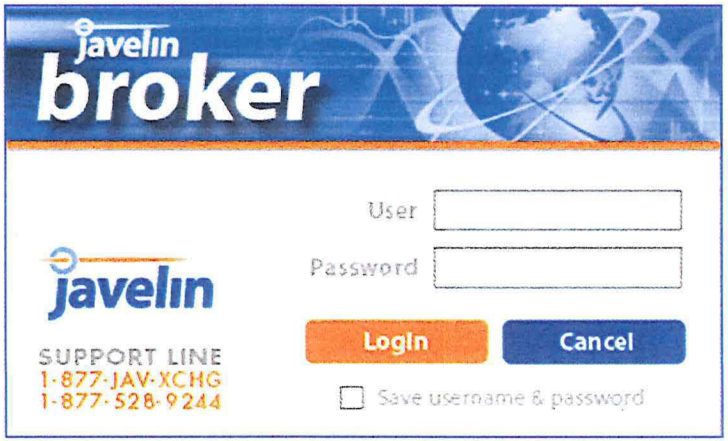
Javelin Capital Markets
Swap Execution Facility



OTC Derivative Implementation Discussion Points

May 19, 2011

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Discussion Points

Agenda

- Workflow
- Critical CFTC Mandates
  - Real Time Acceptance of Cleared OTC Trades
  - Open Access Considerations
  - Anti Competitive Considerations
- DFA Timing: Implementation and Schedule

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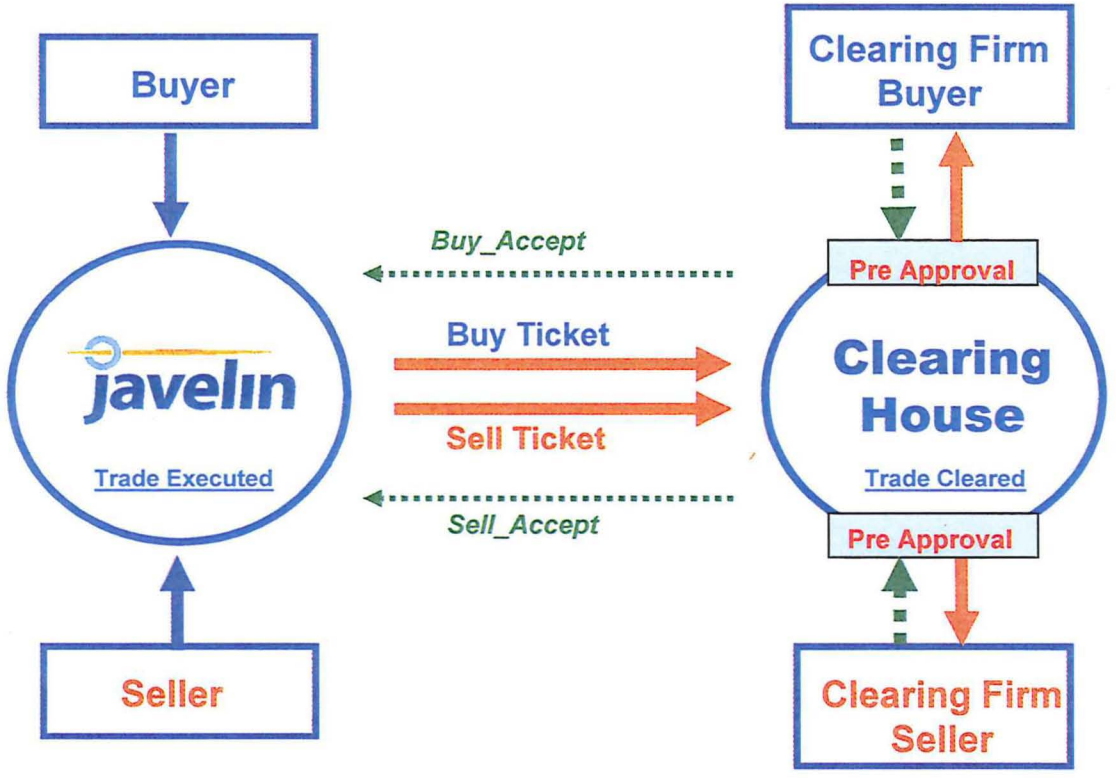
Workflow Diagram: Futures Model

Compliant Dodd-Frank Act Workflow



Clearing Firm

Provides Access to CCP

Margin Account

Margin Maintenance & PF Netting

Mark to Market Reporting

Clearing House

Real Time Validation/Clearing

Verifies Trade Eligibility

Risk Management

Daily Margin: Product/Account

Daily Netting: PF

Provides Financial Safeguards

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Real Time Acceptance: Futures Model

- Trade Integrity
- Consistent with CFTC
- Consistent with SEF Core Principle #7 and DCM Core Principle #11
- Industry Support: SDMA, MFA / Buy Side, Precedence Set in other cleared markets

- Recommendation

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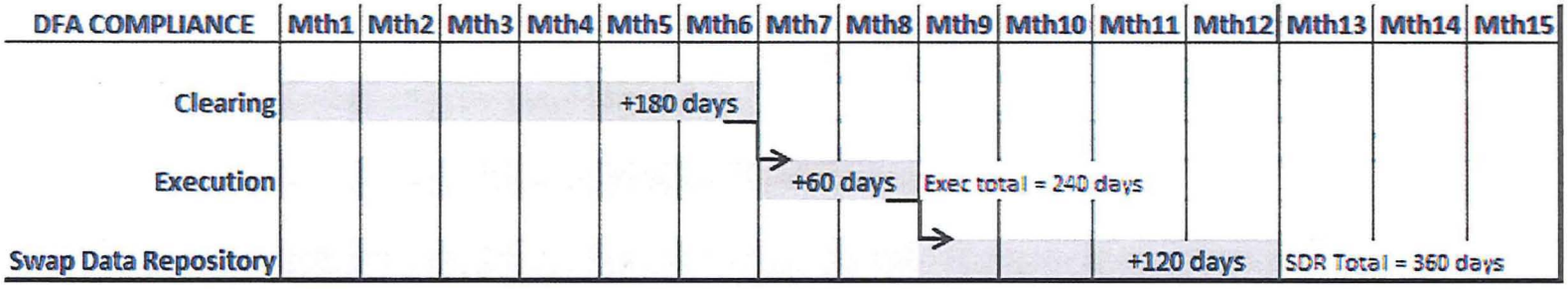
Dodd Frank Act Timing

Implementation and Schedule

- Clearing (CCP)
- Execution (SEF)
- Swap Data Repositories (SDR)



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