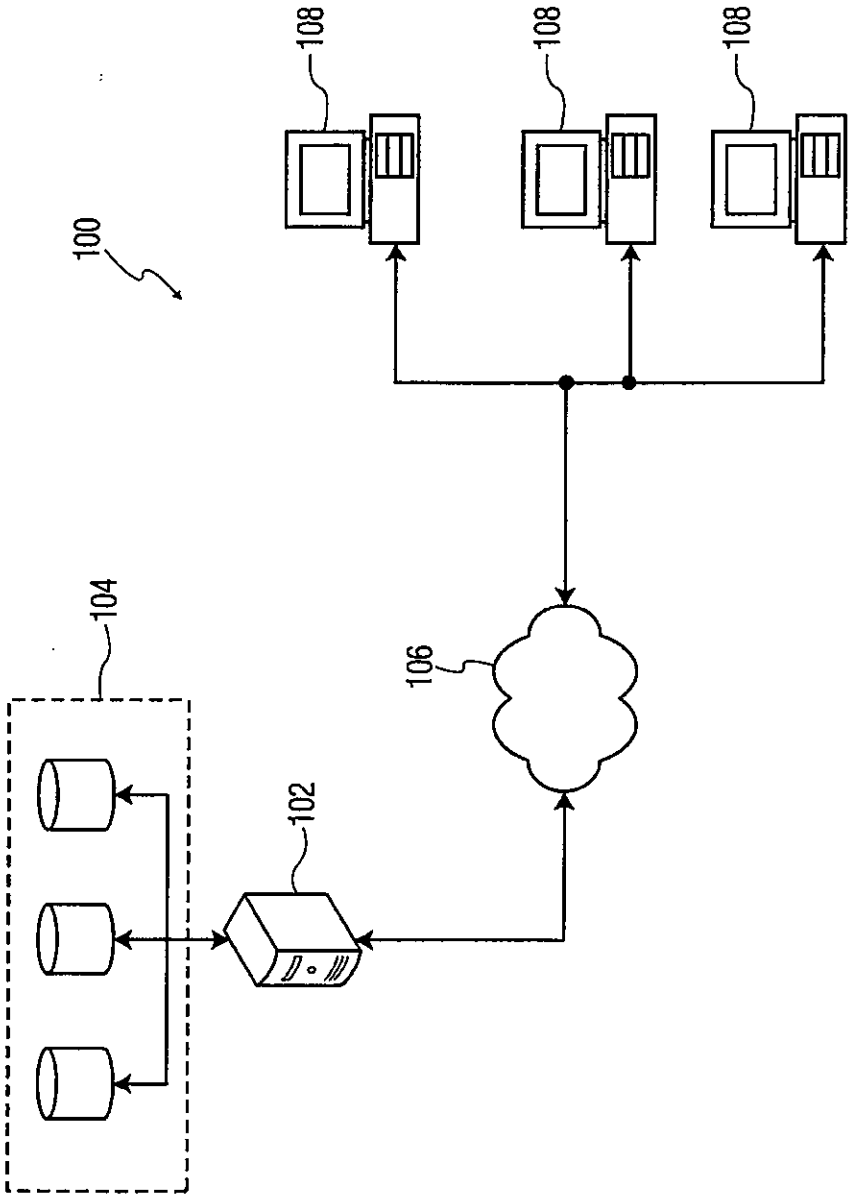


FIG. 1

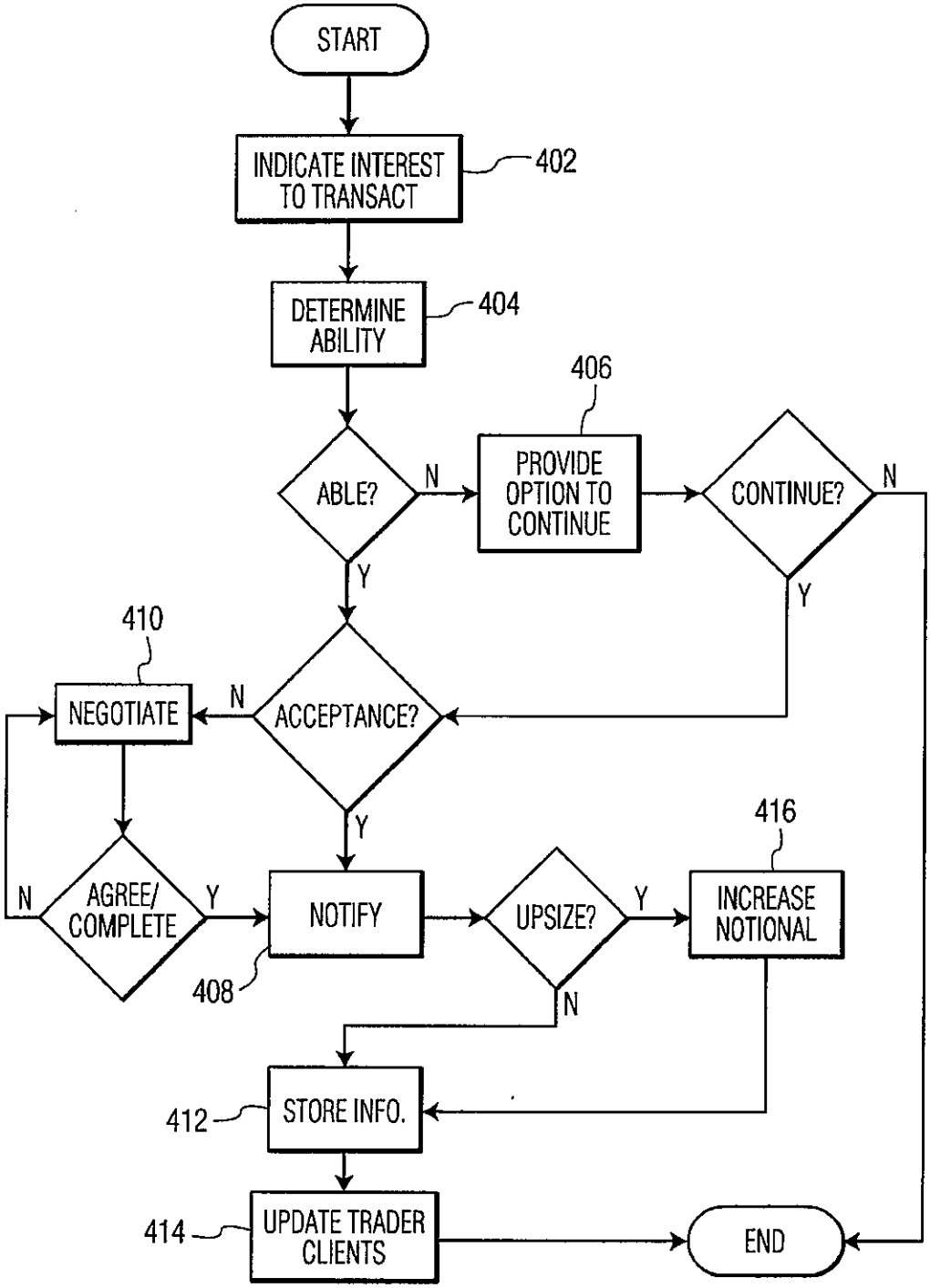

START
INDICATE INTEREST TO TRANSACT
402
DETERMINE ABILITY
404
406
ABLE?
N
PROVIDE OPTION TO CONTINUE
CONTINUE?
N
Y
Y
410
NEGOTIATE
N
ACCEPTANCE?
Y
416
N
AGREE/ COMPLETE
Y
NOTIFY
UPSIZE?
Y
INCREASE NOTIONAL
408
N
412
STORE INFO.
414
UPDATE TRADER CLIENTS
END

FIG. 2

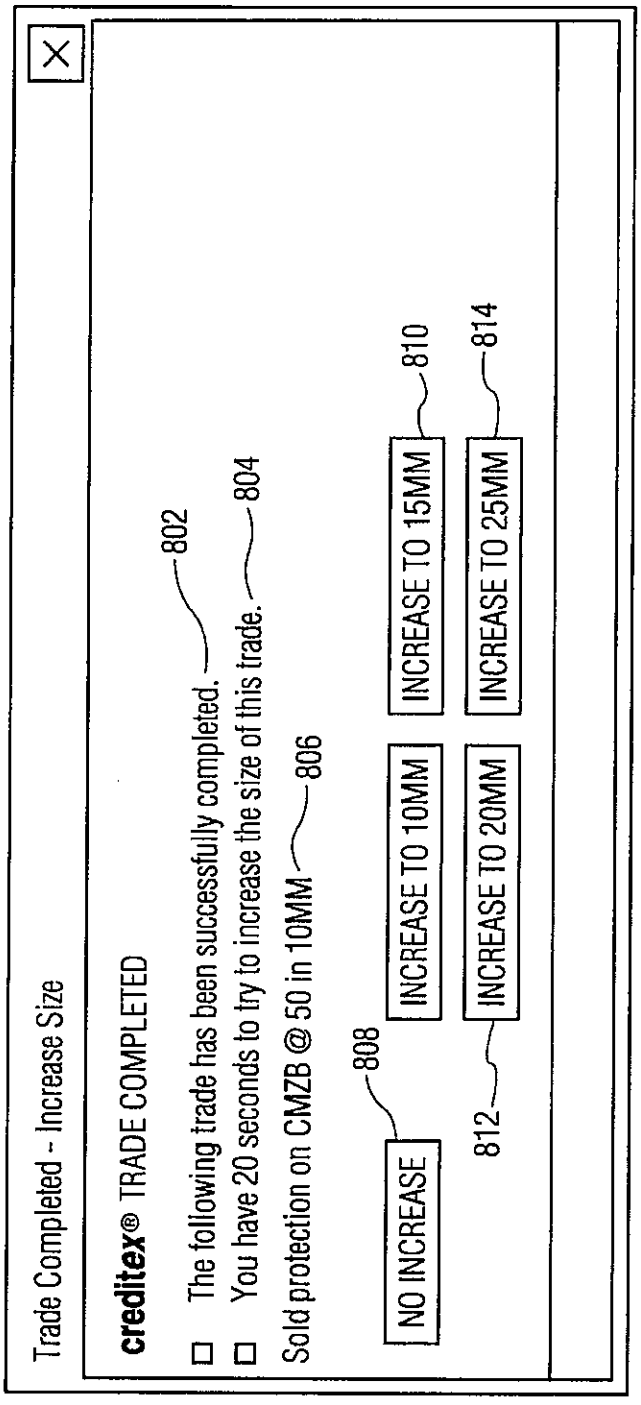

Trade Completed - Increase Size
creditex® TRADE COMPLETED
The following trade has been successfully completed.
802
You have 20 seconds to try to increase the size of this trade.
804
Sold protection on CMZB @ 50 in 10MM
806
NO INCREASE
808
INCREASE TO 10MM
INCREASE TO 15MM
810
INCREASE TO 20MM
812
INCREASE TO 25MM
814

FIG. 3

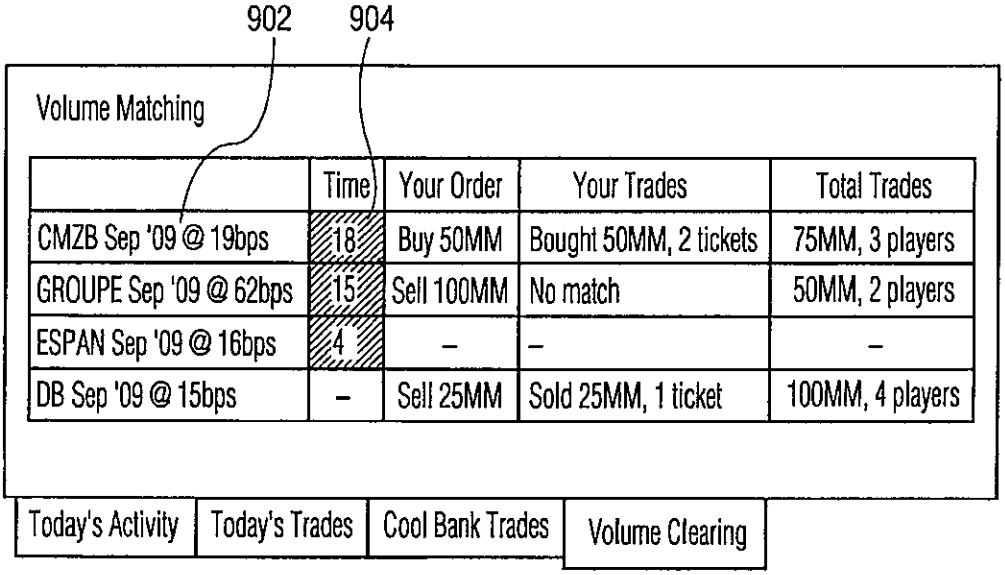

902
904
Volume Matching
Time
Your Order
Your Trades
Total Trades
CMZB Sep '09 @ 19bps
18
Buy 50MM
Bought 50MM, 2 tickets
75MM, 3 players
GROUPE Sep '09 @ 62bps
15
Sell 100MM
No match
50MM, 2 players
ESPAN Sep '09 @ 16bps
4
–
–
–
DB Sep '09 @ 15bps
–
Sell 25MM
Sold 25MM, 1 ticket
100MM, 4 players
Today's Activity
Today's Trades
Cool Bank Trades
Volume Clearing

FIG. 4

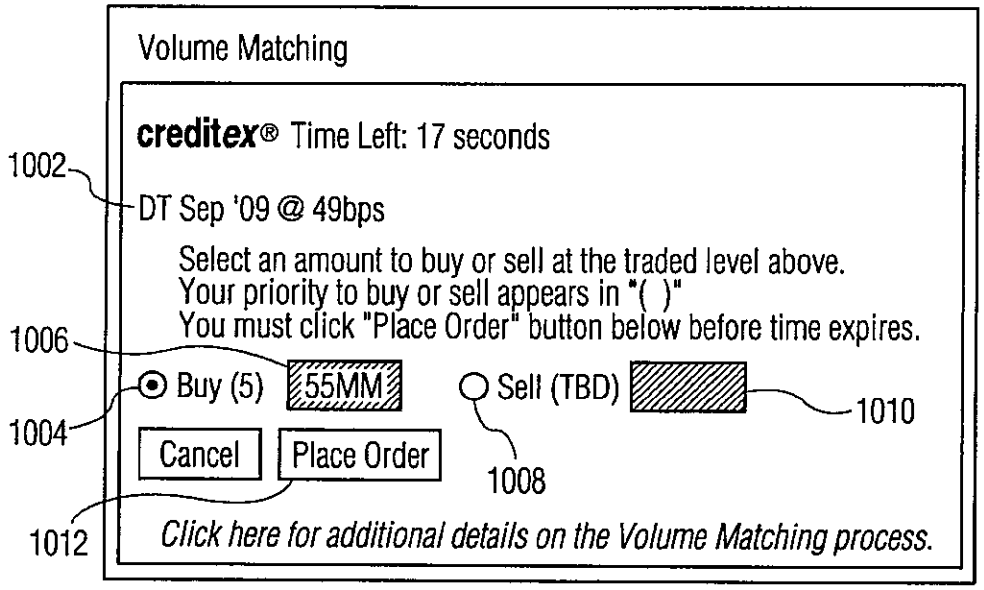

Volume Matching
creditex® Time Left: 17 seconds
1002
DT Sep '09 @ 49bps
Select an amount to buy or sell at the traded level above.
Your priority to buy or sell appears in "( )"
You must click "Place Order" button below before time expires.
1006
Buy (5)
55MM
Sell (TBD)
1010
1004
Cancel
Place Order
1008
1012
Click here for additional details on the Volume Matching process.

FIG. 5

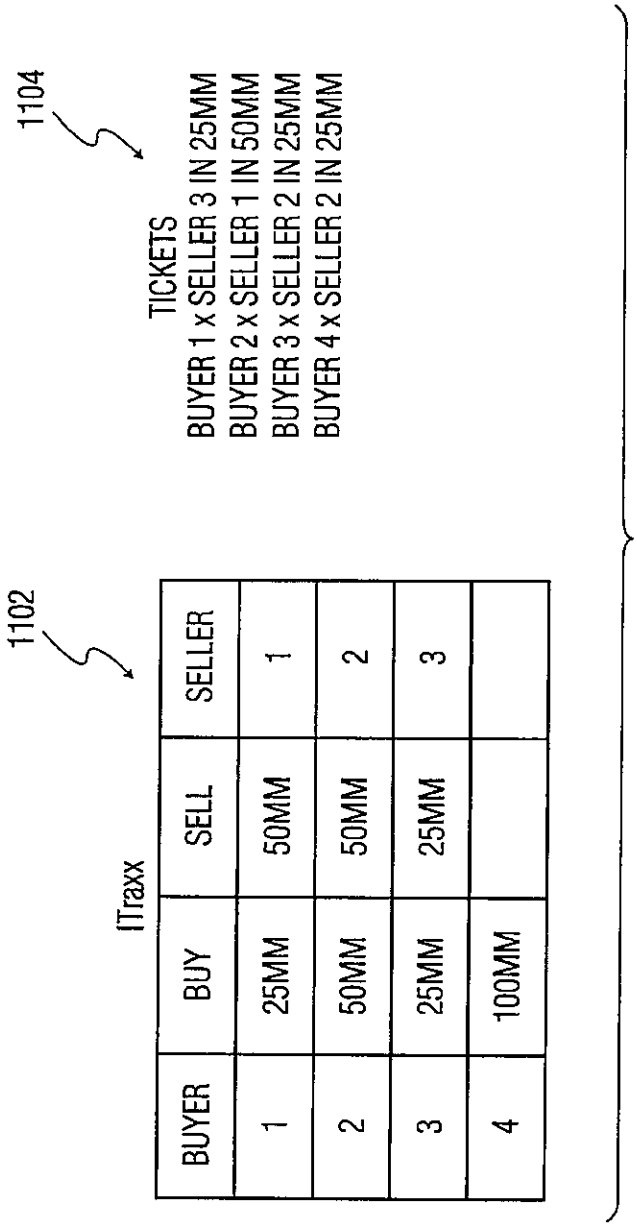

1104
TICKETS
BUYER 1 x SELLER 3 IN 25MM
BUYER 2 x SELLER 1 IN 50MM
BUYER 3 x SELLER 2 IN 25MM
BUYER 4 x SELLER 2 IN 25MM
1102
ITraxx
BUYER
BUY
SELL
SELLER
1
25MM
50MM
1
2
50MM
50MM
2
3
25MM
25MM
3
4
100MM

FIG. 6

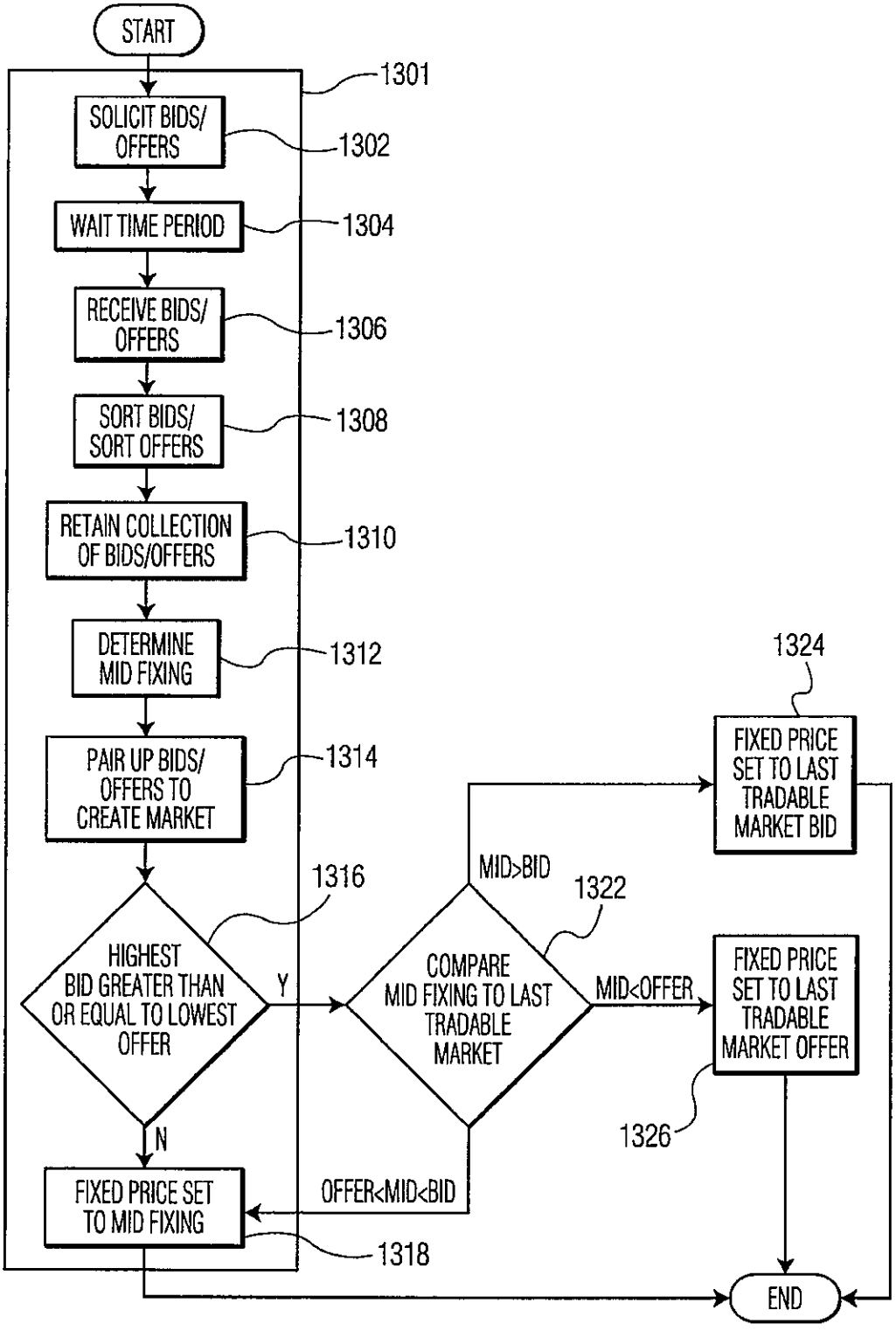

START
1301
SOLICIT BIDS/ OFFERS
1302
WAIT TIME PERIOD
1304
RECEIVE BIDS/ OFFERS
1306
SORT BIDS/ SORT OFFERS
1308
RETAIN COLLECTION OF BIDS/OFFERS
1310
DETERMINE MID FIXING
1312
PAIR UP BIDS/ OFFERS TO CREATE MARKET
1314
HIGHEST BID GREATER THAN OR EQUAL TO LOWEST OFFER
1316
Y
N
COMPARE MID FIXING TO LAST TRADABLE MARKET
1322
MID>BID
MID<OFFER
OFFER<MID<BID
FIXED PRICE SET TO LAST TRADABLE MARKET BID
1324
FIXED PRICE SET TO LAST TRADABLE MARKET OFFER
1326
FIXED PRICE SET TO MID FIXING
1318
END

FIG. 7

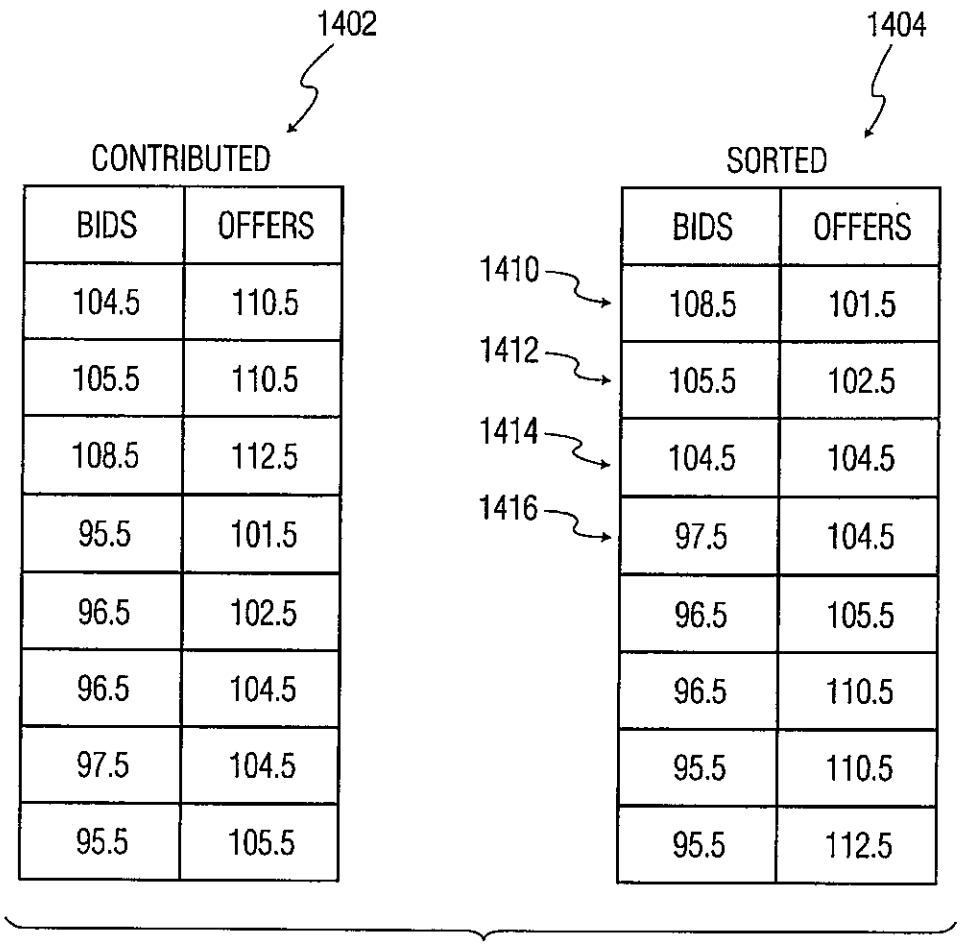

1402
CONTRIBUTED
BIDS
OFFERS
104.5
110.5
105.5
110.5
108.5
112.5
95.5
101.5
96.5
102.5
96.5
104.5
97.5
104.5
95.5
105.5
1404
SORTED
BIDS
OFFERS
1410
108.5
101.5
1412
105.5
102.5
1414
104.5
104.5
1416
97.5
104.5
96.5
105.5
96.5
110.5
95.5
110.5
95.5
112.5

FIG. 8

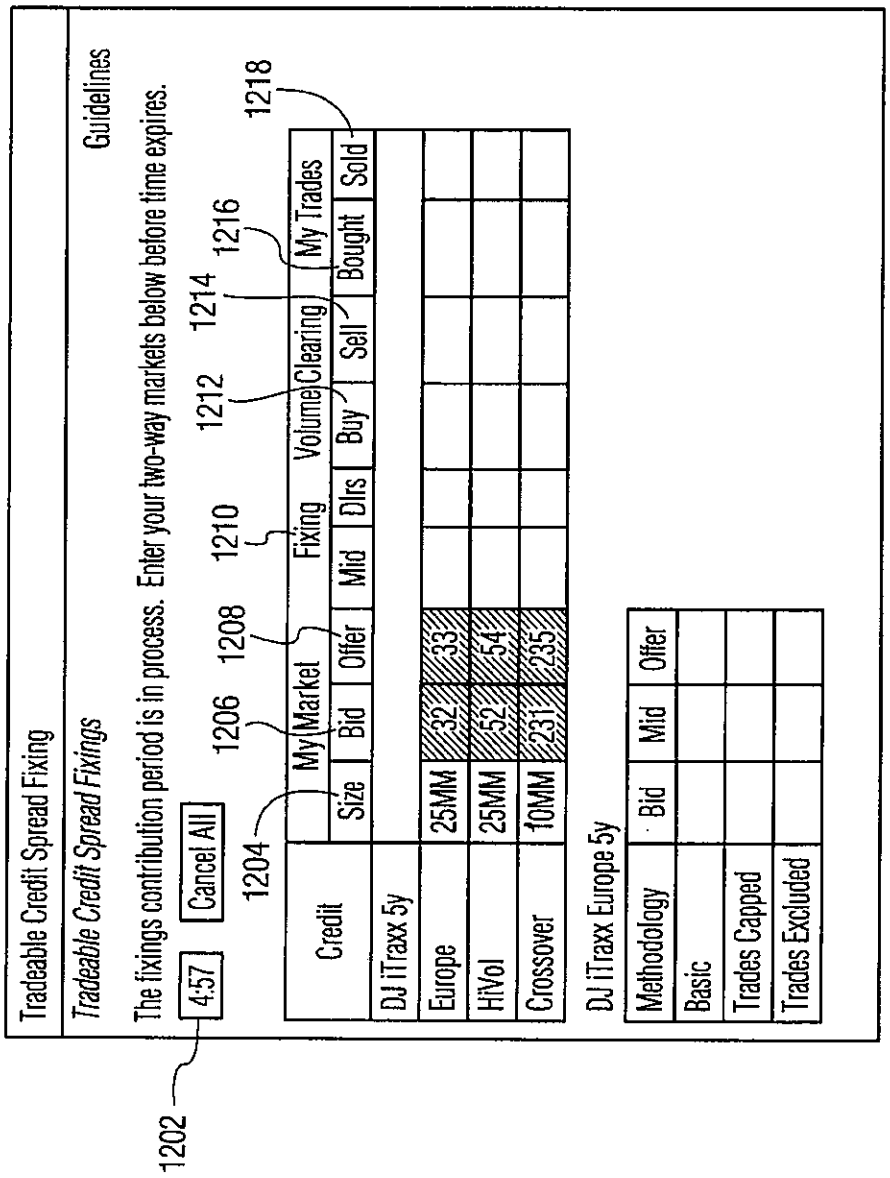

Tradeable Credit Spread Fixing
Tradeable Credit Spread Fixings
Guidelines
The fixings contribution period is in process. Enter your two-way markets below before time expires.
4:57
Cancel All
1202
1204
1206
1208
1210
1212
1214
1216
1218
Credit
Size
My Market
Bid
Offer
Fixing
Mid
DIrs
Volume
Buy
Clearing
Sell
My Trades
Bought
Sold
DJ iTraxx 5y
Europe
25MM
32
33
HiVol
25MM
52
54
Crossover
10MM
231
235
DJ iTraxx Europe 5y
Methodology
Bid
Mid
Offer
Basic
Trades Capped
Trades Excluded

FIG. 9A

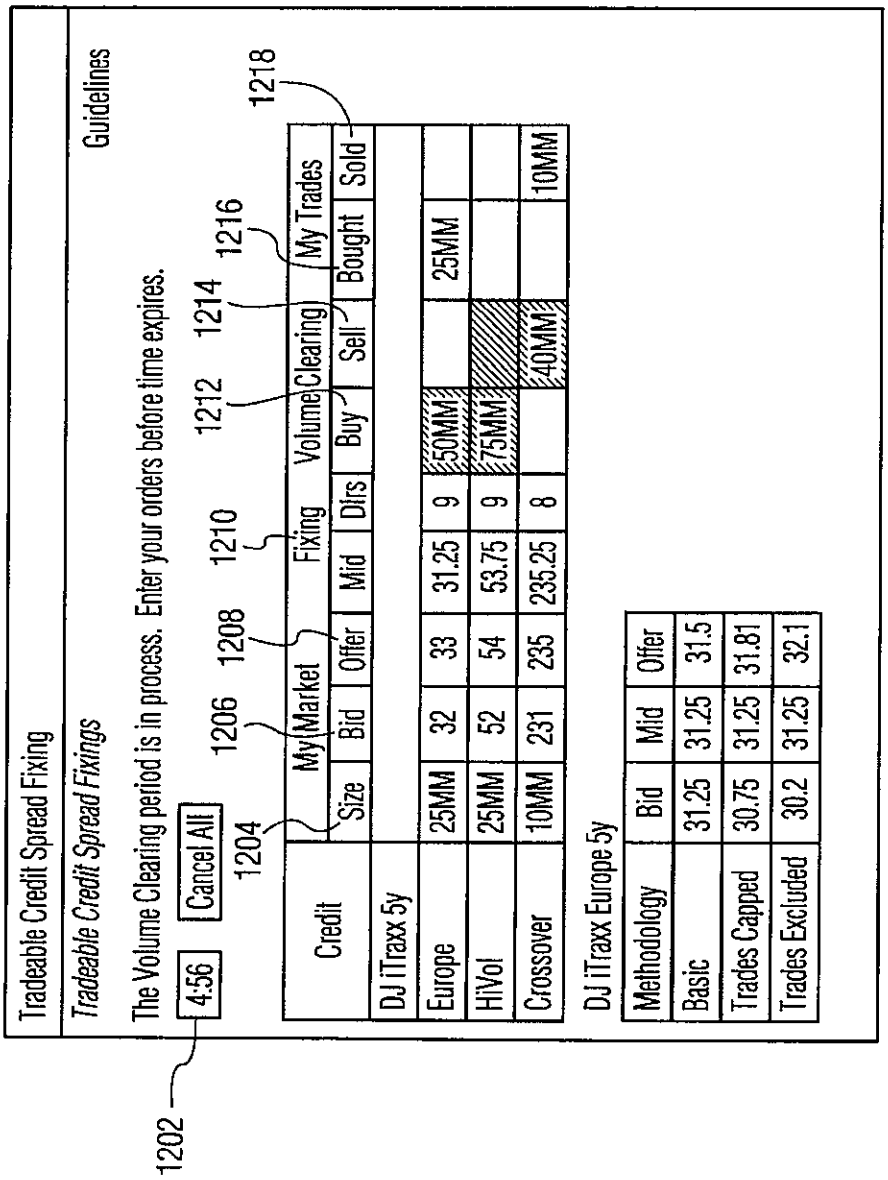

Tradeable Credit Spread Fixing
Tradeable Credit Spread Fixings
Guidelines
The Volume Clearing period is in process. Enter your orders before time expires.
4:56
Cancel All
1202
1204
1206
1208
1210
1212
1214
1216
1218
Credit
My Market
Fixing
Volume
Clearing
My Trades
Size
Bid
Offer
Mid
Dirs
Buy
Sell
Bought
Sold
DJ iTraxx 5y
Europe
25MM
32
33
31.25
9
50MM
25MM
HiVol
25MM
52
54
53.75
9
75MM
Crossover
10MM
231
235
235.25
8
40MM
10MM
DJ iTraxx Europe 5y
Methodology
Bid
Mid
Offer
Basic
31.25
31.25
31.5
Trades Capped
30.75
31.25
31.81
Trades Excluded
30.2
31.25
32.1

FIG. 9B

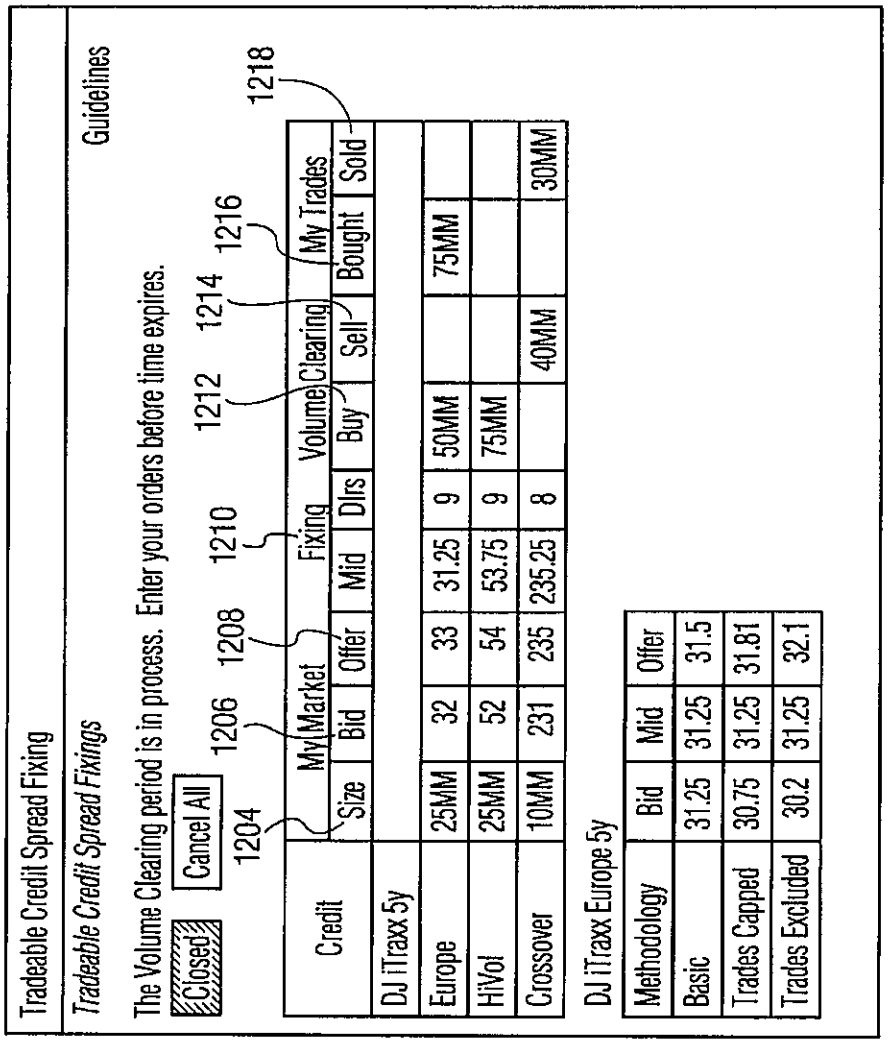

Tradeable Credit Spread Fixing
Tradeable Credit Spread Fixings
Guidelines
The Volume Clearing period is in process. Enter your orders before time expires.
Closed
Cancel All
1204
1206
1208
1210
1212
1214
1216
1218
Credit
My Market
Fixing
Volume
Clearing
My Trades
Size
Bid
Offer
Mid
Dlrs
Buy
Sell
Bought
Sold
DJ iTraxx 5y
Europe 25MM 32 33 31.25 9 50MM 75MM
HiVol 25MM 52 54 53.75 9 75MM
Crossover 10MM 231 235 235.25 8 40MM 30MM
DJ iTraxx Europe 5y
Methodology Bid Mid Offer
Basic 31.25 31.25 31.5
Trades Capped 30.75 31.25 31.81
Trades Excluded 30.2 31.25 32.1

FIG. 9C

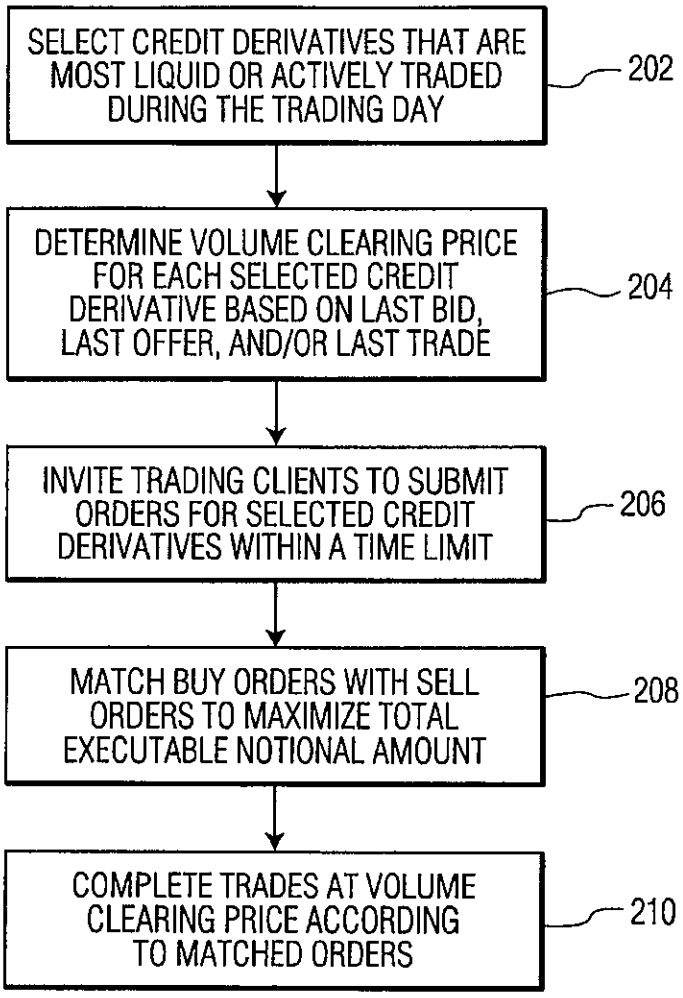

SELECT CREDIT DERIVATIVES THAT ARE MOST LIQUID OR ACTIVELY TRADED DURING THE TRADING DAY
202
DETERMINE VOLUME CLEARING PRICE FOR EACH SELECTED CREDIT DERIVATIVE BASED ON LAST BID, LAST OFFER, AND/OR LAST TRADE
204
INVITE TRADING CLIENTS TO SUBMIT ORDERS FOR SELECTED CREDIT DERIVATIVES WITHIN A TIME LIMIT
206
MATCH BUY ORDERS WITH SELL ORDERS TO MAXIMIZE TOTAL EXECUTABLE NOTIONAL AMOUNT
208
COMPLETE TRADES AT VOLUME CLEARING PRICE ACCORDING TO MATCHED ORDERS
210

FIG. 10

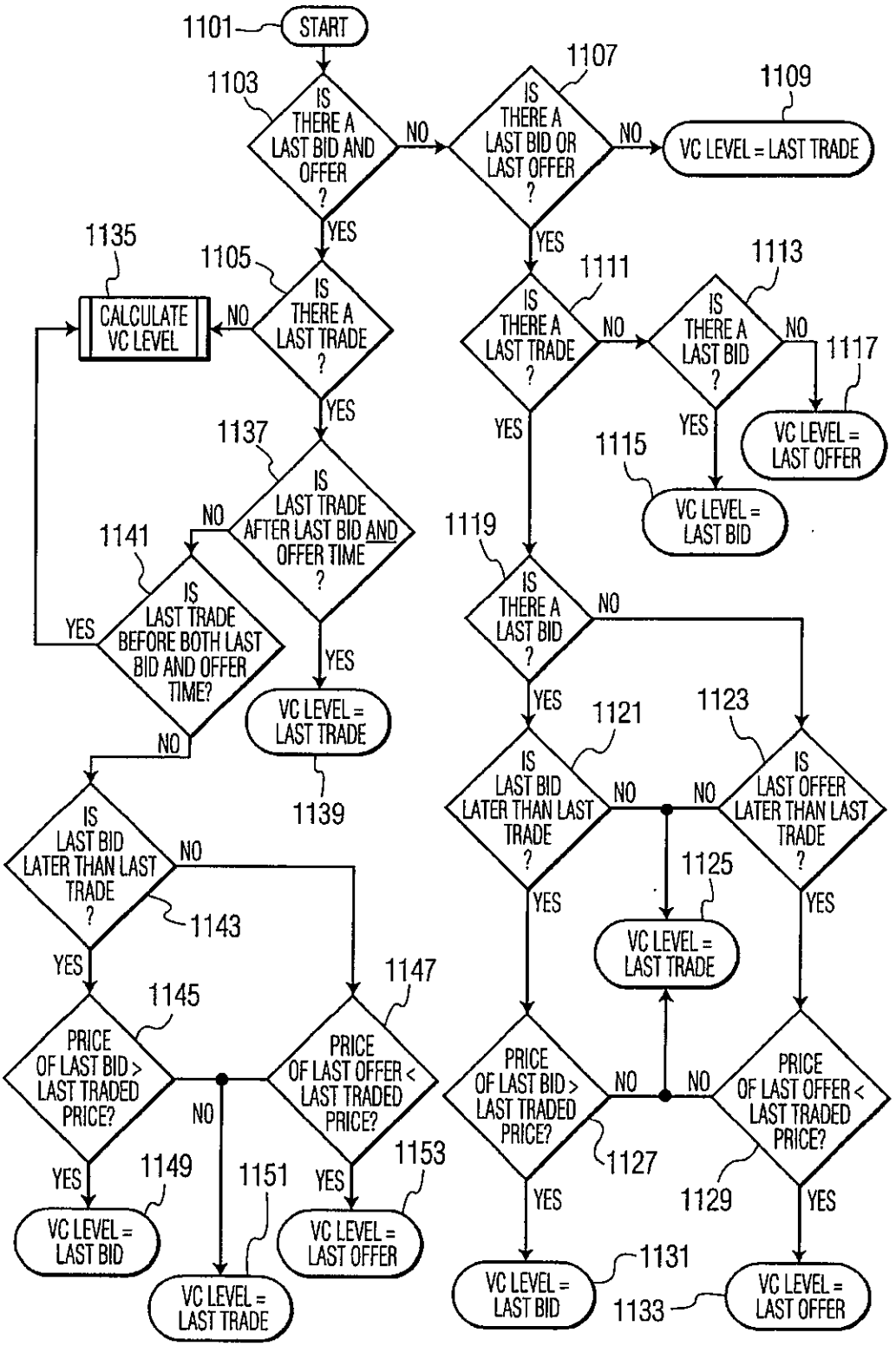

1101
START
1103
IS THERE A LAST BID AND OFFER ?
NO
1107
IS THERE A LAST BID OR LAST OFFER ?
NO
1109
VC LEVEL = LAST TRADE
YES
YES
1135
CALCULATE VC LEVEL
1105
IS THERE A LAST TRADE ?
NO
YES
1111
IS THERE A LAST TRADE ?
NO
1113
IS THERE A LAST BID ?
NO
1117
VC LEVEL = LAST OFFER
YES
YES
1137
IS LAST TRADE AFTER LAST BID AND OFFER TIME ?
NO
1115
VC LEVEL = LAST BID
1141
IS LAST TRADE BEFORE BOTH LAST BID AND OFFER TIME?
YES
1119
IS THERE A LAST BID ?
NO
YES
YES
VC LEVEL = LAST TRADE
1139
NO
1121
IS LAST BID LATER THAN LAST TRADE ?
NO
1123
IS LAST OFFER LATER THAN LAST TRADE ?
NO
IS LAST BID LATER THAN LAST TRADE ?
NO
1143
YES
YES
1125
VC LEVEL = LAST TRADE
YES
YES
1145
PRICE OF LAST BID > LAST TRADED PRICE?
1147
PRICE OF LAST OFFER < LAST TRADED PRICE?
NO
NO
NO
PRICE OF LAST BID > LAST TRADED PRICE?
PRICE OF LAST OFFER < LAST TRADED PRICE?
YES
1149
1151
YES
1153
1127
1129
YES
YES
VC LEVEL = LAST BID
VC LEVEL = LAST TRADE
VC LEVEL = LAST OFFER
1131
VC LEVEL = LAST BID
1133
VC LEVEL = LAST OFFER

FIG. 11

Scenario Description	Last Trade		Bid		Offer		Suggested VC Level	Comment
	Price	Time	Time	Price	Price	Time		
Last trade and last bid & offer. Last trade after bid & offer	11	09:05	09:00	10	11	09:01	11	
Last trade and last bid & offer Last trade before bid & offer	11	08:55	09:00	10	15	09:01	12.5	
Last trade and last bid & offer Bid after last trade, offer before. Last bid < last trade	11	09:05	13:00	10	12	09:00	11	Last bid after last trade but last bid lower than last trade, so use last trade.
Last trade and last bid & offer Bid after last trade, offer before. Last bid > last trade	11	09:05	13:00	12	15	09:00	12	Last bid after trade and higher, so use last bid
Last trade and last bid & offer Offer after last trade, bid before. Last offer < last trade	13	09:05	09:00	11	12.5	13:00	12.5	
Last trade and last bid & offer Offer after last trade, bid before Last offer > last trade	13	09:05	09:00	11	14	13:00	13	
Last trade but no bid or offer	11	08:55					11	
No last trade but a bid and offer. Prices not crossed. Odd number of ticks market. Offer later than bid			09:00	11	11.75	13:00	11.5	Due to odd number of ticks (3) market and offer later than bid, favour the offer
No last trade but a bid and offer Prices not crossed. 1 tick market. Bid later than offer			13:00	11	11.25	09:00	11	Due to 1 tick market and bid later than offer, favour the bid
No last trade but a bid and offer Prices not crossed			09:00	11	15	13:00	13	The bid/offer spread is an even number of ticks so use the mid as the VC level
No last trade but a bid and offer. Prices crossed. Offer later than bid			09:00	11	9.75	13:00	9.75	Due to crossed market and offer later use this.
No last trade but a bid and offer. Prices crossed. Bid later than offer			13:00	11.25	10.75	09:00	11.25	Due to crossed market and bid later use this.
Last trade and only a bid. Bid later than last trade and less than last trade.	11	09:05	13:00	10.5			11	
Last trade and only a bid. Bid earlier than last trade and less than last trade.	11	09:05	08:30	10.5			11	
Last trade and only a bid. Bid later than last trade and greater than last trade.	11	09:05	13:00	11.25			11.25	
Last trade and only a bid. Bid earlier than last trade and greater than last trade.	11	09:05	08:30	12			11	
Last trade and only an offer. Offer later than last trade and less than last trade.	11	09:05			10.5	13:00	10.5	
Last trade and only an offer. Offer earlier than last trade and less than last trade.	11	09:05			10.5	08:30	11	
Last trade and only an offer. Offer later than last trade and greater than last trade.	11	09:05			11.25	13:00	11	
Last trade and only an offer. Offer earlier than last trade and greater than last trade.	11	09:05			12	08:30	11	

FIG. 11A

Ranking	Ref	Description	Display Name	Display Term	Trade Count	Total Trade notional	Total order notional	Trade	Trade time	Bid time	Bid	Offer	Offer time	Suggested VC level
1	515404	European Autos	DCX	5Y	1	5.0	55.0	40	09:37:20	11:27:53	40	42	10:29:28	41
2	515402	European Autos	VLVY	5Y	1	5.0	15.0	25	07:17:25	10:27:26	24	29	06:15:01	25
1	516010	European Consumers	MKS	5Y	6	50.0	155.0	37	12:47:11	13:01:27	36	44	12:53:19	40
2	516014	European Consumers	BAA	5Y	3	41.3	122.0	39	10:35:09	10:40:06	38	40	11:37:46	39
1	517701	European Crossover	GLENCR	5Y	1	10.0		63	07:12:52			50	05:04:54	63
2	532857	European Crossover	GLENCR	4Y	0		20.0			07:33:42	60	65	07:33:52	62.5
1	515622	European Energy	VIEFP	5Y	2	10.00	30.0	22	08:57:36	08:59:52	21	23	08:29:40	22
2	515605	European Energy	ELEPOR	5Y	0		10.0			08:29:40	10	14	08:29:40	12
1	516654	European Financials	CAPIN	10Y	0		75.0			11:25:28	15	18	11:25:28	16.5
2	181	European Financials	LAVORO	5Y	0		70			11:25:28	6	9	11:25:28	7.5
1	515985	European Industrials	AALLN	5Y	2	15.0	45.0	14	09:31:08	10:27:26	13	15	10:19:13	14
2	515747	European Industrials	DEGUSS	5Y	1	5.0	200.0	73	09:22:45	12:15:57	70	73	12:15:57	71.5
1	516066	European Insurers	ASSGEN SUB	10Y	0		25.0			02:42:00	25	30	11:36:07	27.5
1	516069	European Insurers	HANRUE SUB	10Y	0		25.0			02:42:17	39	43	11:36:07	41
1	515452	European TMT	KPN	5Y	0		40.0			09:29:09	52	57	09:23:34	54.5
2	515454	European TMT	OTE	5Y	0		5.0			04:35:32	30	34	07:11:26	32
1	527492	iTraxx	S6 XOVER	5Y	84	1085.0	2,790.0	210	13:52:39	13:59:46	208	212	13:57:56	210
2	527493	ipTraxx	S6 HIVOL	5Y	33	1050.0	2,800.0	44.5	11:42:08	13:57:56	44	45	13:57:56	44.5

FIG. 11B

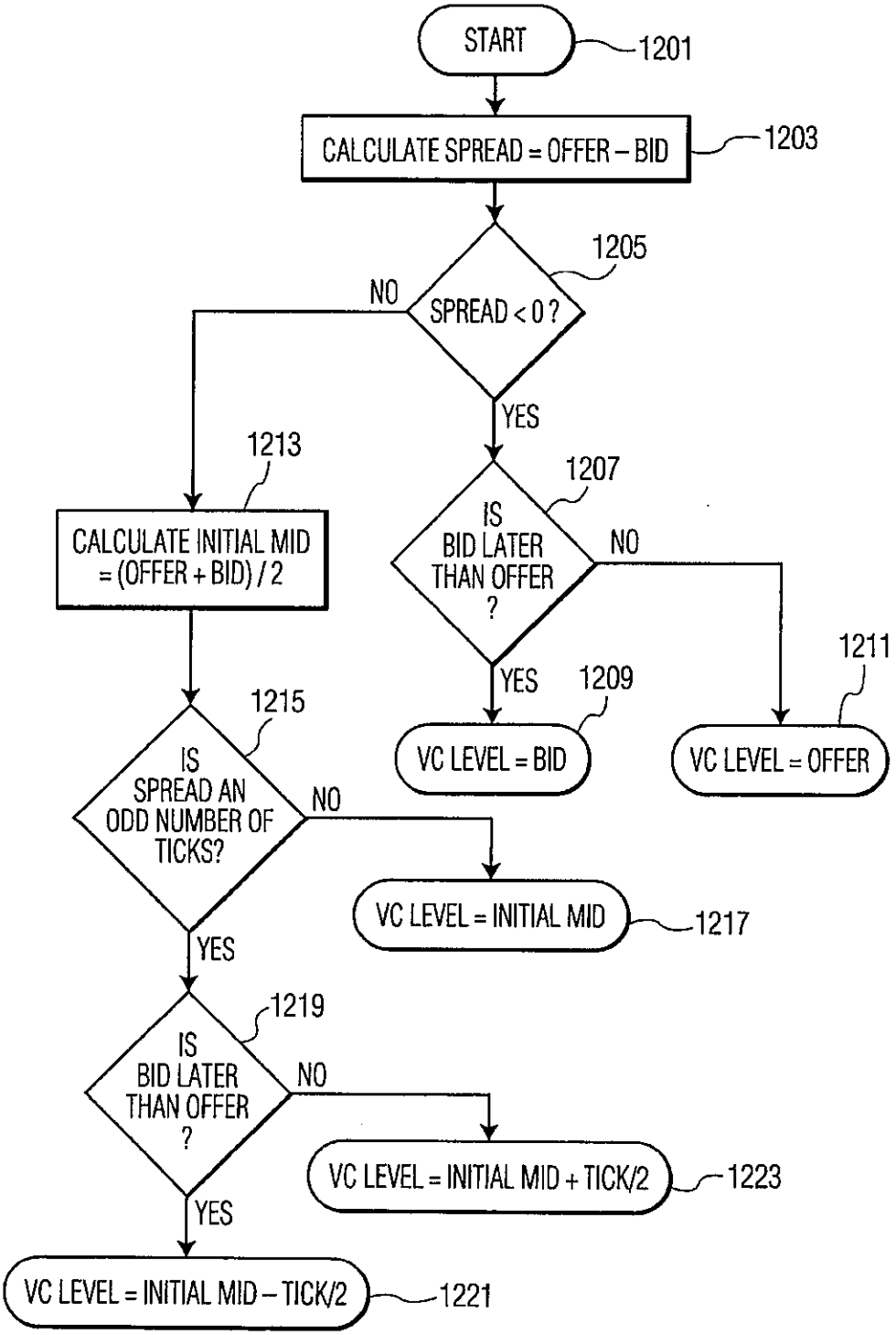

START
1201
CALCULATE SPREAD = OFFER – BID
1203
1205
SPREAD < 0 ?
NO
YES
1213
CALCULATE INITIAL MID = (OFFER + BID) / 2
1207
IS BID LATER THAN OFFER ?
NO
YES
1209
VC LEVEL = BID
1211
VC LEVEL = OFFER
1215
IS SPREAD AN ODD NUMBER OF TICKS?
NO
VC LEVEL = INITIAL MID
1217
YES
1219
IS BID LATER THAN OFFER ?
NO
VC LEVEL = INITIAL MID + TICK/2
1223
YES
VC LEVEL = INITIAL MID – TICK/2
1221

FIG. 12

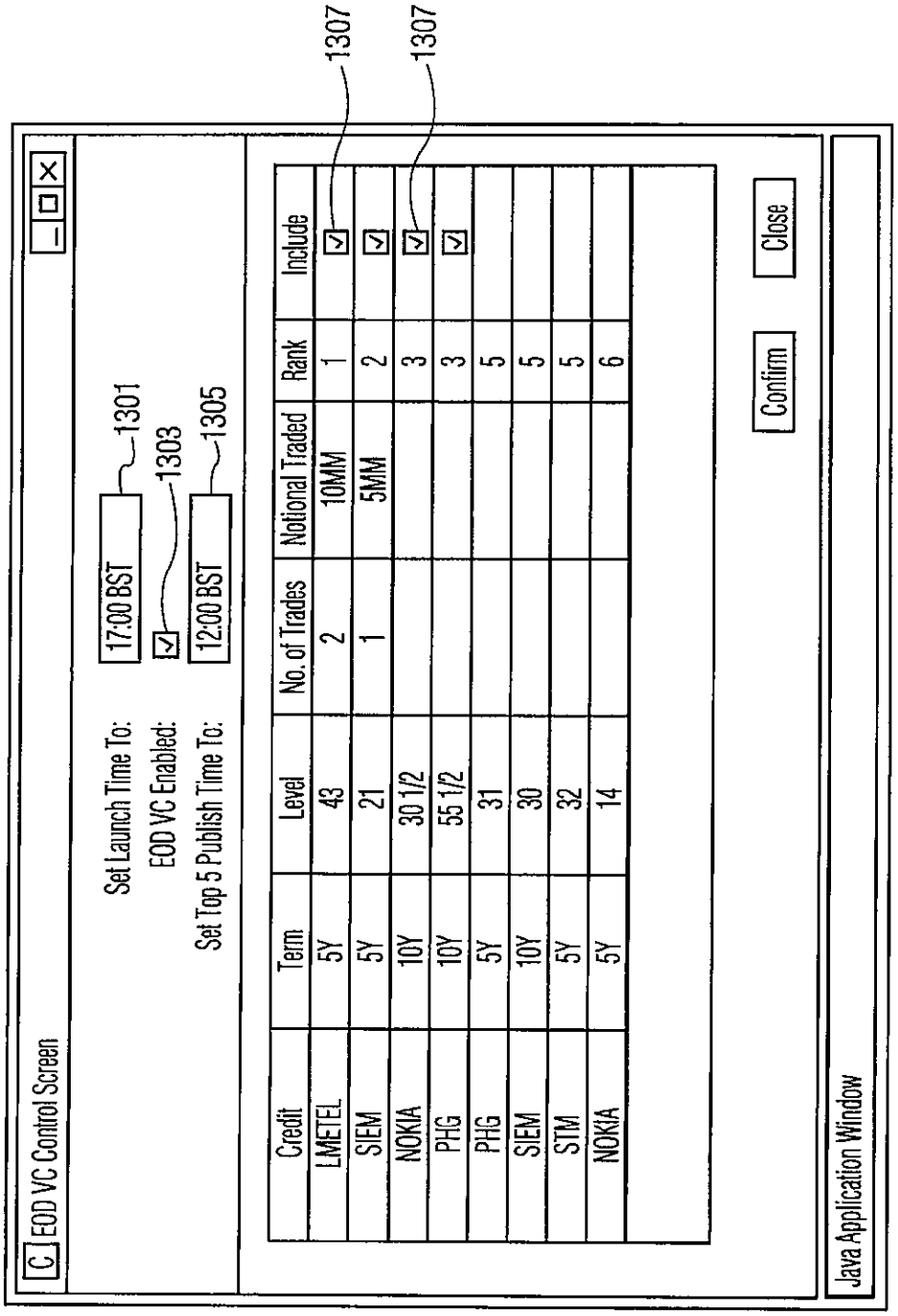

EOD VC Control Screen
Set Launch Time To:
17:00 BST
1301
EOD VC Enabled:
1303
Set Top 5 Publish Time To:
12:00 BST
1305
1307
1307
Credit
Term
Level
No. of Trades
Notional Traded
Rank
Include
LMETEL 5Y 43 2 10MM 1
SIEM 5Y 21 1 5MM 2
NOKIA 10Y 30 1/2 3
PHG 10Y 55 1/2 3
PHG 5Y 31 5
SIEM 10Y 30 5
STM 5Y 32 5
NOKIA 5Y 14 6
Confirm
Close
Java Application Window

FIG. 13

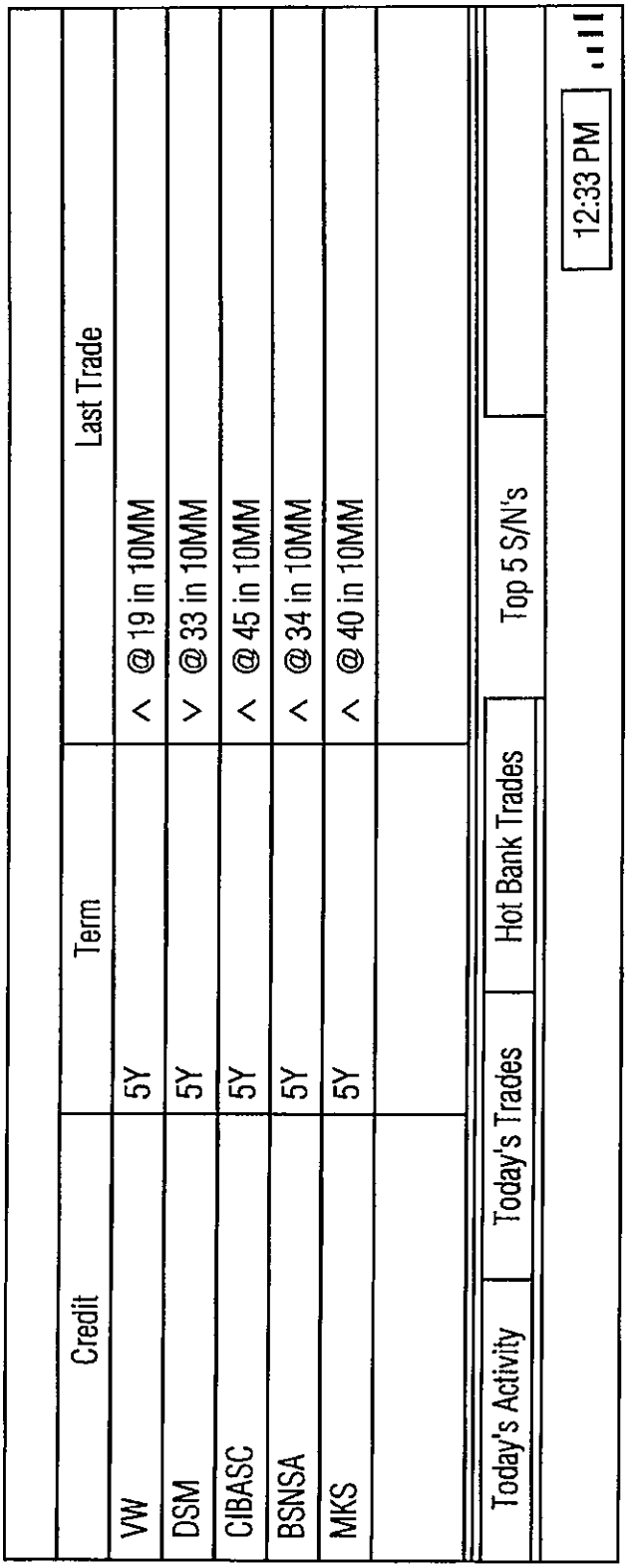

Credit
Term
Last Trade
VW
5Y
^ @ 19 in 10MM
DSM
5Y
v @ 33 in 10MM
CIBASC
5Y
^ @ 45 in 10MM
BSNSA
5Y
^ @ 34 in 10MM
MKS
5Y
^ @ 40 in 10MM
Today's Activity
Today's Trades
Hot Bank Trades
Top 5 S/N's
12:33 PM

FIG. 14

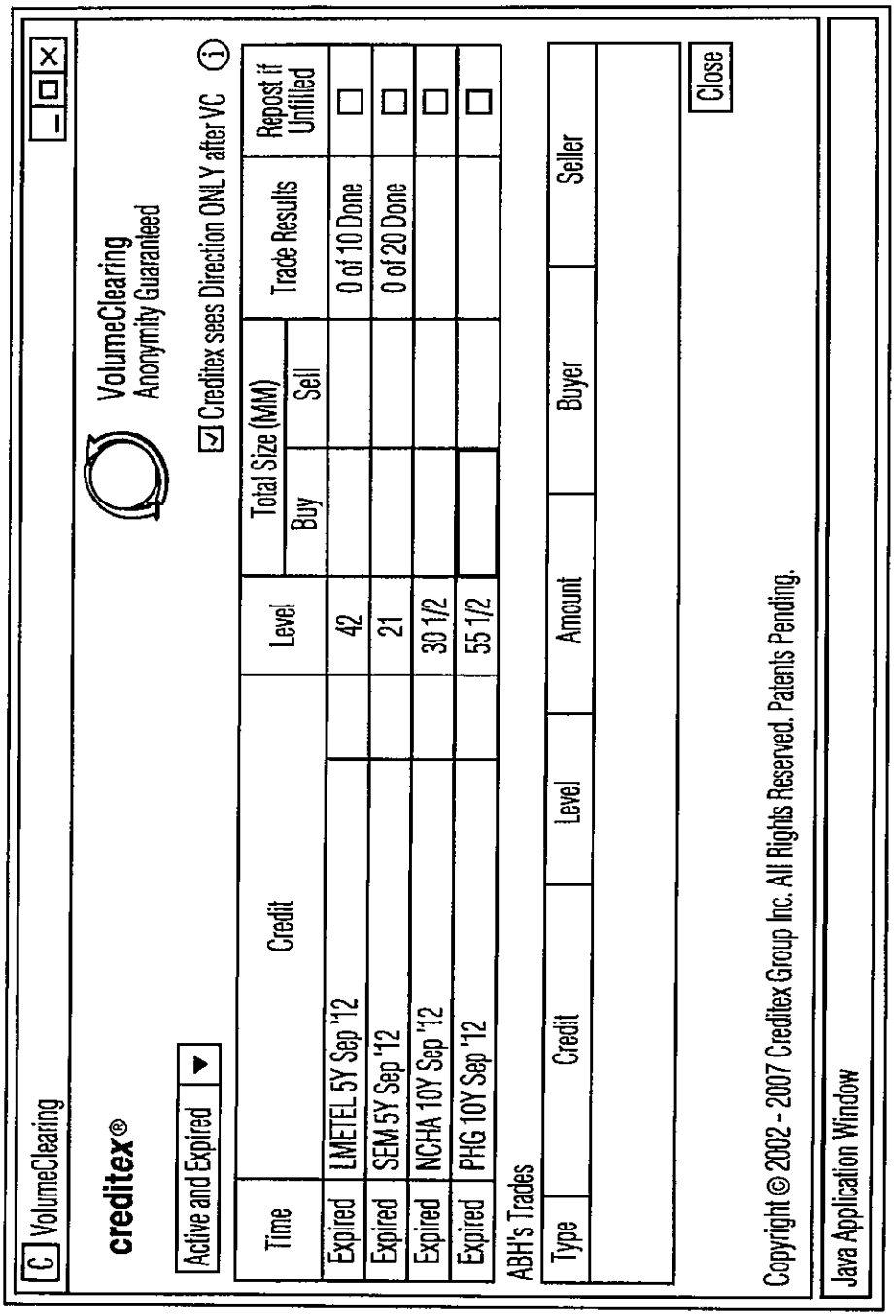

VolumeClearing
creditex®
VolumeClearing
Anonymity Guaranteed
Active and Expired
Creditex sees Direction ONLY after VC
Time
Credit
Level
Total Size (MM)
Buy
Sell
Trade Results
Repost if Unfilled
Expired
LMETEL 5Y Sep '12
42
0 of 10 Done
Expired
SEM 5Y Sep '12
21
0 of 20 Done
Expired
NCHA 10Y Sep '12
30 1/2
Expired
PHG 10Y Sep '12
55 1/2
ABH's Trades
Type
Credit
Level
Amount
Buyer
Seller
Close
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Java Application Window

FIG. 15

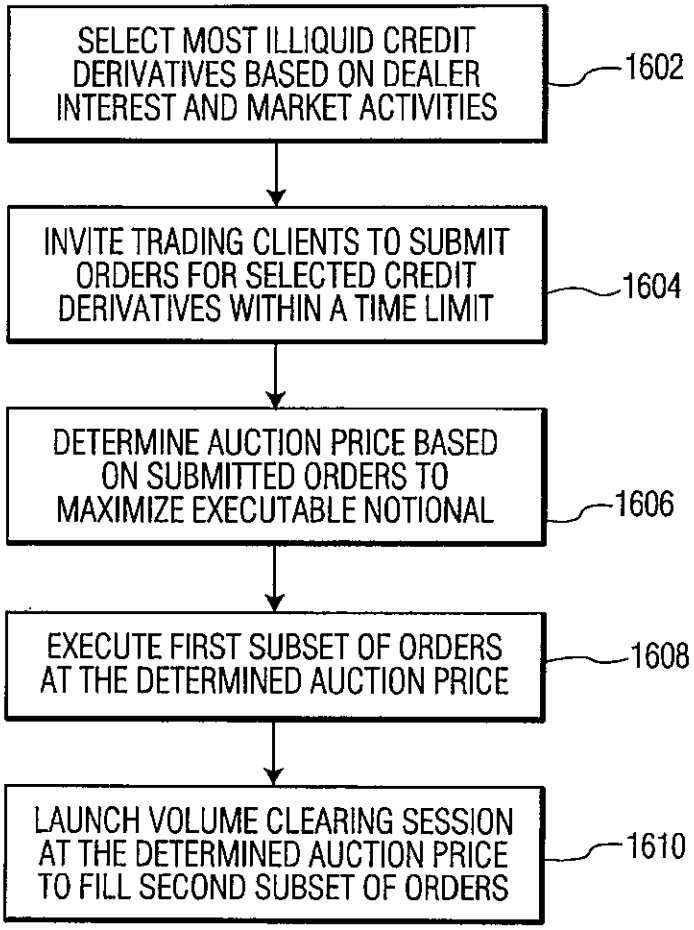

SELECT MOST ILLIQUID CREDIT DERIVATIVES BASED ON DEALER INTEREST AND MARKET ACTIVITIES
1602
INVITE TRADING CLIENTS TO SUBMIT ORDERS FOR SELECTED CREDIT DERIVATIVES WITHIN A TIME LIMIT
1604
DETERMINE AUCTION PRICE BASED ON SUBMITTED ORDERS TO MAXIMIZE EXECUTABLE NOTIONAL
1606
EXECUTE FIRST SUBSET OF ORDERS AT THE DETERMINED AUCTION PRICE
1608
LAUNCH VOLUME CLEARING SESSION AT THE DETERMINED AUCTION PRICE TO FILL SECOND SUBSET OF ORDERS
1610

FIG. 16

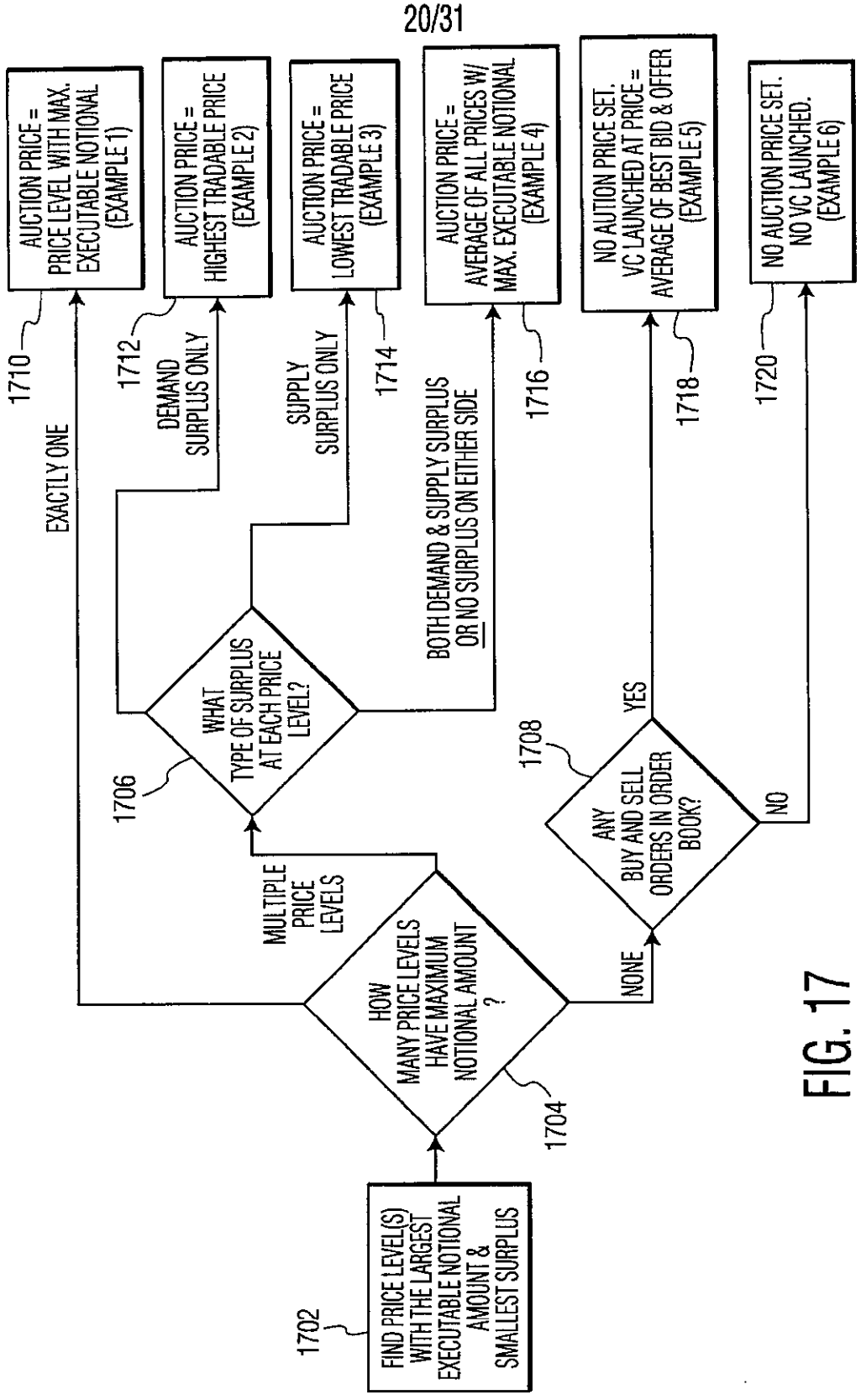

FIND PRICE LEVEL(S) WITH THE LARGEST EXECUTABLE NOTIONAL AMOUNT & SMALLEST SURPLUS
1702
HOW MANY PRICE LEVELS HAVE MAXIMUM NOTIONAL AMOUNT ?
1704
MULTIPLE PRICE LEVELS
WHAT TYPE OF SURPLUS AT EACH PRICE LEVEL?
1706
EXACTLY ONE
AUCTION PRICE = PRICE LEVEL WITH MAX. EXECUTABLE NOTIONAL (EXAMPLE 1)
1710
DEMAND SURPLUS ONLY
AUCTION PRICE = HIGHEST TRADABLE PRICE (EXAMPLE 2)
1712
SUPPLY SURPLUS ONLY
AUCTION PRICE = LOWEST TRADABLE PRICE (EXAMPLE 3)
1714
BOTH DEMAND & SUPPLY SURPLUS OR NO SURPLUS ON EITHER SIDE
AUCTION PRICE = AVERAGE OF ALL PRICES W/ MAX. EXECUTABLE NOTIONAL (EXAMPLE 4)
1716
NONE
ANY BUY AND SELL ORDERS IN ORDER BOOK?
1708
YES
NO AUTION PRICE SET. VC LAUNCHED AT PRICE = AVERAGE OF BEST BID & OFFER (EXAMPLE 5)
1718
NO
NO AUCTION PRICE SET. NO VC LAUNCHED. (EXAMPLE 6)
1720

FIG. 17

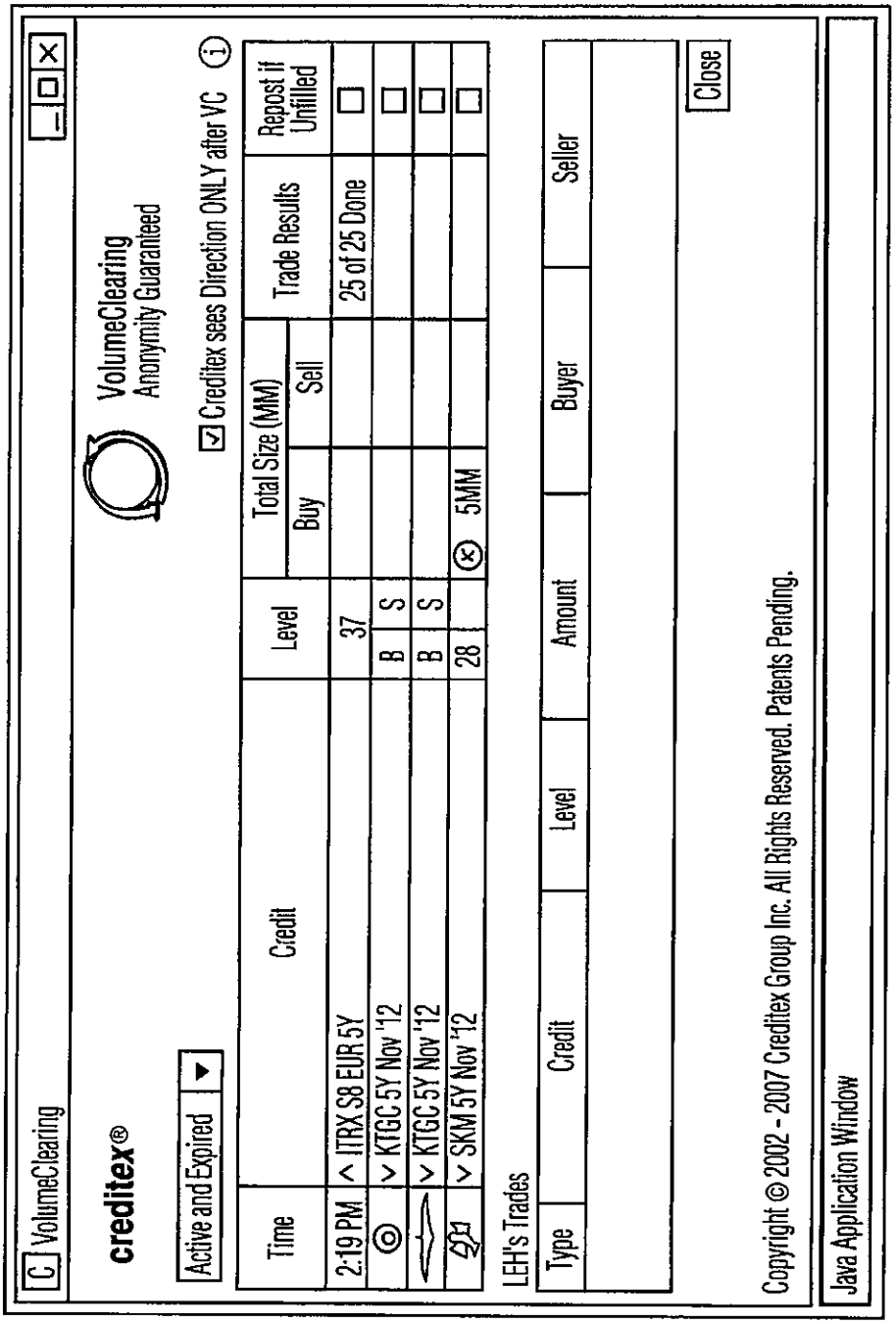

VolumeClearing
creditex®
VolumeClearing
Anonymity Guaranteed
Creditex sees Direction ONLY after VC
Active and Expired
Time
Credit
Level
Total Size (MM)
Buy
Sell
Trade Results
Repost if Unfilled
2:19 PM
ITRX S8 EUR 5Y
37
25 of 25 Done
KTGC 5Y Nov '12
B
S
KTGC 5Y Nov '12
B
S
SKM 5Y Nov '12
28
5MM
LEH's Trades
Type
Credit
Level
Amount
Buyer
Seller
Close
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Java Application Window

FIG. 18

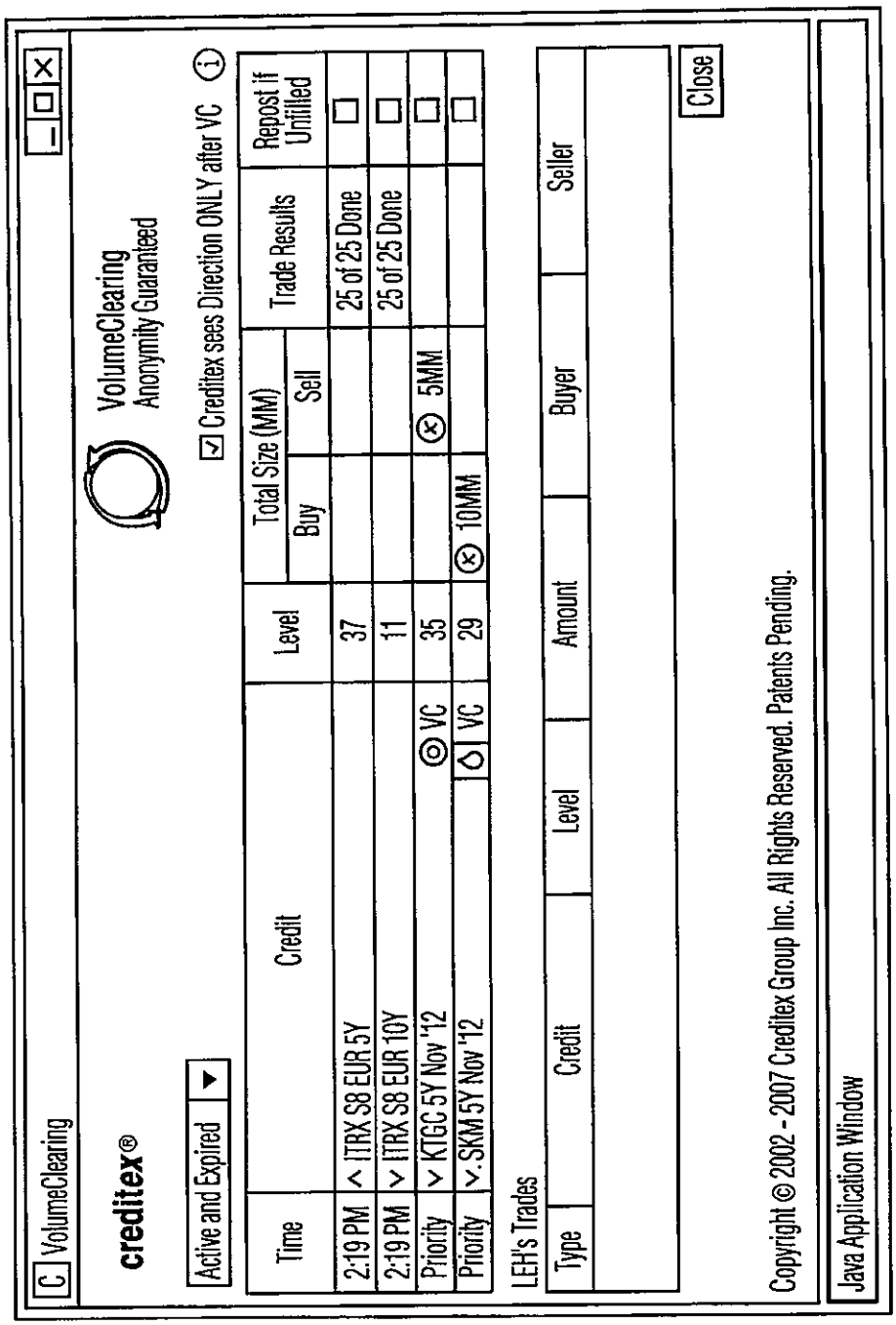

VolumeClearing
creditex®
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2:19 PM
ITRX S8 EUR 5Y
37
25 of 25 Done
2:19 PM
ITRX S8 EUR 10Y
11
25 of 25 Done
Priority
KTGC 5Y Nov '12
VC
35
5MM
Priority
SKM 5Y Nov '12
VC
29
10MM
LEH's Trades
Type
Credit
Level
Amount
Buyer
Seller
Close
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Java Application Window

FIG. 19

Example 1 – Exactly One Limit

Submissions

Bank	Bid		Offer		Time
	Size (mm)	Price	Price	Size (mm)	
Bank 1	500	34.75			
Bank 2	500	34.25			
Bank 3	750	34			
Bank 4			34	250	
Bank 5			33.5	500	
Bank 6			33	1000	
Bank 7					
Bank 8					
Bank 9					
Bank 10					

Note that the time is not used here – limit ordering MUST take account of time with earlier orders at same limit being "better"

Auction Result

Auction Price: 31 (Determined from maximum executable volume)
Suggested Mid Price: N/A

Trades Resulting From Auction at Auction Price

Buyer	Seller	Size
Bank 1	Bank 6	500
Bank 2	Bank 6	600
Bank 3	Bank 5	500
Bank 3	Bank 4	250

Unfilled Orders at Auction Price or Better (To go into VC automatically at auction level)

Bank	Size

Unfilled Orders at Limit Worse Then Auction Price (they get VC invite but orders NOT placed into VC automatically)

Bank	Size

Order Book During Price Determination Phase

Bid Orders							Offer Orders				
Banks at this Limit	Size	Cumulative Size	Surplus Demand	Buyer Fill (* means no trade & best bid)	Limit	Tradable Size @ Limit	Seller Fill (* means no trade & best offer)	Surplus Supply	Cumulative Size	Size	Banks at this Limit
Bank 1	500	500	0	500	34.75	500		1250	1750		
Bank 2	600	1000	0	500	34.25	1000		750	1750		
Bank 3	750	1750	0	750	34*	1750	250	0	1750	250	Bank 4
		1750	250		33.5	1500	500	0	1500	500	Bank 5
		1750	750		33	1000	1000	0	1000	1000	Bank 6

Key
- Complete fill
- Partial fill
- No Trading – Best bid/offer
- Trade level (fix).
- Where multiple trade at the average (mid point)

FIG. 20

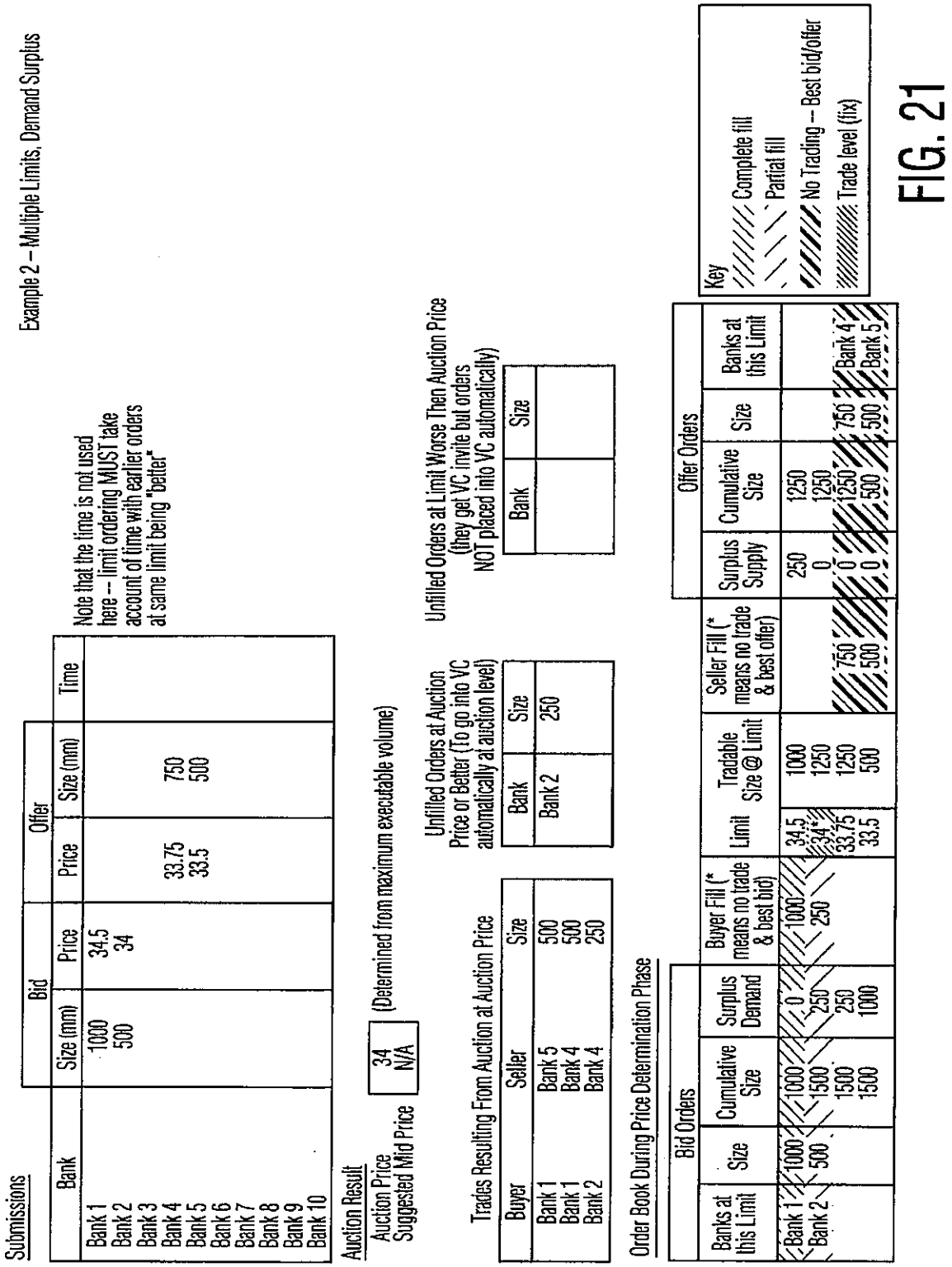

Example 2 – Multiple Limits, Demand Surplus
Submissions
Bid
Offer
Bank
Size (mm)
Price
Size (mm)
Time
Bank 1
Bank 2
Bank 3
Bank 4
Bank 5
Bank 6
Bank 7
Bank 8
Bank 9
Bank 10
1000
500
34.5
34
33.75
33.5
750
500
Note that the time is not used here – limit ordering MUST take account of time with earlier orders at same limit being "better"
Auction Result
Auction Price
Suggested Mid Price
34
N/A
(Determined from maximum executable volume)
Trades Resulting From Auction at Auction Price
Buyer
Seller
Size
Bank 1
Bank 1
Bank 2
Bank 5
Bank 4
Bank 4
500
500
250
Unfilled Orders at Auction Price or Better (To go into VC automatically at auction level)
Bank
Size
Bank 2
250
Unfilled Orders at Limit Worse Than Auction Price
(they get VC invite but orders NOT placed into VC automatically)
Bank
Size
Order Book During Price Determination Phase
Bid Orders
Banks at this Limit
Size
Cumulative Size
Surplus Demand
Buyer Fill (* means no trade & best bid)
Limit
Tradable Size @ Limit
Seller Fill (* means no trade & best offer)
Surplus Supply
Offer Orders
Cumulative Size
Size
Banks at this Limit
Bank 1
Bank 2
1000
500
1000
1500
1500
1500
0
250
250
1000
1000
250
34.5
34*
33.75
33.5
1000
1250
1250
500
750
500
250
0
0
0
1250
1250
1250
500
750
500
Bank 4
Bank 5
Key
Complete fill
Partial fill
No Trading – Best bid/offer
Trade level (fix)

FIG. 21

Example 3 – Multiple Limits, Supply Surplus
Submissions
Bid
Offer
Bank
Size (mm)
Price
Price
Size (mm)
Time
Bank 1
Bank 2
Bank 3
Bank 4
Bank 5
Bank 6
Bank 7
Bank 8
Bank 9
Bank 10
750
500
34.5
34
33.75
33.5
1000
500
Note that the time is not used here – limit ordering MUST take account of time with earlier orders at same limit being "better"
Auction Result
Auction Price
Suggested Mid Price
33.75
N/A
(Determined from maximum executable volume)
Trades Resulting From Auction at Auction Price
Buyer
Seller
Size
Bank 1
Bank 1
Bank 2
Bank 5
Bank 4
Bank 4
500
250
500
Unfilled Orders at Auction Price or Better (To go into VC automatically at auction level)
Bank
Size
Bank 4
250
Unfilled Orders at Limit Worse Then Auction Price
(they get VC invite but orders NOT placed into VC automatically)
Bank
Size
Order Book During Price Determination Phase
Bid Orders
Banks at this Limit
Size
Cumulative Size
Surplus Demand
Buyer Fill (* means no trade & best bid)
Limit
Tradable Size @ Limit
Seller Fill (* means no trade & best offer)
Surplus Supply
Offer Orders
Cumulative Size
Size
Banks at this Limit
Bank 1
Bank 2
750
500
750
1250
1250
1250
0
0
0
750
500
34.5
34
33.75
33.5
750
1250
1250
500
750
500
750
250
250
0
1500
1500
1500
500
1000
500
Bank 4
Bank 5
Key
Complete fill
Partial fill
No Trading – Best bid/offer
Trade level (fix)

FIG. 22

Example 4 – Multiply Limits, With Either Supply and Demand Surplus or no Surplus

The example here is for the case where there are multiple limits with the maximum executable notional and no surplus on either side of the order book. In this case the auction price is set to the average of all tradable limits.

Note that the time is not used here – limit ordering MUST take account of time with earlier orders at same limit being "better"

Submissions

Bank	Bid		Offer		
	Size (mm)	Price	Price	Size (mm)	Time
Bank 1	750	34.5			
Bank 2	1000	34			
Bank 3					
Bank 4			33.75	1000	
Bank 5			33.5	750	
Bank 6					
Bank 7					
Bank 8					
Bank 9					
Bank 10					

Auction Result

Auction Price	33.875	(Determined from maximum executable volume)
Suggested Mid Price	N/A	

Trades Resulting From Auction at Auction Price

Buyer	Seller	Size
Bank 1	Bank 5	750
Bank 2	Bank 4	1000

Unfilled Orders at Auction Price or Better (To go into VC automatically at auction level)

Bank	Size

Unfilled Orders at Limit Worse Than Auction Price (they get VC invite but orders NOT placed into VC automatically)

Bank	Size

Order Book During Price Determination Phase

Bid Orders								Offer Orders			
Banks at this Limit	Size	Cumulative Size	Surplus Demand	Buyer Fill (* means no trade & best bid)	Limit	Tradable Size @ Limit	Seller Fill (* means no trade & best offer)	Surplus Supply	Cumulative Size	Size	Banks at this Limit
Bank 1	750	750	0	750	34.5	750		1000	1750		
Bank 2	1000	1750	0	1000	34*	1750		0	1750		
		1750	0		33.75*	1750	1000	0	1750	1000	Bank 4
		1750	1000		33.5	750	750	0	750	750	Bank 5

Key

- Complete fill
- Partial fill
- No Trading – Best bid/offer
- Trade level (fix)

FIG. 23

Submissions

Bank	Bid		Offer		
	Size (mm)	Price	Price	Size (mm)	Time
Bank 1	1000	34			
Bank 2			34.5	500	
Bank 3					
Bank 4					
Bank 5					
Bank 6					
Bank 7					
Bank 8					
Bank 9					
Bank 10					

Note that the time is not used here -- limit ordering MUST take account of time with earlier orders at same limit being "better"

Example 5 – No Limits, No Crossing Buy/Sell Orders

VC is launched with the VC level set to the average of the best buy and sell limit (bid and offer). In this example, the best buy and sell limits are 34 and 34.5bps, and hence VC is launched at 34.25bps. If we end up choosing the notional weight the calculated mid, this example would give us a VC level of 34.16bps.

Auction Result

Auction Price	N/A
Suggested Mid Price	34.25

(Determined from maximum executable volume)

Trades Resulting From Auction at Auction Price

Buyer	Seller	Size

Unfilled Orders at Auction Price or Better (To go into VC automatically at auction level)

Bank	Size

Unfilled Orders at Limit Worse Then Auction Price (they get VC invite but orders NOT placed into VC automatically)

Bank	Size
Bank 1	1000
Bank 2	500

Order Book During Price Determination Phase

Bid Orders								Offer Orders			
Banks at this Limit	Size	Cumulative Size	Surplus Demand	Buyer Fill (* means no trade & best bid)	Limit	Tradable Size @ Limit	Seller Fill (* means no trade & best offer)	Surplus Supply	Cumulative Size	Size	Banks at this Limit
Bank 1	1000	0 1000	0 1000	*	34.5 34*	0 0		500 0	500 0	500	Bank 2

Key
- Complete fill
- Partial fill
- No Trading -- Best bid/offer
- Trade level (fix)

FIG. 24

SUBSTITUTE SHEET (RULE 26)

Example 6 – No Limits, One Sided Order Book

In this case there is no auction price set AND no VC launched.

Submissions

Bank	Bid		Offer		
	Size (mm)	Price	Price	Size (mm)	Time
Bank 1	1000	34			
Bank 2	500	34.5			
Bank 3	750	33			
Bank 4					
Bank 5					
Bank 6					
Bank 7					
Bank 8					
Bank 9					
Bank 10					

Note that the time is not used here – limit ordering MUST take account of time with earlier orders at same limit being "better"

Auction Result

Auction Price	N/A
Suggested Mid Price	N/A

(Determined from maximum executable volume)

Trades Resulting From Auction at Auction Price

Buyer	Seller	Size

Unfilled Orders at Auction Price or Better (To go into VC automatically at auction level)

Bank	Size

Unfilled Orders at Limit Worse Then Auction Price (they get VC invite but orders NOT placed into VC automatically)

Bank	Size
Bank 1	1000
Bank 2	500
Bank 3	750

Order Book During Price Determination Phase

Bid Orders								Offer Orders			
Banks at this Limit	Size	Cumulative Size	Surplus Demand	Buyer Fill (* means no trade & best bid)	Limit	Tradable Size @ Limit	Seller Fill (* means no trade & best offer)	Surplus Supply	Cumulative Size	Size	Banks at this Limit
Bank 2	500	500	500	*	34.5	0		0	0		
Bank 1	1000	1500	1500		34	0		0	0		
Bank 3	750	2250	2250		33	0		0	0		

Key
- Complete fill
- Partial fill
- No Trading – Best bid/offer
- Trade level (fix)

FIG. 25

SUBMISSIONS

BANK	BID		OFFER		TIME
	SIZE (mm)	PRICE	PRICE	SIZE (mm)	
BANK 1	50	64			
BANK 2	25	60			
BANK 3	50	30			
BANK 4			67	50	
BANK 5			64	50	
BANK 6			40	50	
BANK 7					
BANK 8					
BANK 9					
BANK 10					

FIG. 26A

ORDER BOOK DURING PRICE DETERMINATION PHASE

BID ORDERS				BUYER FILL (* MEANS NO TRADE & BEST BID)	LIMIT	TRADABLE SIZE @ LIMIT	SELLER FILL (* MEANS NO TRADE & BEST OFFER)	OFFER ORDERS			
BANKS AT THIS LIMIT	SIZE	CUMULATIVE SIZE	SURPLUS DEMAND					SURPLUS SUPPLY	CUMULATIVE SIZE	SIZE	BANKS AT THIS LIMIT
		0	0		67	0		*50	150	50	BANK 4
BANK 1	50	50	0	50	64*	50		50	100	50	BANK 5
BANK 2	25	75	25		60*	50		0	50		
		75	25		40*	50	50	0	50	50	BANK 6
BANK 3	50	125	125		30	0		0	0		

FIG. 26B

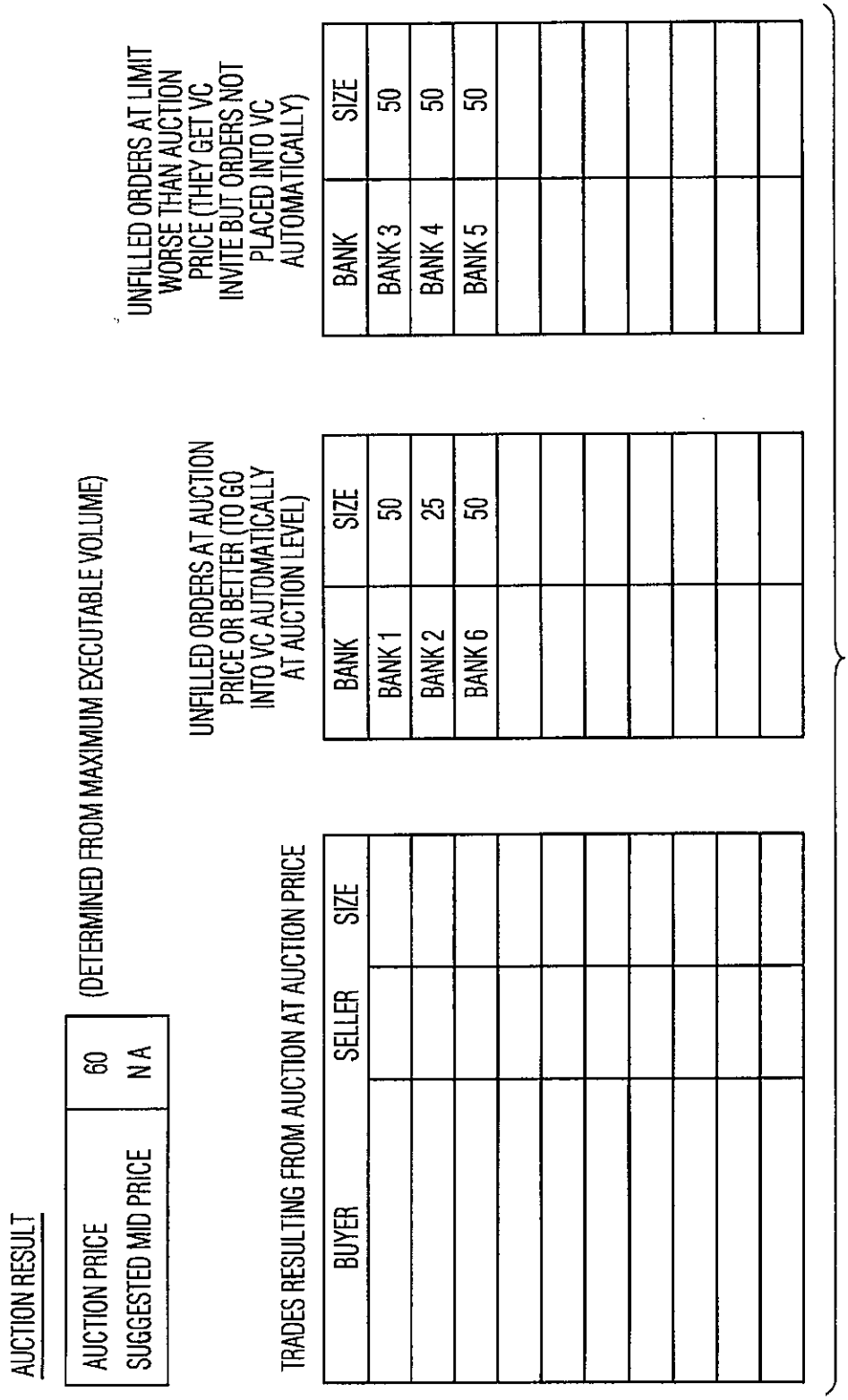

AUCTION RESULT
AUCTION PRICE 60
SUGGESTED MID PRICE N A
(DETERMINED FROM MAXIMUM EXECUTABLE VOLUME)
TRADES RESULTING FROM AUCTION AT AUCTION PRICE
BUYER
SELLER
SIZE
UNFILLED ORDERS AT AUCTION PRICE OR BETTER (TO GO INTO VC AUTOMATICALLY AT AUCTION LEVEL)
BANK
SIZE
BANK 1 50
BANK 2 25
BANK 6 50
UNFILLED ORDERS AT LIMIT WORSE THAN AUCTION PRICE (THEY GET VC INVITE BUT ORDERS NOT PLACED INTO VC AUTOMATICALLY)
BANK
SIZE
BANK 3 50
BANK 4 50
BANK 5 50

FIG. 26C