronic processing of eligible trades to enhance T+0 confirmation issuance and execution
 - Increased electronic processing across all asset classes
 - Increased standardization of confirmation documentation, with focus on equities
 - Continued focus on aged confirmation reduction targets
 - Provide for customer access to clearing solutions

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