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CDX Index Swaption Study

In an effort to provide additional transparency on Index Swaptions, DTCC has produced a Special Report that displays a snapshot of all positions as of March 21, 2014. In addition, DTCC has produced a second Special Report that displays the weekly average transaction activity on Index Swaptions for the last two quarterly roll periods. The analysis was prepared using data available in the DTCC Trade Information Warehouse (TIW).

This study breaks out the “Index Swaptions” that are currently listed as a single, aggregated line item on the TIW’s Section 1, Table 7 into individual line items per Index. Note that if there are fewer than 50 contracts for any particular index, that index name will be included in the “Index Swaption – Other” category to avoid any unintended disclosure of the position holder(s).

The Index Swaption Transaction Summary Report displays the weekly average transaction activity for the last two roll periods. For the Transaction report, Gross Notional represents the weekly average USD equivalent notional of all Index Swaption contracts bought (or equivalently sold) for each Index as indicated. Contracts represent the weekly average number of all Index Swaption contracts bought (or equivalently sold) for each Index.

“Gross Notional Values” are the sum of Index Swaptions bought (or equivalently sold) for all Warehouse contracts in aggregate. Aggregate gross notional value and contract data provided are calculated on a per-trade basis. It is important to note that the notional values provided in the Tables do not reflect the market price of the contracts and may not correlate with mark-to-market values.

“Net Notional Values” with respect to any Index, is the sum of the net Index Swaptions bought by net buyers (or equivalently net Index Swaptions sold by net sellers). The aggregate net notional data provided is calculated based on counterparty family. A counterparty family will typically include all of the accounts of a particular asset manager or corporate affiliates rolled up to the holding company level. Aggregate net notional data reported is the sum of Index Swaptions bought (or equivalently sold) across all counterparty families.

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