



# DTCC Board Names Robert Druskin as Chairman by Judy Inosanto

**D**TCC's Board of Directors appointed Robert Druskin as chairman of the Board, effective April 18, 2011.

Druskin brings decades of financial industry leadership experience to the role, working in some of the most critical and senior-level positions in banking and the global capital markets. Most prominently, he was at Citigroup and its predecessor companies and, more recently, he was chairman of E\*Trade Financial Corporation.

In December, DTCC announced that it would [continued on page 3]

## New Report Identifies Opportunities to Mitigate Risk in MMI Processing

*by Craig Donner*

**D**TCC and the Securities Industry and Financial Markets Association (SIFMA) have released a task force report that proposes several short- and long-term solutions to mitigate systemic and credit risks in the processing of money market instruments (MMI).

### Focus on credit risk

The report's short-term recommendations focus on addressing the credit risk exposure that issuing and paying agent (IPA) banks face because of a lack of transparency around the amount an issuer must fund to cover its maturities.

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**Industry Team Tackles MMI Risk**



**ISO 20022 Pilot Program For Corporate Actions**



**Elected Officials At the Buyside Forum**

# Mitigating Risk: New P&I Process Delivers

by Edward C. Kelleher

The Depository Trust Company's (DTC) new methodology for processing principal and income (P&I) payments, which went live in February, has succeeded in reducing systemic risk, increasing efficiency and enhancing accountability in the allocation of several trillion dollars annually.

The number of on-time and correctly identified payments made by issuers and paying agents to DTC has risen significantly. In the first eight weeks, DTC made 99.3% of allocated payments, or \$349 billion, on the payable date. This is up from an average of 98.8% in 2010.

"The new methodology is having its

intended effect," said Kurt Holweger, DTCC managing director, Operations and Customer Service. "The performance of issuers and paying agents has exceeded our initial expectations, and we have been able to allocate more daily payments than we did last year, without the inherent risk associated with the old process."

DTC currently estimates that, in 2011, late or unidentified payments will drop by 40% to \$30 billion compared with \$50 billion in 2010. This represents a 75% decrease from \$128 billion in 2009.

## Then and now

DTC initiated the new process for P&I payments, which allocates only those entitlements that are received on time and with the identifying CUSIP number, on February 7.

The new process differs from the previous long-standing industry practice in which DTC collected and allocated virtually all payments on the payable date, regardless of whether the payments were received on time or correctly identified. DTC withheld payments only if it determined that the entitlement would not be funded by the agent or issuer.

DTC first announced plans to change the process in a November 2009 white paper, which revealed that more than 4% of P&I payments, or approximately \$10 billion per month, were late or misidentified.

## Millions of payments

P&I payments include dividend, interest, periodic principal, redemption and maturity payments. In 2010, DTC collected and allocated more than 5 million payments totaling more than \$2.5 trillion. DTC receives P&I payments from about 7,000 different entities each

**DTC currently estimates that, in 2011, late or unidentified payments will drop by 40% to \$30 billion compared with \$50 billion in 2010.**

year, with 16 of the largest agents responsible for 85% to 90% of the payments. The remaining percentage comes from smaller agents and issuers that are mostly municipalities paying on their own behalf.

"As DTC can't control the timely receipt of P&I payments from agents and issuers, the success to date is directly attributable to process improvements by all stakeholders," said John Faith, DTCC vice president, Operations. "We can remind everyone about the need for timely payments and identifying CUSIP numbers, but the ability to ensure that holders receive their entitlements on the payable date rests with the issuer and agent."

Over the past year, DTC has worked with the industry to ensure a smooth transition to the new processing method. Now, the goal is to further strengthen P&I processing in 2011. "We'll continue to work with agents and issuers to make the process even more efficient, strengthen overall payment procedures and further improve allocation performance rates to our customers," Faith said. @

[For more information on P&I payment processing, go to [www.dtcc.com](http://www.dtcc.com), Customer Center, Customer Tools, Principal & Income Payment (P&I) Refinement.]

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# New Chairman *Continued from cover*

separate the roles of chairman and CEO to ensure a best-in-class approach in DTCC's governance and risk management oversight. "This approach follows the global standard for corporate governance, and aims to ensure optimal checks and balances between the businesses and risk control functions," said Art Certosimo, presiding director of DTCC's Board of Directors.

As DTCC's CEO, Donald F. Donahue will continue to oversee the company's domestic and international businesses, operations, technology and other functions (e.g., customer outreach and staff areas), reporting to Druskin.

## Role of infrastructure

"DTCC has for years played a critical role in protecting the safety and soundness of the financial system, while helping foster growth and innovation in our capital markets," said Druskin. "This is certainly an exciting time to join DTCC, as market participants are relying even more heavily on the infrastructure to mitigate risk for the industry. I look forward to partnering with Don, the accomplished DTCC leadership team and all our employees to continue delivering the world-class services that ensure the viability and efficiency of the financial markets and are the foundation of DTCC's global reputation."

"Bob has had a very distinguished career working with the securities industry and regulators to promote the sustainable growth and integrity of the financial marketplace," said Certosimo. "His in-depth experience in corporate governance, risk oversight, investment banking and operations strongly complements Don's expertise and the talents of DTCC's senior management team. The Board is fully confident in Bob's and Don's leadership in this unprecedented time of change for our industry."

"We are delighted to have Bob become



ROLAND KLEMAN

Robert Druskin, DTCC chairman

**'This is certainly an exciting time to join DTCC, as market participants are relying even more heavily on the infrastructure to mitigate risk for the industry.'**

an integral member of DTCC's senior management team," said Donahue. "His expertise throughout his long career in the industry, coupled with his leadership and highly-regarded reputation, will be of great value to our organization, customers and employees, as we face heightened industry requirements to develop innovative, effective solutions that facilitate the health and competitiveness of the global capital markets."

## Background on Druskin

Druskin has been chairman of the Board of the online brokerage and banking firm E\*Trade since December 2009, and lead director since May 2009. He acted as interim CEO from December 31, 2009, to

March 31, 2010, responsible for E\*Trade's overall operations. He also served on the firm's Nominating and Governance Committees, as well as chairing the Financial and Risk Oversight Committee.

He spent nearly 16 years at Citigroup and its predecessor companies in a number of senior executive positions across the organization. He was COO and member of the Office of the Chairman from 2006 to 2007, responsible along with the CEO for all business units in the firm. Also reporting to Druskin was the chief operations and technology officer. He spent four years at Citi's Global Corporate and Investment Banking division, first as president and COO, then as CEO.

During his time as Citigroup's chief operations and technology officer, he oversaw the company's operations and technology organization globally, as well as its real estate, shared services and business continuity initiatives.

Druskin was with Smith Barney Inc. and, later, Salomon Smith Barney for nine years as chief administrative officer and as the head of the Asset Management and Futures Divisions. Prior to joining Smith Barney, he was CFO of Shearson Lehman Brothers.

Highly active in the area of corporate governance, Druskin sits on the Advisory Boards of Riverwood Capital and of Constellation Wealth Advisors, the Board of the United Negro College Fund, and is chairman of Guiding Eyes for the Blind. Previous Board affiliations include the Securities Industry Association (now Securities Industry and Financial Markets Association), Affiliated Computer Services, New York University Downtown Hospital and Rutgers University.

A Bachelor of Arts graduate of Rutgers College, Druskin is a resident of Bedminster, New Jersey. @

# Opportunities to Mitigate MMI Risk *Continued from cover*

## Key recommendations

The report calls for:

- Requiring issuers to follow current industry guidelines to fund maturities by 1:00 p.m. if they have a net debit.
- Establishing new enforceable deadlines for the IPA (in its role as the issuing agent) to submit all new valued issuances to The Depository Trust Company (DTC) by 1:30 p.m. and for receivers of new valued issuances to accept delivery by 2:15 p.m. New valued issuances are transactions that are deliveries versus payment (DVP) at DTC.

By implementing these cutoffs, the IPA (in its role as paying agent) would have sufficient time to calculate its exposure and, if a funding shortfall exists, work with the issuer to resolve the deficiency before 3:00 p.m., which is the deadline at DTC when the IPA must decide whether to fund the maturities or issue a Refusal to Pay (RTP). An RTP reverses all MMI transactions for that day in the affected issuer's paper.

## Fresh look at the process

"While the current system operates safely and efficiently, the industry recognized the value of coming together to examine the MMI process with a fresh eye to see if there are opportunities to eliminate additional risk from the system," said Susan Cosgrove, DTCC managing director and general manager, Settlement and Asset Services. "More than 91% of all MMI transactions already meet the new valued issuance deadline proposed by the task force, but IPAs still face a degree of uncertainty that leaves them with a difficult choice – either accept an unknown degree of credit risk or cancel every transaction for that issuer that day."

"We look forward to engaging all the stakeholders on these proposals," said Robert Toomey, managing director and

associate general counsel at SIFMA. "We believe that both the short-term and long-term recommendations provide opportunities to mitigate risk."

DTCC and SIFMA formed the MMI Blue Sky Task Force in October 2009 to review the functioning of the MMI settlement system following the financial crisis and to develop a series of options and recommendations for consideration that would reduce risk in the market. The task force also comprises representatives of IPAs, broker/dealers, custodian banks and issuers.

MMI transactions are processed through DTC, the wholly owned depository subsidiary of DTCC and a registered clearing agency with the Securities and Exchange Commission.

## Mitigating IPA credit risk

Under the current system, IPAs face an unknown degree of daily credit risk exposure. This is because issuers and investors, respectively, can continue processing new valued issuance transactions until 3:20 p.m. and 3:30 p.m., creating the possibility that an IPA may issue an RTP even though an issuer has raised sufficient funding 20 minutes after the 3:00 p.m. RTP deadline.

"While new issuances generally offset and fund maturities, IPAs often don't have a complete picture of an issuer's account balance by the RTP deadline," Cosgrove said. "By enhancing transparency around this information, we can strengthen risk management controls for market participants and bring greater stability and certainty to the MMI market. We are committed to working collaboratively with our customers and regulators on this initiative in the months ahead."

## Addressing systemic risk

The task force also offered several longer-term recommendations that would require major structural and

system changes that could mitigate systemic risks in the MMI market and further intraday settlement finality. Many of these proposals would significantly alter the current MMI settlement system and could have far-reaching impacts on the industry and market participants.

Among these recommendations, the task force suggested the industry explore in more detail the benefits and disadvantages of:

- Creating an MMI matching process that would match an issuer's new issuance credits to offset its own maturity obligations.
- Creating an "MMI partial settlement" option that would permit an IPA to pay maturities to the extent that the IPA has received issuer funding via cash or valued new issuance.
- Separating MMI and non-MMI transactions for settlement purposes.
- Changing MMI settlement from net end-of-day settlement to a "real-time gross" process, whereby transactions are settled as soon as they are processed, on a one-to-one basis. @

To see the task force report, visit [www.dtcc.com](http://www.dtcc.com). The task force is actively soliciting industry feedback on the report and welcomes written comments from market participants. Comments can be submitted at [mmibluesky@dtcc.com](mailto:mmibluesky@dtcc.com).



# Industry Team Tackles MMI Risk by Michael Scholl

**I**n conjunction with the release of the Blue Sky Task Force's report on mitigating systemic and credit risks in the processing of money market instruments (MMI), @dtcc sat down with Susan Cosgrove, DTCC managing director and general manager, Settlement and Asset Services, and Robert Toomey, managing director and associate general counsel, Securities Industry and Financial Markets Association (SIFMA). They discussed the impact of the 2008 financial crisis on the MMI market and the task force's short- and long-term efforts to reduce risk in this segment of the industry.



Robert Toomey, managing director and associate general counsel, Securities Industry and Financial Markets Association (SIFMA)

**'In the aftermath of the financial crisis, there was heightened concern about various risks affecting the industry. Regarding MMI in particular, there was consensus among market participants that it would be best to bring a cross-section of those participants together to examine the risks in this market segment and to make suggestions for mitigating them.'**

## WHAT PROMPTED THE CREATION OF THE BLUE SKY TASK FORCE IN 2009 AND WHAT ARE ITS GOALS?

**Toomey:** In the aftermath of the financial crisis, there was heightened concern about various risks affecting the industry. Regarding MMI in particular, there was consensus among market participants that it would be best to bring a cross-section of those participants together to examine the risks in this market segment and to make suggestions for mitigating them.

**Cosgrove:** The name Blue Sky was bestowed on the task force because its objective was to take a step back to determine what we would want a settlement system for the U.S. money markets to look like if we could build it from scratch. The task force's goal was to determine the key features of that ideal settlement process and to identify potential impediments to achieving that ideal.

## WHY DID THE 2008 FINANCIAL CRISIS LEAD TO INCREASED LIQUIDITY AND CREDIT PRESSURES IN THE MMI MARKET?

**Cosgrove:** A significant strain was placed on MMI, specifically commercial paper, by the Lehman Brothers bankruptcy, which triggered a major money market fund to "break the buck," or go below \$1 a

share in value. Investors responded by shifting their money from commercial paper and other MMIs into U.S. Treasuries. That had a profound impact on the ability of issuers to raise capital in the short-term market. The disruption was so severe that the Federal Reserve had to create a commercial paper funding facility to support the orderly functioning of the money markets. Those events dramatically heightened the industry's awareness of the investment risk associated with MMIs.

**Toomey:** As credit pressures increased post-Lehman and MMI market participants became highly sensitive to the system's risks, there was a definite push to examine and mitigate those risks.

## DO YOU THINK ALL MARKET PARTICIPANTS WILL BE ABLE TO MEET THE NEW DAILY DEADLINES CALLED FOR IN THE TASK FORCE'S SHORT-TERM PROPOSALS?

**Cosgrove:** We've had conversations with market participants and believe the proposed deadlines are feasible. In fact, 91% of all new valued issuance transactions are already submitted by 1:30 p.m. to DTC [The Depository Trust Company]. If we move the deadline up to 1:30 p.m., we believe the remaining firms will be able to adapt to that change and we are committed to working with them to do so.

## RIGHT NOW AN MMI ISSUER CAN CONTINUE TO PROCESS NEW VALUED ISSUANCE TRANSACTIONS UNTIL 3:20 P.M., 20 MINUTES BEYOND THE 3:00 P.M. REFUSAL TO PAY (RTP) DEADLINE. WHAT IMPACT DOES THIS 20-MINUTE GAP HAVE ON CREDIT RISK TRANSPARENCY?

**Cosgrove:** Those 20 minutes are critical. Issuing and paying agents [IPAs] already face a difficult challenge in determining whether they should hit the RTP button at 3:00 p.m. It seems counterintuitive to allow activity that could impact that decision to occur once the decision has been made

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# Industry Team Tackles MMI Risk *Continued from page 5*

– and it introduces added risk to the market.

**Toomey:** Currently an IPA can decide to RTP an issuer at 3:00 p.m., only to see that issuer succeed in lining up the required additional investors within the following 20 minutes. This has led to situations in which an RTP is issued, only to be reversed later, which is a cumbersome process.

## DO YOU HAVE A TIME FRAME IN MIND FOR IMPLEMENTING THE TASK FORCE'S SHORT-TERM PROPOSALS?

**Cosgrove:** Our goal is to make the rule changes needed to implement the short-term proposals within the next 12 months. As a first step, we will accept feedback about those proposals until the end of May, and we will use that feedback to fine-tune the proposals before we implement them. There is also a technology development effort associated with these changes, which needs to go through the normal DTCC development cycle.

**Toomey:** Although DTCC has the ultimate say over what the valued issuance cutoff times are, SIFMA and the other members of the task force have worked hard to develop broad industry consensus for enacting the short-term proposals.

## WHAT WILL BE THE PROCESS FOR DETERMINING WHICH LONG-TERM OPTIONS TO IMPLEMENT, IF ANY?

**Cosgrove:** The long-term proposals are options for consideration and some of them present opposing ideas, so the task force clearly does not intend for the industry to implement all of them. Now that we have released the report, the task force will work with the industry to refine its thinking about which options have the most feasibility. Critical to this process will be continued collaboration with the industry.

**Toomey:** We also want to better gauge the impact of each option, because all of



Susan Cosgrove, DTCC managing director and general manager, Settlement and Asset Services

**'The task force's objective was to take a step back to determine what we would want a settlement system for the U.S. money markets to look like if we could build it from scratch. The goal was to determine the key features of that ideal settlement process and to identify potential impediments to achieving that ideal.'**

them would require system changes for DTCC and others in the industry. The task force will continue to work through the details of the longer-term proposals as we receive feedback. Going forward, we may look to issue a follow-up report to provide an update on where we are in that process. @

# DTCC Introd For Manage

**D**TCC and The Money Management Institute (MMI) have unveiled plans for a new service that aligns with a shift in the managed accounts industry toward model-only portfolios. These portfolios, the latest version of unified managed accounts (UMAs), merge multiple product types, such as separately managed accounts (SMAs) and mutual funds, into a single client account that sponsors (broker/dealers) usually customize for their clients for tax optimization and investment preferences.

DTCC's technology solution, called Model Management Exchange (MME), centralizes, standardizes and facilitates the model distribution process between investment managers, overlay portfolio managers (OPMs) and model program sponsors.

To formally introduce MME to the market, DTCC and the MMI brought together more than 25 executives from the top investment manager firms (model providers) participating in this market in March. Participants discussed the challenges and strategies of the managed accounts industry and saw a demonstration of the MME solution.

Firms in attendance included Franklin Templeton Investments, JPMorgan Asset Management, Lord Abbett & Co., MFS Investment Management, Morgan Stanley Smith Barney, Natixis Global Associates, Neuberger Berman and Riverfront Investment Group. Hosted by DTCC and the MMI, the conference was held at DTCC's offices in New York.

# uces Next-Generation Solution d Accounts

by Richard Marulanda

## Model-only

In recent years, the SMA market has shifted away from its traditional format – in which asset managers execute trading and transactions – toward an environment where brokerages and external OPMs centralize trading based on the investment model provided.

Today, sponsors and investment managers rely on disparate systems and ad-hoc processes to manage their model distribution to and from model program providers, resulting in significant inefficiencies and risk within the Model/UMA segment of the SMA industry.

## Secure infrastructure

For several years, DTCC has been enhancing the technology of its Managed Accounts Service to support new developments in the market and the ongoing rollout of standard messages by the MMI. However, until now, model portfolios have not had an established infrastructure to process and manage distribution.

“We are very excited about our new Model Management Exchange service, which will bring a much greater degree of operational efficiency and risk management to the managed accounts industry,” said DTCC CEO Donald F. Donahue. “DTCC has four decades of experience in helping the financial industry sort out its processing and distribution problems. Our infrastructure supports virtually all of the securities markets in the U.S., from equities and fixed income, to mutual funds, insurance investments and over-the-counter derivatives. By providing the managed accounts marketplace access to our infrastructure, we can extend the same security, reliability and economies of scale that our other customers enjoy.”

## Solid industry support

With a reliable and secure infrastructure in place, the Model/UMA marketplace is now focused on bringing industry-wide adoption of DTCC’s MME solution.

“Together, we have a collective opportunity to grow this market from infancy by leveraging DTCC’s established infrastructure and economies of scale,” said Ann Bergin, DTCC managing director and general manager, Wealth Management Services. “We are confident that we can deliver this service at a reasonable cost for the industry and, as participation expands, the costs will come down.”

In conjunction with the MMI’s work on model message standards, DTCC has been collaborating with several MMI committees and leaders to make sure the managed accounts

industry realizes the benefits of standardization in the evolving area of UMAs.

“Now is the time. The work has been done. We must adopt model message standards and work with a central hub,” said Christopher Davis, president, The Money Management Institute. “The MMI Board is putting its shoulder behind this initiative and has unequivocally endorsed a statement in support of the model standards.”

Morgan Stanley Smith Barney’s Roger Paradiso, director/ chief investment officer and managing director of Private Portfolio Group, has been a trailblazer for the managed accounts industry, working with the MMI and DTCC for many years

on this initiative. “At the end of the day, we need to be certain that we are delivering solutions to clients that help them achieve their financial goals,” he said. “This effort began 10 years ago, and today we all need to take the lead to ensure we create efficiencies that did not exist when the SMA market began. We are committed to this journey and are happy to be part of this evolution.” @



Roger Paradiso, director/chief investment officer and managing director of Private Portfolio Group, Morgan Stanley Smith Barney

**‘We need to be certain that we are delivering solutions to clients that help them achieve their financial goals.... Today we all need to take the lead to ensure we create efficiencies that did not exist when the SMA market began. We are committed to this journey and are happy to be part of this evolution.’**

# Wells Fargo Links To DTCC'S Loan/SERV Reconciliation Service

by Edward C. Kelleher

**W**ells Fargo Bank has linked to DTCC's Loan/SERV Reconciliation Service, which helps automate and streamline the processing of syndicated loans by enabling the bank to view and reconcile loan positions with thousands of lenders on a daily basis.

"As our loan business continues to grow globally, the need for an automated reconciliation service to provide our customers with the most accurate and up-to-date information available on their loan positions becomes paramount," said Peter Amendola, executive vice president, Wells Fargo Wholesale Banking. "Loan/SERV provides us with the solution that will automate the reconciliation process, boost efficiencies and help reduce risk in the market."

## Global banks

"Wells Fargo is joining the leading global banks that have linked to Loan/SERV Reconciliation to boost customer satisfaction, improve market-wide data accuracy and increase operational efficiency," said Mathew Keshav Lewis, DTCC vice president, Global Loans Product Management. "Loan/SERV is the only service that provides a global reconciliation solution for the syndicated loan market and now serves lenders in more than 45 countries across North America, Latin America, Europe, Asia and Africa."

Agent banks already linked to Loan/SERV's Reconciliation Service are The Bank of New York Mellon, Barclays Capital, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, J.P. Morgan and The Royal Bank of Scotland.



Peter Amendola, executive vice president, Wells Fargo Wholesale Banking

**'As our loan business continues to grow globally, the need for an automated reconciliation service to provide our customers with the most accurate and up-to-date information available on their loan positions becomes paramount. Loan/SERV provides us with the solution that will automate the reconciliation process, boost efficiencies and help reduce risk in the market.'**

## No more thousands of faxes

Syndicated loans involve multiple lenders for each borrower, with agent banks acting as the liaison, transmitting information among parties. Prior to the launch of Loan/SERV, the reconciliation process was essentially manual and resulted in thousands of faxes going out into the market each month. Loan/SERV automates the process and enables agent banks and lenders to view and reconcile loans on a position basis or in more detail, ranging from the commitment and transaction level down to the individual contracts, drawings and fees, with all relevant transactions details.

Along with the agent banks, more than 2,800 investment funds and lending entities administered by more than 250 leading fund managers and bank lenders have linked to the reconciliation service since DTCC launched Loan/SERV in 2008. These firms now represent approximately 50% of the global syndicated loan market.

## On deck: delivery-versus-payment

DTCC, working with a third-party cash settlement provider, will begin piloting a cash settlement service in the second quarter of 2011 called Cash on Transfer with a number of global loan agents, trading desks, paying agents, custodians and administrators. Cash on Transfer will provide the global syndicated loan market with its first delivery-versus-payment platform for secondary loan trading. It will help ensure that cash settles simultaneously with the change in legal ownership of the asset recorded by the agent bank. It will handle cash settlement in 50 different currencies.

Loan/SERV is a service offering of DTCC Loan/SERV LLC, a subsidiary of DTCC. @

# ISO 20022 Pilot Will Redefine Corporate Action Processing

by Edward C. Kelleher

**D**TCC will launch a pilot program testing ISO 20022 corporate actions announcement messages and its new browser-based user interface with five leading corporate action users on April 25. The pilot is part of DTCC's multi-year reengineering initiative that is changing the way corporate actions are processed in the U.S.

The firms in the pilot are BNY Mellon, Brown Brothers Harriman, Investment Technology Group (ITG), JPMorgan Chase and National Financial Services LLC. The pilot will test all event types for corporate actions announcements, including dividends, principal and interest, redemptions and reorganization events (such as tender offers, stock splits and warrants) using the new ISO 20022 announcement messages and user interface.

## Reducing risk

"We're strong believers in implementing best practice in the marketplace and that's why we wanted to participate in this test pilot," said Steven Sloan, asset servicing product manager, J.P. Morgan Worldwide Securities Services. "This pilot will help DTCC implement best practice for the corporate actions market, which will ultimately benefit all market participants by boosting efficiencies and reducing risk."

DTCC developed the new messaging documentation in collaboration with SWIFT, a global provider of secure financial messaging services, and the ISO 20022 (International Organization for Standardization) Registration Authority.

ISO 20022 provides the financial services industry with a common platform for the development of messages in a standardized syntax and defines a number of key elements used in messaging. Supplementary data that does not fit into the current standard message format, or is specific to a particular country or market, can be added by extending the messages with an additional component. DTCC

determined the supplemental information needed in these extensions for corporate actions processing in the U.S.

## Standardized language

"The shift from proprietary files to SWIFT standard messages is significant," said Sloan. "The ability to utilize market-standard event types and follow the industry-standard event interpretation grid concerning dates, rates, periods and prices will provide our clients greater ability to electronically process corporate action announcements."

The new browser-based interface that will be used by the pilot firms ultimately will provide a unified corporate actions platform. It will incorporate all event types – across distributions, redemptions and reorganizations – in one system and encompasses the entire corporate actions lifecycle, from announcements through instructions to allocations. The interface will be implemented in three phases during 2012 and 2013 with a dashboard for each event-type grouping.

## Straight-through processing

"The pilot represents a major step forward in DTCC's reengineering initiative and moves us closer to straight-through processing," said Susan Cosgrove, DTCC managing director and general manager, Settlement and Asset Services. "It will help change the face of corporate actions processing in the U.S. with standardized messaging and a user interface that, in effect, replaces more than 60 different legacy platforms that have evolved over the

years." She said the pilot would lay the groundwork for the eventual transition to ISO 20022 for all firms using DTCC corporate actions.

Brett Lancaster, managing director, Securities Initiatives, Americas, at SWIFT said: "DTCC going live with test pilots for ISO 20022 corporate actions messages is a



**ISO 20022 pilot working group meeting:** Above: Veronique Peeters and Steven Tsang of BNY Mellon. Below: Steven Sloan of JPMorgan Chase, left, and Michael Murphy of Information Mosaic.



PHOTOS: ROLAND KEILMAN

key milestone for DTCC and the industry. We are delighted to be part of this initiative and look forward to our continued work with DTCC and other financial institutions as we evolve the corporate actions program from a pilot to live traffic over SWIFT."

DTCC will provide a lengthy period for firms to transition to ISO 20022 messaging because of the size and complexity of the reengineering initiative. DTCC will retire all legacy file formats on or before 2015.

The pilot runs through November 2011 and will incorporate the annual SWIFT standards update issued that month. @

# 'Managing the Risks Of Ex-Clearing Trades'

To coincide with the launch of NSCC's Obligation Warehouse (OW) in February, Susan Cosgrove, DTCC managing director and general manager, Settlement and Asset Services, recently published an article explaining how the OW will enhance transparency for the industry and regulators, while delivering operational efficiencies, cost savings and risk mitigation to financial firms.

The article appears in the Securities Industry and Financial Markets Association's (SIFMA) SmartBrief, a daily email newsletter for investment bankers, broker/dealers and mutual fund professionals, which provides summaries of the day's most important securities news.

Below is an excerpt from Cosgrove's article. To read the entire article, visit [www.smartbrief.com/news/sifma](http://www.smartbrief.com/news/sifma).

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The challenge of processing broker-to-broker obligations confirmed and settled outside a clearing corporation (known as ex-clearing) has intensified in recent years as financial firms' need for real-time information has increased. At the same time, some in the industry have raised the red flag because these transactions, which are confirmed and settled directly between brokers using highly manual and error-prone processes, potentially create operational and counterparty risk.

Just how much risk these trades pose is somewhat of a mystery. The problem is that, unlike the overwhelming majority of transactions in equities, corporates, municipals and unit investment trust securities executed in the U.S. markets, which are processed through and guaranteed by DTCC's clearing agency subsidiary, National Securities Clearing Corporation (NSCC), ex-clearing trades are visible only to the trading parties.

The issue is not ex-clearing trades per

se, but rather that these obligations are matched and confirmed manually, through phone calls, faxes and emails, and are not held in a central location, which would reduce operational risk.

To modernize these decades-old practices, DTCC recently launched the Obligation Warehouse (OW). Working collaboratively with industry partners, including the Securities Operations and Data Management Sections of SIFMA, DTCC has created a more efficient and cost-effective system for processing ex-clearing trades and certain other open obligations. The service also delivers real-time capabilities for NSCC members participating in the OW to view virtually all of their failed trading activity in the U.S. marketplace for equities, corporates, municipals and unit investment trust securities.

In building the OW, DTCC leveraged existing systems and enhanced its current fail clearance system, known as the Reconfirmation and Pricing Service (RECAPS), to automate the matching and confirmation of ex-clearing trades. We also created new tools to track, manage and resolve certain unsettled obligations in real time...and added functionality to store these obligations in a central location until settlement, marking the first time this information has been captured in a single place.

What the OW accomplishes for the industry is significant. In fact, it represents a giant leap forward in helping financial firms better manage and address the risks and costs associated with their ex-clearing trades and fails. The OW meets the unique needs of our customers while also offering a solution for certain inefficiencies and risks associated with ex-clearing activity. @

## Conference Focus

The impact of Dodd-Frank on the safety and liquidity of the swaps markets from the perspective of end-users and buy-side firms was the focus of a forum recently sponsored by the Managed Funds Association (MFA), Institutional Investors and DTCC. More than 100 representatives from the financial, legislative and regulatory communities attended the forum and outlined areas of concern and potential solutions.

"While Dodd-Frank is intended to protect the economy and the over-the-counter derivatives markets and make their hedging markets more transparent and liquid, there is concern in the industry over potential unintended consequences of the new rules," said Michael Bodson, DTCC's COO, who opened the conference. "This forum will help identify issues of importance and outline potential elements of the solutions so that rule makers and lawmakers have the input and feedback they need as they move forward with implementing Dodd-Frank."

### Views of the forum

"We appreciated the opportunity for market participants and policymakers to continue the dialogue about central clearing and transparency, both of which MFA strongly supports, because of their essential role in reducing systemic, operational and counterparty risk for hedge funds and their institutional investors," said Richard Baker, president and CEO of Managed Funds Association.

"Our derivatives markets play important roles in helping

# Bodson on Safety and Liquidity in the Swaps Market

by Craig Donner

organizations manage commercial risk, gain access to financing and efficiently deploy capital,” said John Gidman of Loomis Sayles & Company and chairman of the Association of Institutional Investors. “Discussions like today’s help market participants and policymakers alike consider the potential for unintended consequences as we all strive to have markets that are liquid and safe, provide a level playing field for all participants and are supported by prudent regulation.”

## On the agenda

The conference keynote address was given by Sen. Debbie Stabenow (D-MI), chairwoman of the U.S. Senate Committee on Agriculture, Nutrition and Forestry. The committee is responsible for overseeing implementation of Dodd-Frank and, in particular, Title VII, which establishes a new framework for governing the over-the-counter (OTC) derivatives market.

Congressman Jim Himes (D-CT), a member of the House Financial Services Committee, also delivered remarks during the forum and participated in a Q&A session with the audience.

“Capital is the most liquid asset in the world, and the laws that govern the financial industry need to recognize that,” said Himes. “We need a coordinated regulatory approach that encourages transparency and ensures that U.S. markets operate on a level playing field.”

In addition, the event featured two panel discussions that included representatives from the legislative and regulatory staffs responsible for Dodd-Frank, as well as senior representatives from asset managers, hedge funds, government-sponsored entities and corporate end-users from the trading, hedging, risk management, legal and compliance, and operations areas. The panels focused on how:

- Pre- and post-trade transparency rules that result from the new trading and clearing rules will impact liquidity and the potential for unintended disclosure;
- Firms manage the changes in collateral and default management for both centrally cleared and bilateral derivatives.

## Mitigating systemic risk

During his opening remarks, Bodson reinforced that the key to mitigating systemic risk in the swaps market lies in giving regulators transparent access to comprehensive market data. He noted the importance of having all underlying position data held in a single, central swaps data repository (SDR) to ensure that the totality of a firm’s positions can be seen from a central vantage point.

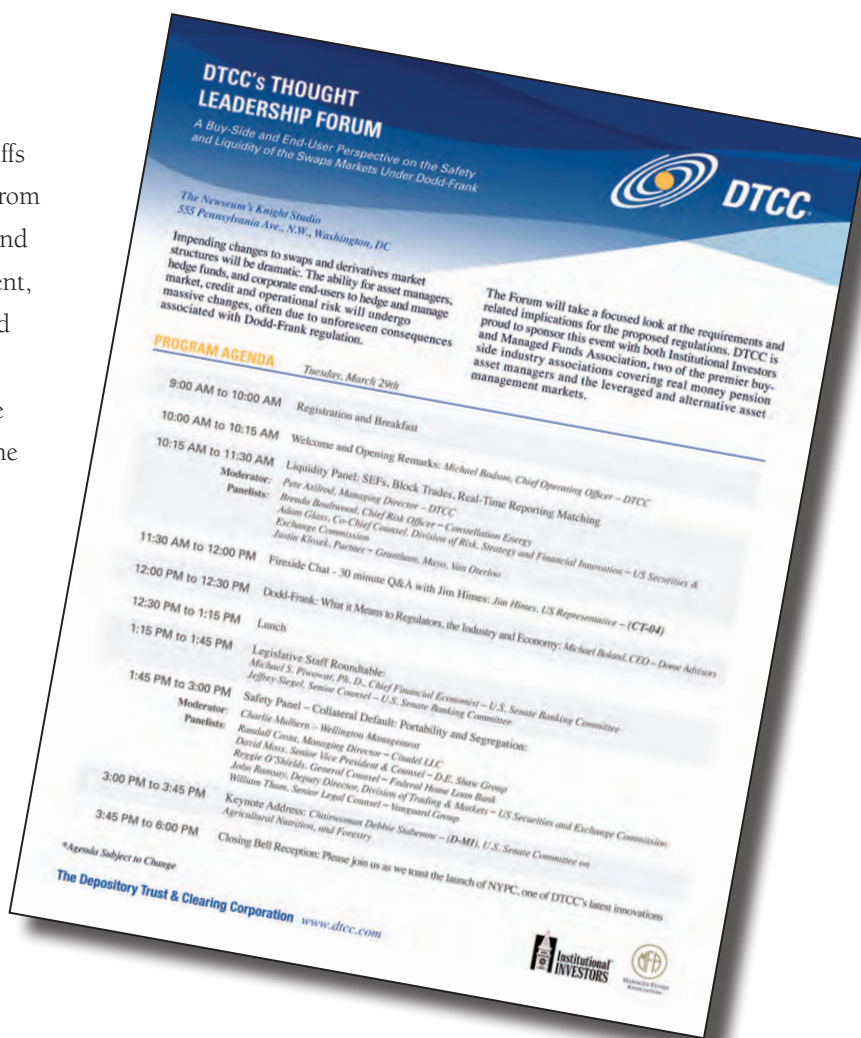
Bodson pointed to the role that DTCC’s Trade Information

Warehouse (TIW) played in enhancing transparency in the credit default swaps (CDS) market during the financial crisis. The Warehouse’s centralized repository and its users include all the major OTC derivatives dealers and more than 1,800 buy-side firms and other market participants in more than 50 countries. It holds approximately 2.3 million contracts with a gross notional value of \$29 trillion.

Bodson also stressed that achieving transparency across the entire OTC derivatives market will require significant cooperation between market participants and regulators. He added that a critical variable in the success of the TIW was that DTCC is not a traditional commercial entity, but rather an industry-governed utility, with buy-side firms, sell-side firms and self-regulatory organizations as stakeholders.

“It was essential to all parties involved that commercial concerns were removed from what all sides agree is – and should continue to be – primarily a regulatory and supervisory support function,” Bodson said. @

[See page 12 for excerpts from remarks made by Sen. Debbie Stabenow and Rep. Jim Himes at the forum.]



# Elected Officials Take the Podium at the Buyside Forum

**S**en. Debbie Stabenow (D-MI), who is chairwoman of the U.S. Senate Committee on Agriculture, Nutrition and Forestry, gave the keynote address at the Buyside and End-User Perspective on the Safety and Liquidity of the Swaps Market Forum. Rep. Jim Himes (D-CT), a member of the House Financial Services Committee, also delivered remarks during the forum and participated in a Q&A session with the audience.

Here are highlights from their remarks.

## Sen. Debbie Stabenow

“As we look back at what brought us here, there’s no question that the system, as it existed prior to reform, was broken. Eight million Americans lost their jobs because of reckless and irresponsible behavior.

My position is pretty simple – fix what’s broken. We know that despite the few bad actors who abused the system, derivatives play an important role in our global economy. More than 38 million Americans work at companies that use derivatives to manage their risk and many more, from pensions to municipalities, use them to protect against market volatility.

The decisions made in the coming months will shape the derivatives regulatory landscape and global financial markets for decades to come.

Last year, Congress passed the Dodd-Frank Act to address the abuses in these markets and to give significant authority to regulators to prevent future crises. While Congress greatly expanded the authority of the agencies, it also came with the understanding that they must take a thoughtful, cautious approach that reflects Congressional intent.

Most importantly, we increased transparency in these markets. Transparency will provide important market and pricing information to buyside firms; it will protect the integrity of these markets; and, simply put, it levels the playing field.

Given the strong legislative intent, the regulators still have broad new authorities, and the devil is in the details. While the regulators

are thoughtful and dedicated to getting this right, they need to hear from market participants in order to get there. The agencies, from the Fed to the SEC to the CFTC, need to hear about the costs and benefits associated with reform. They need to hear specifics from your best technical experts.

As we move towards a ‘new normal,’ you need to work with the regulators, reiterating the message that these markets must function globally and that the new swaps regime must mitigate

risk, not create it. The new accountability and transparency we have created is clearly in the public interest, and the most important thing is to get it right.

And we won’t get it right if the agencies don’t have the tools they need to do the job. Underfunding regulators that have just been given significant new authorities will pull staff away from the important tasks of registering participants, approving products and regulating the markets, which may create more uncertainty and could actually harm competitiveness.

These are dynamic, diverse markets, and we need to provide as much certainty as possible.

I look forward to working with market participants, my colleagues in the Senate and the regulators to make sure we get the implementation of these reforms right to protect our system from another crisis, while maintaining the competitiveness of U.S. businesses and financial markets.

Given the potential unintended consequences, we are left with a fundamental question – how do we strike the right balance? Discussions with market participants and policymakers will help us find the answer.”

## Rep. Jim Himes

During a Q&A session with Rep. Jim Himes (D-CT), the two-term representative covered a wide range of issues in the debate over financial reform. Himes brought a unique perspective to the day’s events by mixing his decade-plus experience in the financial industry with [continued on page 13]



Sen. Debbie Stabenow



Rep. Jim Himes

his in-depth knowledge of public policy and his role as a member of the House Financial Services Committee.

Himes stressed the need for harmonizing regulations across the U.S., Europe and Asia in response to several questions from the audience. He noted that regulators will need to work together in the months ahead to ensure a consistent set of market rules to prevent regulatory arbitrage or a “race to the bottom.” He also said regulators will need to proceed cautiously when implementing the new rules under Dodd-Frank to avoid unintended consequences

that could hurt the U.S. economy and impede job creation.

Himes, who noted that he was proud of his work on Dodd-Frank, said the bill was designed to help restore investor confidence in the financial system while promoting robust and competitive markets. To achieve these objectives, Himes said the CFTC and SEC would need a substantial increase in funding to carry out their added responsibilities. At the same time, he urged the regulators to become more flexible and adaptable in response to changes in market structure. @

## ‘Getting Financial Reform Right’ by Craig Donner

**D**TCC COO Michael Bodson joined the ranks of the Washington, D.C., blogging community with an April 1 posting on The Hill’s Congress blog. His commentary, “Getting financial reform right,” shared insights from the recent forum on safety and liquidity in the swaps market under Dodd-Frank. (See article, page 10.) Bodson’s foray into social media extended coverage of the forum to a broader audience, allowing DTCC to deliver information directly to policymakers involved in the debate over financial reform.

read by members of Congress, congressional staffers, administration officials, lobbyists and organizations conducting business in Washington, D.C. Regular contributors to the blog include senators, members of Congress (including the Speaker of the House), governors and policy experts.

DTCC’s blog posting represents another element of DTCC’s ongoing public affairs strategy in Washington, D.C., which is focused on enhancing awareness and understanding of DTCC and the important role the infrastructure can play in a new regulatory environment. @

The Hill is a Capitol Hill-based newspaper and website that is

The screenshot shows the homepage of 'THE HILL'S Congress Blog'. At the top, the logo 'THE HILL' is displayed in large blue letters with a dome icon. Below it is a navigation bar with links: Home/News, News by Subject, Business & Lobbying, Opinion, Capital Living, Special Reports, Jobs, and The Washington Scene. A search bar is located in the top right corner. The main content area features the article title 'Getting financial reform right' by Michael Bodson, dated 04/01/11 12:02 PM ET. The article text begins: 'A Google search of Dodd-Frank this morning turned up more than 7 million hits. That's probably equal to the number of opinions in Washington and on Wall Street about what's right, wrong, good and bad with the bill. For all these different opinions, however, there seems to be consensus emerging when it comes to implementing the law -- it's better to get it right than to do it fast.' To the right of the article are social sharing options: COMMENT, EMAIL, PRINT, and SHARE. On the left side, there is a sidebar with 'THE HILL NEWS ALERTS' and a 'SIGN UP NOW' button. Below that is a list of categories: Home, Senate, House, Administration, Campaign, Polls, Business & Lobbying, Sunday Talk, and Shows. On the right side, there is an advertisement for EnergyTomorrow.org with the text 'Explore the benefits oil & natural gas bring at EnergyTomorrow.org' and a photo of a woman with the text 'i'm one' and 'THE people OF AMERICA'S OIL AND NATURAL GAS INDUSTRY'.

# DTCC Ramps Up Its Presence On Capitol Hill

by Roland Kielman

As our financial infrastructure plays such a significant role in achieving the transparency and risk reduction goals of Dodd-Frank, it is important for policymakers to be aware of how that infrastructure works.” These are the words of Sen. Robert Menendez (D-NJ), who wrote a letter to fellow senators about two DTCC publications that were subsequently distributed in the Senate.

Reps. Carolyn Maloney (D-NY) and Leonard Lance (R-NJ) distributed the same publications with a cover letter to their colleagues in the House of Representatives. “DTCC plays a critical role in reducing risk, protecting the integrity of our financial system and helping attract capital to grow our economy,” the representatives wrote. “We believe DTCC’s knowledge and expertise will be extremely valuable to Members of Congress, especially new Members.”

The publications, “A Guide to Clearance and Settlement” and “Lifecycle of a Security,” provide a high-level view of DTCC and its services, as well as the role of market infrastructure in ensuring safety, soundness and risk mitigation in the

financial marketplace. They also address some of the key issues related to the implementation of Dodd-Frank, including clearing, trade repositories and central counterparties.

“These short books explain in ‘plain English’ the post-trade process and provide insight into the critical role the infrastructure plays in making our financial markets work,” Menendez said.

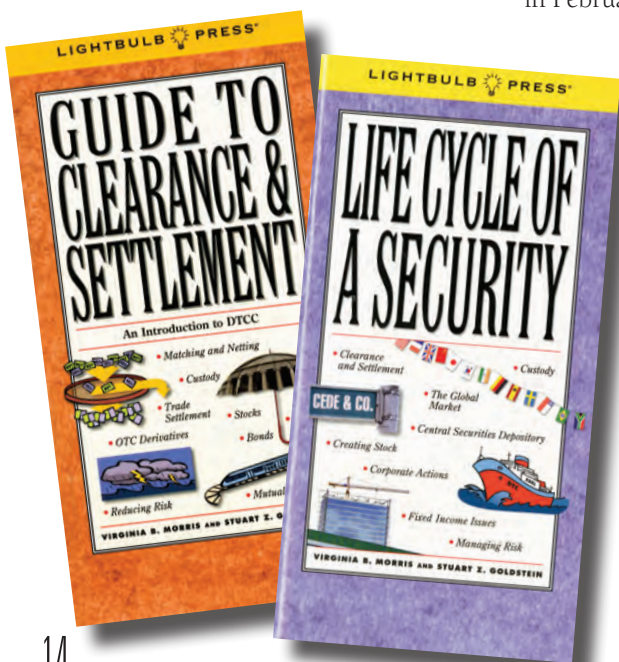
## On the Hill

The publications are one component of DTCC’s Government Relations program aimed at reinforcing understanding of DTCC with lawmakers and educating them on the company’s role in protecting the stability of the global capital markets. “These publications are part of our ongoing effort to serve as the key resource of reliable and accurate information about our sector of the financial services industry for members of Congress and their staffs,” said Dan Cohen, DTCC managing director and head of Government Relations.

DTCC executives have also given testimony on Capitol Hill. Donald F. Donahue, DTCC CEO, testified before the House Financial Services Committee in February and Larry Thompson,

DTCC managing director and general counsel, before the Senate Committee on Agriculture, Nutrition and Forestry in March. Both addressed issues related to enhancing transparency in the over-the-counter derivatives markets. @

[Both DTCC publications are available for purchase at [Amazon.com](http://Amazon.com).]



# Launch of NY Income Margi

New York Portfolio Clearing (NYPC) successfully launched operations on March 21, and cleared and settled almost 190,000 contracts in Eurodollar futures in its first week of operation.

NYPC, jointly owned by DTCC and NYSE Euronext, is expected to reduce risk and deliver capital efficiencies to the fixed income markets by providing a single margin calculation across cash trades cleared and settled at DTCC’s Fixed Income Clearing Corporation (FICC) and futures traded on NYSE Liffe U.S. and cleared through NYPC. This groundbreaking capability, called “one-pot” margining, creates significant margin efficiencies for member firms while improving transparency for regulatory purposes.

## Out of the gate

NYSE Liffe U.S., the U.S. futures exchange of NYSE Euronext and the first U.S. futures exchange to use NYPC, began offering trading for Eurodollar futures on March 21, and 2-year, 5-year and 10-year U.S. Treasury futures on March 28, along with U.S. Bond and Ultra Bond futures, which will further boost volumes cleared through NYPC.

NYPC’s “open access” architecture will enable other derivatives exchanges and clearinghouses to link to the “one-pot” margining system, providing a viable alternative to the dominant vertical clearing model and enabling new entrants to compete in the U.S. futures market.

## Initial clearing customers

Prior to launch, NYPC announced its initial roster of clearing firm customers. “We are excited to announce the approval of these influential clearing members, who represent some of the industry’s largest firms,” said Walter Lukken, CEO of NYPC. “Their support is a critical first step in

# PC Breaks New Ground in Fixed margin

achieving broad market validation and adoption for our one-pot margining model.”

The initial clearing firm customers are:

- Advantage Futures LLC
- Barclays Capital Inc.
- GETCO, LLC
- Goldman Sachs & Co.
- MF Global Inc.
- Morgan Stanley & Co., Incorporated

- Newedge USA, LLC
- Ronin Capital, LLC
- Rosenthal Collins Group, LLC
- UBS Securities, LLC

Several other major firms are in the process of becoming clearing members, subject to NYPC board approval, including Bank of America Merrill Lynch, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc.

## Composition of the Board

NYPC's nine-person Board consists of three directors each from DTCC and NYSE, and three independent directors.

“The quality of directors we've attracted is exceptional, including executive level experience from the exchange, end-user and fixed-income trading communities,” said Lukken. “NYPC will benefit greatly

[continued on page 16]

## Checking In with NYPC's Chairman

**M**urray Pozmanter is DTCC managing director and general manager, Clearing Services, and chairman of the Board of the newly launched New York Portfolio Clearing (NYPC) derivatives clearinghouse. @dtcc sat down with Pozmanter to discuss the launch of NYPC and the role of the Board in NYPC's operations.

### HOW DID THE FIRST WEEKS OF OPERATION GO FOR NYPC?

From an operational point of view, things went very smoothly. In fact, NYPC exceeded our volume expectations for the initial weeks. After the first day of operation, we've been averaging north of 50,000 contracts a day in Eurodollar futures. The March 28 addition of Treasury futures started off somewhat more slowly than the Eurodollar futures, but as more firms begin trading on the platform, we expect to see activity in those instruments pick up.

On the FICC side, we were carefully monitoring the transition to twice-daily margining for all our GSD [Government Securities Division] members, and that went smoothly as well. Our customers are adapting to the new margining regime quickly.

### WHAT IS THE ROLE OF THE NYPC BOARD?

It's a fully independent Board separate and apart from the DTCC structure. When we started the DCO [Derivatives Clearing Organization] application process, the Commodity Futures Trading Commission, which is NYPC's primary regulator, was adamant about establishing the independence of NYPC from the rest of DTCC. As such, we structured the Board as a standalone entity that would have representation from the parent companies, DTCC and NYSE Euronext, as well as independent board members who

would represent different parts of the industry and serve as sounding boards and advisors to the rest of the Board.

Independent director Bernie Dan, for example, has a world of experience in futures as past chairman of the Chicago Board of Trade and past chairman of MF Global. Tom Wipf of Morgan Stanley was formerly on GSD's Board and has a wealth of experience in fixed income and financing markets. Richard Prager of BlackRock represents the institutional investors, and we view that segment of the industry as an area of opportunity for NYPC. So, all in all, we have significant representation on the Board from key groups and areas in which NYPC operates or plans to be involved.

### WHAT IS THE PLAN FOR BRINGING ON OTHER EXCHANGES TO CLEAR THROUGH NYPC?

If any exchange wants to use NYPC as a derivatives clearing member, we are open to beginning the discussions immediately. @



Murray Pozmanter DTCC managing director and general manager, Clearing Services, and chairman of the NYPC Board

# Launch of NYPC Breaks New Ground

*Continued from page 15*

from having these influential voices represented as we seek to challenge and compete in the fixed income futures market.”

The chairman of the NYPC Board is Murray Pozmanter, who is also DTCC managing director and general manager, Clearing Services (see article, page 15). The other DTCC directors are Michael Bodson, COO of DTCC and COO and president of DTC, NSCC and FICC; and Larry E. Thompson, managing director and general counsel.

The NYSE directors are Thomas Callahan, executive vice president and CEO of NYSE Liffe U.S.; Lynn Martin, COO of NYSE Liffe U.S. and senior vice president, NYSE Euronext; and Karl Cooper, chief regulatory officer of NYSE Liffe U.S.

The independent directors are:

- Bernard “Bernie” Dan, president of Sun

Holdings, LLC – the parent of Sun Trading, a registered U.S. broker/dealer focused on market-making activities across a range of asset classes. Dan brings extensive financial leadership experience to NYPC, having recently served as CEO of MF Global Holdings as well as CEO of the Chicago Board of Trade, where he oversaw the firm’s demutualization, its subsequent initial public offering and its acquisition by the CME.

- Richard Prager, managing director and global head of BlackRock’s Trading and Capital Markets for Fixed Income. Prager is a member of the Fixed Income Executive Committee, BlackRock’s Operating Committee and oversees and coordinates all trading across BlackRock’s fixed income platform.

- Tom Wipf, managing director at Morgan Stanley where he serves as head of Bank Resource Management, responsible for

secured funding, securities lending, collateral management and counterparty portfolio management activities. Wipf is the current chair of the Treasury Market Practices Group, a professional organization supporting best practices in the markets for Treasury, agency debt and agency mortgage-backed securities.

The independent directors add significant independent expertise in the strategic development, risk management, regulation and operations of NYPC, according to Pozmanter. “We are thrilled to have these talented individuals – each a leader in his field – join our Board as we launch a truly innovative offering for the futures market,” he said. “They add an independent perspective and a diversity of experience that is needed to work through the complex issues facing financial markets today.” @

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## NYPC Premiers at FIA Conference

*by Steve Letzler*

New York Portfolio Clearing (NYPC) got a warm reception from industry members at this year’s Futures Industry Association (FIA) 36th Annual International Futures Industry Conference in Boca Raton, Florida.

NYPC and NYSE Euronext held a joint “information exchange” for attendees at the conference, drawing an interested crowd of about 100 people. The FIA conference was held from March 15-18, just days before NYPC began initial operations, and shortly after announcements that the clearing house had received all the necessary approvals to offer one-pot margining.

“The timing was just perfect for us,” said Murray Pozmanter, chairman of NYPC’s Board of Directors and DTCC managing director and general manager, Clearing Services. “We had great attendance at our session, and we had a very engaged audience that asked a lot of good questions about NYPC’s operation.”

At the information exchange, John Lothian, editor of John Lothian’s Newsletter, a global newsletter on exchange-traded derivatives, securities and related over-the-counter industries, moderated the discussion. In addition to Pozmanter, panelists

included Walter Lukken, CEO of NYPC; Bernie Dan, a member of NYPC’s Board of Directors, former CEO of the Chicago Board of Trade and current president of Sun Holdings LLC; James McNulty, chairman of NYSE Liffe U.S.’s Board and former CEO of the Chicago Mercantile Exchange; and Thomas Callahan, CEO of NYSE Liffe U.S.

Following a short presentation and video, most of the session was devoted to questions from the audience.

“We answered some questions about one-pot margining and our value proposition, and about our unique expiry and delivery process,” Pozmanter said. “And we talked about a wide range of other issues. For example, Bernie and Jim discussed why NYPC was different from other clearing efforts in the futures market, and why they expect it to succeed. Overall, we got a very positive response from the audience, and it was reflected in the successful launch of NYPC on March 21.”

The FIA conference is one of the world’s largest futures industry events, drawing about 900 attendees from around the globe. @