

REDUCE OPERATIONAL RISK AND PROCESSING COSTS ASSOCIATED WITH REPO MATCHING.

Repo is still traded in large volumes over the counter which can lead to increased levels of operational risk through human error causing delayed settlement and verification. The necessity for an integrated and streamlined electronic matching system cannot be over stated.

NEW
Buy-side
Repo
Matching

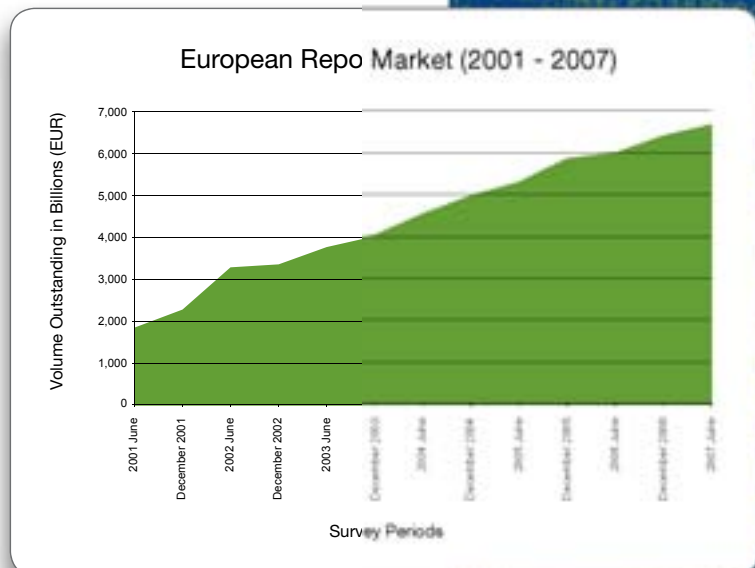
European repo market size in excess of 6.7 trillion*

Driven by the tightening of regulatory capital requirements and the pressure on banks to contain credit risk and improve their economic capital efficiency in a more competitive global market the European repo market has grown rapidly since the mid 1990s.

The latest European repo market survey conducted by the International Capital Market Association shows that the European market is now worth well in excess of EUR 6.7 trillion in terms of deals outstanding.

Repo is already one of the fastest growing sectors of the international capital market with further spectacular growth expected further spectacular growth expected in 2008.

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*Source: June 2007, ICMA repo survey

TRAX2 allows firms to manage their operational risk effectively by matching trades that have been transacted 'over the counter' i.e. not on an automated trading system, in all asset classes in real time with their counterparties, so virtually eliminating failed trades at settlement.

An additional benefit of TRAX2 is that users can fulfill their transaction reporting requirements in a range of financial instruments to a number of specified regulatory authorities throughout the EU.

UBS regards TRAX2 as a key component within the securities market to drive the automation of repo trade confirmations with both sell-side and buy-side clients and across the life of the repo transaction. UBS is pleased to have partnered with ECM on TRAX2 and looks forward to welcoming more buy-side clients on to the platform.

David Daniell, Fixed Income Operations Manager, UBS

Repo Matching Solution

TRAX2 offers the buy-side access to new repo functionality that is already being used by firms such as; UBS, Goldman Sachs International, JPMorgan, Nomura International plc and Credit Suisse Securities (Europe) Ltd to manage their operational risk and improve workflow for repo.

Any time an instruction fails in the chain of events it requires somebody to intervene manually. Matching repo trades through TRAX2 will decrease costs, especially in the back office.

Godfried De Vidts, Chairman of the European Repo Council

TRAX2 fills a major gap for us and completes our electronic confirmation coverage. ECM's policy is to PV forward cash flows making far leg reconciliation essential for the control of our business.

Robert Galione, Head of Operations, European Credit Management Ltd.

TRAX2 is the first system to offer buy-side firms a full repo matching service allowing them to match all asset classes on a proven and reliable platform. It has been developed in consultation with members of the European Repo Council (ERC), Association of Foreign Banks (AFB) and members of the International Capital Market Association (ICMA).

By using TRAX2 we will reduce significantly both our costs and operational risk. It will minimize our manual intervention and make our rapidly expanding repo business much more scaleable.

Ian Holden, Operations Manager, European Credit Management Ltd.

TRAX2 is the post-trade, pre-settlement, trade matching & regulatory confirmation system for the OTC market. TRAX2 builds on the success of the original TRAX system which has been operating successfully since 1989. TRAX2 has over 200 subscribers and processed over 53 million transactions in 2006!



THE EUROPEAN REPORTING HUB

The Markets in Financial Instruments Directive (MiFID) requires many market participants to report to multiple authorities throughout Europe.

MiFID which replaces the existing Investment Services Directive (ISD) will significantly change the regulatory regime governing transaction reporting in Europe. It will extend the coverage of the current regulatory regime on regulated markets in some areas (e.g. requiring the reporting of transactions in commodity instruments admitted to trading) and will narrow it in many others.

A significant change imposed by the MiFID affects the regime governing the systems used by regulated firms to report transactions. In particular from November 1, 2007 onwards; MiFID requires all reportable transactions to be relayed via Approved Reporting Mechanisms (ARM's) to specific authorities in Europe, as outlined in Article 12 of the MiFID, Level 2.

The Financial Services Authority (FSA) has awarded ARM status to TRAX2.

The TRAX2 system enables details of transactions in relevant assets to be transmitted automatically. Trade reporting to multiple regulatory authorities is available at no additional cost for subscribers to the full matching services.

The system is positioned to respond quickly to changing reporting requirements of regulators throughout Europe. TRAX2 has a proven history of reporting to multiple authorities such as;

- Financial Services Authority (UK)
- London Stock Exchange (UK)
- Virt-x (UK)
- Bank of Belgium

The market is faced with the tough deadline of November 1, this year for the implementation of the MiFID in Europe. TRAX2 is positioned to meet the new regulatory transaction reporting requirements of MiFID and approval of the system from FSA is an important step forward in ensuring that our members have the support of TRAX2 in becoming MiFID compliant as far as transaction reporting is concerned.

Kevin Milne, Managing Director of ICMA Ltd.

WE'RE
READY.
ARE
YOU?



TRAX2 is available to any financial institution active in the international capital market, to ICMA members and non members alike, assisting financial institutions with their matching and regulatory reporting requirements.

TRAX2 builds on the success of ICMA's original TRAX trade matching and regulatory reporting system. It is designed to be extremely flexible, MiFID focused and offers significantly enhanced repo matching to users for the first time.

TRAX2 offers both the buy and sell side an ideal matching, reporting and compliance solution, providing:

- Real time trade matching and confirmation of repo (classic, open, term etc)
- Regulatory reporting hub to facilitate MiFID Article 25
- Internet connectivity (allowing for simple and cost effective access)
- ISO 15022/20022 messaging allowing for easy systems integration
- Rapid identification of problem trades and greatly reduced failed trades
- Excellent return on investment by reducing back office, settlement and processing costs
- Real time exchange of standing settlement instructions (SSI's) between counterparties
- 24/7-365 service availability

For more information visit www.TRAX2.org/FT or e-mail FT@TRAX2.org

International Capital Market Association Ltd (ICMA Ltd.) is a leading provider of operational risk management, trade matching, regulatory reporting and data services to the global capital market. ICMA Ltd has an established track record in providing innovative, secure and reliable systems for the financial services sector.

Formerly known as the AIBD (Systems and Information) Ltd. and subsequently ISMA Ltd., it was established in 1985 and was one of the first providers of secure trade matching and regulatory reporting systems for the over the counter market (OTC). It has pioneered the development of the first repurchase (Repo) automated trade matching system.

Visit www.TRAX2.org for more information.