



EuroCCP Omgeo Automated low-cost clearing for the buy-side community

Introducing the benefits of a central counterparty to OTC equities

The EuroCCP Omgeo clearing solution extends central counterparty clearing services to OTC equity transactions, ensuring successful settlement, protecting firms from each others' potential default, and bringing sell-side levels of risk protection to the buy-side. The initiative streamlines the post-trade process, bringing down operational costs and enabling investment managers and asset owners to focus on maximising their investment returns.

Reducing costs for the buy-side

The EuroCCP Omgeo buy-side initiative offers economies of scale and a low-touch post-trade process, with automated matching, clearing and settlement netting capability. It enables increased processing efficiencies and reduced costs, as transactions are matched early and fewer transactions are sent downstream for settlement as a result of netting.

Protecting the European buy-side

This new solution brings to the buy-side EuroCCP's risk management expertise based on DTCC's successful operation of more than 35 years. This means that for the first time, buy-side market players can be protected against the risk of their counterparty's default via the services of a central counterparty.

Buy-side clearing in action

Trades executed OTC are tracked, matched and allocated in Omgeo Central Trade Manager (Omgeo). Once matched and authorised by the prime broker/custodian, transactions are sent to EuroCCP for validation, novation and netting. Net obligations are then routed to the Central Securities Depository (CSD) and to participant agents for settlement.

Delivering key benefits for the buy-side

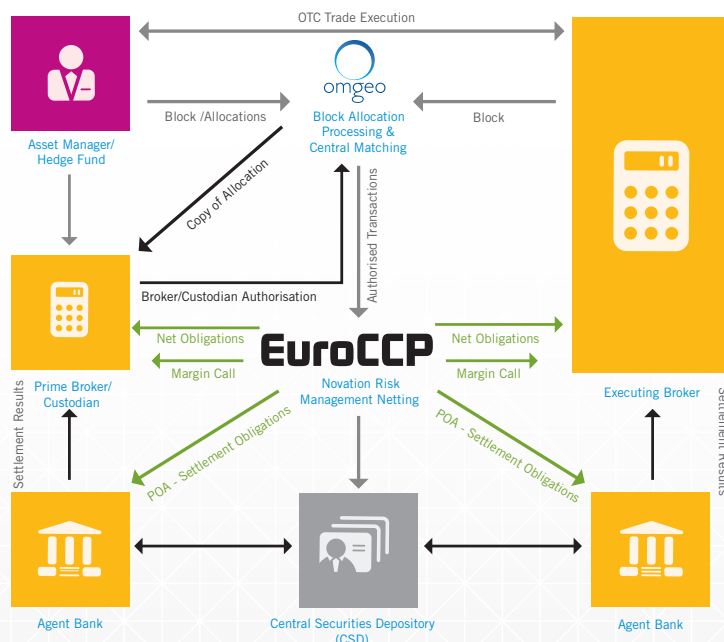
The EuroCCP Omgeo initiative provides clearing service functionality between the buy-side and the sell-side, creating a fully integrated STP solution.

Key features and benefits include:

- 1. Buy-side counterparty risk mitigation** through central counterparty introduction
- 2. Real time workflow and trade status** communication for all market participants
- 3. Reliable technology**, which minimises delay and introduces additional processing capacity
- 4. Cross-platform netting and cross-platform margining**
- 5. Reduced settlement costs** through netting down to an ISIN level per day
- 6. Trades matched on T or T+1**
- 7. Guarantee of settlement**
- 8. Manual operational risk removed** by promoting central matching of trades and allocations, and by automating the clearing and settlement process
- 9. No changes** needed for existing users as connectivity/agreements are already in place

"The EuroCCP Omgeo joint initiative brings the long-needed benefits of central counterparty clearing to the buy-side community. This is a fundamental change to the OTC post-trade cash equities world, which will dramatically lower settlement costs and provide heightened levels of risk protection."

Diana Chan, CEO, EuroCCP



EuroCCP – increased peace of mind

The EuroCCP Omgeo initiative initially targets hedge funds and prime brokers, extending to investment managers and custodians in future phases. Available to support equity trading in 15 European markets, coverage will be extended in line with participant demand.

EuroCCP statistics

Customer-focused services	Delivered by a European user-governed organisation operating at cost.			
Transparent fee structure	Simple and transparent pricing schedules, with one flat fee for clearing, netting and risk management, to help plan post-trade costs accurately and predictably.			
Europe's low-cost clearing fees	Bringing economies of scale to provide low pricing already available in the US. Fee structure designed in partnership with our customers to match European client needs precisely.			
Proven risk management	Battle-tested risk management – leveraging more than 35 years of its parent organisation's risk management experience. Providing certainty, reliability and stability for trading firms. Risk management includes: <ul style="list-style-type: none"> – Straight-through process to settlement – Fail management – Significant processing capacity – Full business continuity Proven approach based on calculation and collection of appropriate amount of collateral to protect firms from each others' potential default.			
Pan-European capability	Enabling firms to trade the same security on any of the platforms cleared by EuroCCP and have the positions netted into a single settlement and margin obligation.			
Assured reliability with operational excellence	EuroCCP provides a world-class infrastructure, using DTCC systems that have never experienced a service disruption that prevented clearing, even during September 11, 2001 or times of extreme exposure such as the Lehman Brothers' collapse.			
European platforms	BATS Europe Burgundy – in progress* Chi-X Europe Equiduct – in progress* NASDAQ OMX (Copenhagen, Helsinki, Stockholm) – in progress* NYSE Arca Europe Omgeo CTM SIGMA X MTF SmartPool SWIFT Accord – in progress* Turquoise UBS MTF <small>*subject to regulatory approval</small>			
European and US clearing	18 European markets and the US market More than 4,000 equity issues 130 Depositary Receipts Nine currencies			
DTCC – US clearing	Average number of daily transactions 107.8 million Average value of daily transaction \$863.6 billion			
EuroCCP Fee guide	Average number of daily sides	0 to 100,000	100,001 to 230,000	Over 230,000
	Clearing and risk management processing fee per side (based on volume)	€0.03	€0.01	€0.00

About EuroCCP

European Central Counterparty Limited (EuroCCP) is a UK-incorporated, FSA-regulated Recognised Clearing House that is governed by its European users. It is the European subsidiary of the Depository Trust & Clearing Corporation (DTCC) and is headquartered in London.

EuroCCP was formed to provide clearing services for a wide range of trading venues across Europe, offering the scale economies of the US market and risk management expertise to European market participants.

We are a strong advocate of interoperability and have launched our interoperable service in July 2011, initially supporting BATS Europe and UBS MTF, and recently extending it to Turquoise and Chi-X Europe. We are actively working on the extension of this service to further trading platforms.

We may provide you with additional information about our products and services from time to time. If at any time you wish to be removed from our distribution list, please send an email to PrivacyOffice@dtcc.com.

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