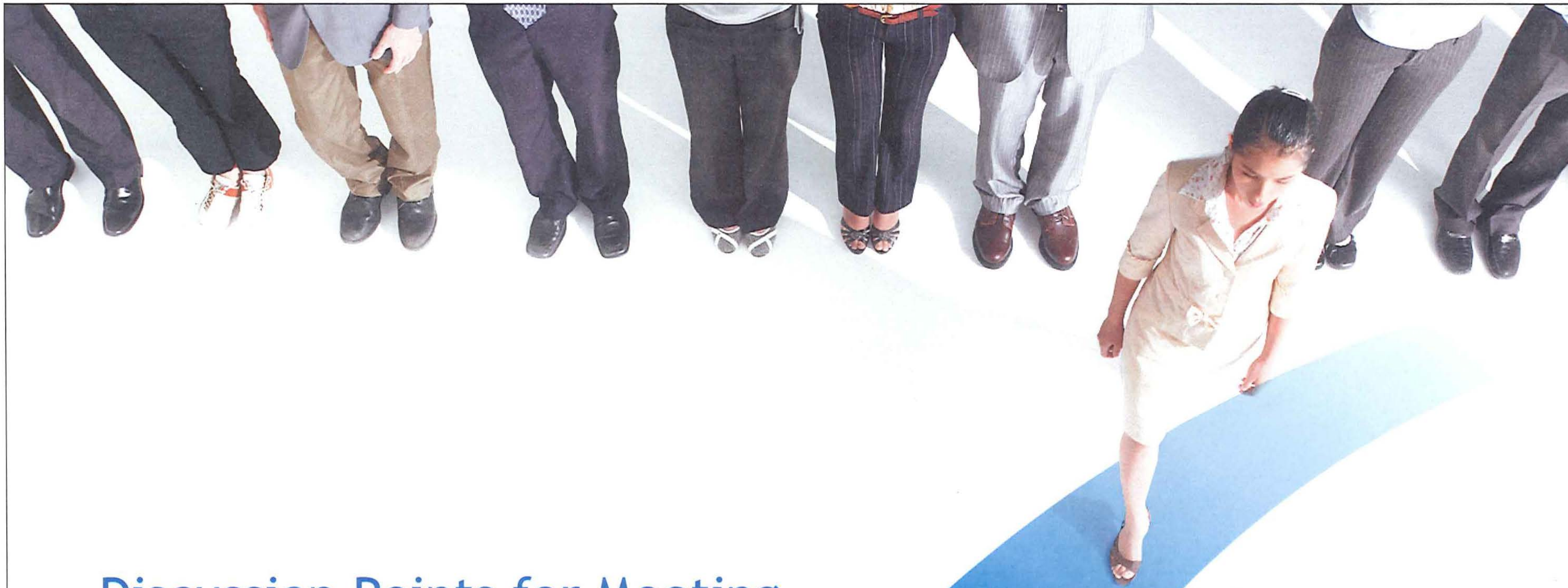


Discussion Points for Meeting with CFTC Chairman Gensler

May 26, 2011

partner with the FX

leader

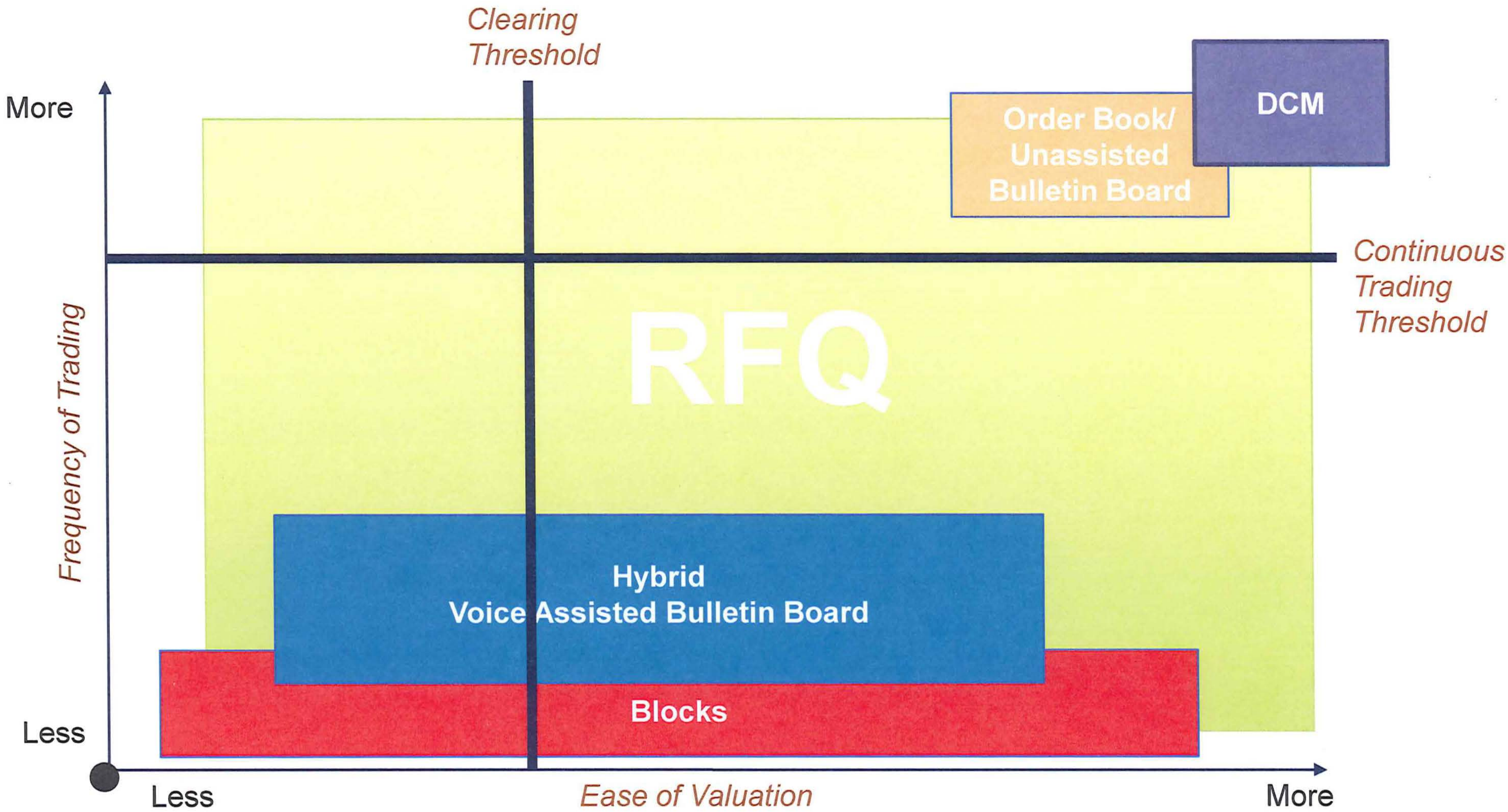
FXall®
What's Your Edge?

10 years of 'Edge'

Contents

- Characteristics of contracts and execution methods
- SEF Execution Model
- Costs of compliance and SRO obligations

Characteristics of Contracts and Execution Methods



FX Current Business Model

Products	Execution mechanisms
Spot	• Request for Quote*- all currencies • Order Book - limited to most active currencies
Forward	Request for Quote - all currencies
Swap	Request for Quote - all currencies
NDF	Request for Quote - all currencies

*RFQ includes request for continuous and on demand streaming quotes

SEF Execution Model

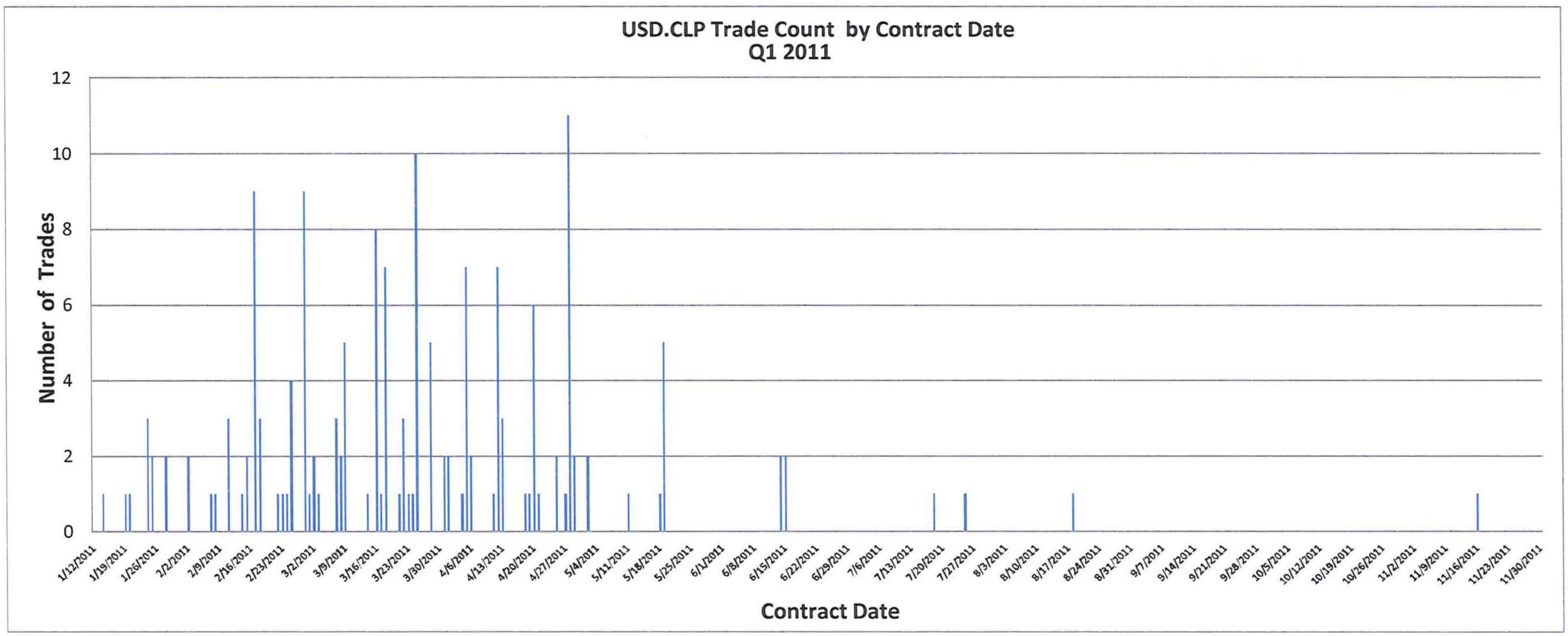
- Commercial Considerations
  - In our experience, there are some products (e.g. forwards/swaps, NDFs) in which participants do not wish to trade under an order book protocol due to:
    - uncertainty of liquidity in the specific instrument
    - unwillingness to invest in execution desk and associated technology needed to manage the execution risk that is inherent in using an order book
    - economic efficiency to transfer risk in one easy step through RFQ
  - It is commercially impractical to mandate order book or unassisted bulletin board trading of contracts that do not trade frequently. To force SEFs to build an order book system that participants do not want to use would waste resources and raise costs with no benefit.
    - Development is time and resource intensive.
    - Physical infrastructure to meet these demands is expensive
  - Very difficult to start operations as a SEF for NDF and options under current proposal.

Execution Method Suitable for Type of Contract

- Flexibility
  - SEF execution methods should be suitable for the type of contract. Even contracts whose shared characteristics can make them clearable may not be sufficiently fungible and trade frequently enough to make them suitable for order book/unassisted bulletin board trading.
    - As an example, NDF contracts are clearable, yet the large number of potential contract dates and the infrequency of trades makes them unsuitable for order book/unassisted bulletin board trading.
  - SEFs should have flexibility to determine which execution methods to use, including an RFQ only system and should not be required to provide an order book/unassisted bulletin board system.

FXall's Clients Require Specific Contract Dates for NDFs, which fits a Traditional RFQ, Not Order Book

- NDF trading has low number of trades relative to other products such as Spot
- Contract dates trade sporadically or not at all, so there is no continuous market
- CME announced its intention to clear NDFs, starting with USD.CLP
  - Any business day out to two years is an acceptable contract value date
  - Approximately 500 different USD.CLP contracts
- FXall data on USD.CLP trading illustrates how trading activity is dispersed:
  67 Different USD.CLP contract dates traded in Q1; Most active USD.CLP contract date traded 11 times in the quarter



CFTC Permitted Execution Methods

- Proposed CFTC SEF Requirements
  - §37.9(b)(2), together with CFTC discussion in proposing release, suggests that a SEF may not be able to offer an RFQ-only system

- RFQ Requirements
  - Minimum 5 RFQ recipients, maximum all participants
  - 15 second rule

- Current FX Conventions
  - Allow RFQ-only systems
  - Commercial acceptance of order book functionality limited to spot trading in major currencies only

- Current RFQ Convention
  - No minimum, 5 RFQ recipient maximum
  - 15 second rule not applicable in direct access RFQ market

Execution Method Ask

- In order to facilitate the most rapid and viable implementation of SEFs we ask that:
  - The CFTC clarify whether a SEF with only an RFQ execution method is permissible
  - The required minimum number of RFQ recipients be 1
  - The required maximum number of RFQ recipients be 10
  - The 15 second rule not apply to RFQ markets with direct customer access

SRO Obligations-Costs of Compliance

- SRO obligation for a SEF to provide a full surveillance, investigation and enforcement program is expensive and creates a barrier to entry for new SEFs. A SEF must build program or pay NFA for outsourcing.

SRO Obligation	FXall Comment
Disciplinary Process	• Should be delegated to NFA • Need consistency of enforcement across SEFs
Surveillance	• SEF should only monitor its own market • SEFs will not have the requisite market-wide data of participants' market activities to conduct meaningful compliance oversight for most types of violations. • Should be permitted to delegate trading and financial surveillance functions to NFA or another joint regulator
CCO	• Senior officer should have supervisory authority for the SEF (i.e., CEO) • CCO is advisor, does not control operations. Should not be required to have supervisory duties within the SEF • Unreasonable to "ensure" or guarantee compliance • Standard should be to have procedures that are "reasonably designed to ensure compliance"