

OTC DERIVATIVE DATA  
NOVEMBER 2010

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**NASDAQ OMX**



ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

VISION FOR OTC  
DERIVATIVE DATA DISSEMINATION

## OUR VISION

NASDAQ OMX has experience and expertise to assist with:

- Collection and consolidation of data
- Dissemination of data in a highly controlled environment to many customers or solely to regulators, as required

Title VII of the Dodd-Frank Act takes important first steps in creating transparency for OTC derivatives trading.

In particular, the creation of Swap Data Repositories creates a positive obligation on Swap Dealers and will encourage greater transparency.

A truly transparent market for OTC derivatives will not only require that the information be reported to Swap Data Repositories, but also distributed widely throughout the industry in a manner that makes it easy to see and to understand.

OTC derivatives are important to the industry and information about them should be as widespread as information for other asset classes.

## OUR VISION

Creating a simple and complete dissemination vehicle

NASDAQ OMX's vision for OTC derivatives data is to increase transparency of market transparency by:

Utilizing NASDAQ OMX technology and management expertise

Decreasing fragmentation within data repositories

Mass distributing data throughout our global network of 1,500 distributors including web portals, market data vendors, broker-dealers, independent software vendors, etc., as well as 200,000+ subscribers

PROPOSAL FOR OTC DERIVATIVE  
DATA DISSEMINATION

## PROPOSED SOLUTION REQUIREMENTS

Harmonize and consolidate the data across many reporting parties

Create a low cost real-time set of data feeds

Keep the solution simple

- Avoid unnecessary, distracting, expensive, delaying, and difficult-to-replace solutions.
- Avoid variety in the infrastructure which, over time, could escalate into a complex and expensive system, effectively establishing a barrier to broad-based distribution.

## PROPOSED SOLUTION REQUIREMENTS (CONT.)



Create a complete solution, including technology, management, and administrative components of distribution

Operate at a high level of efficiency to provide maximum value to customers

Facilitate repositories in fulfilling their obligation to provide information to regulators

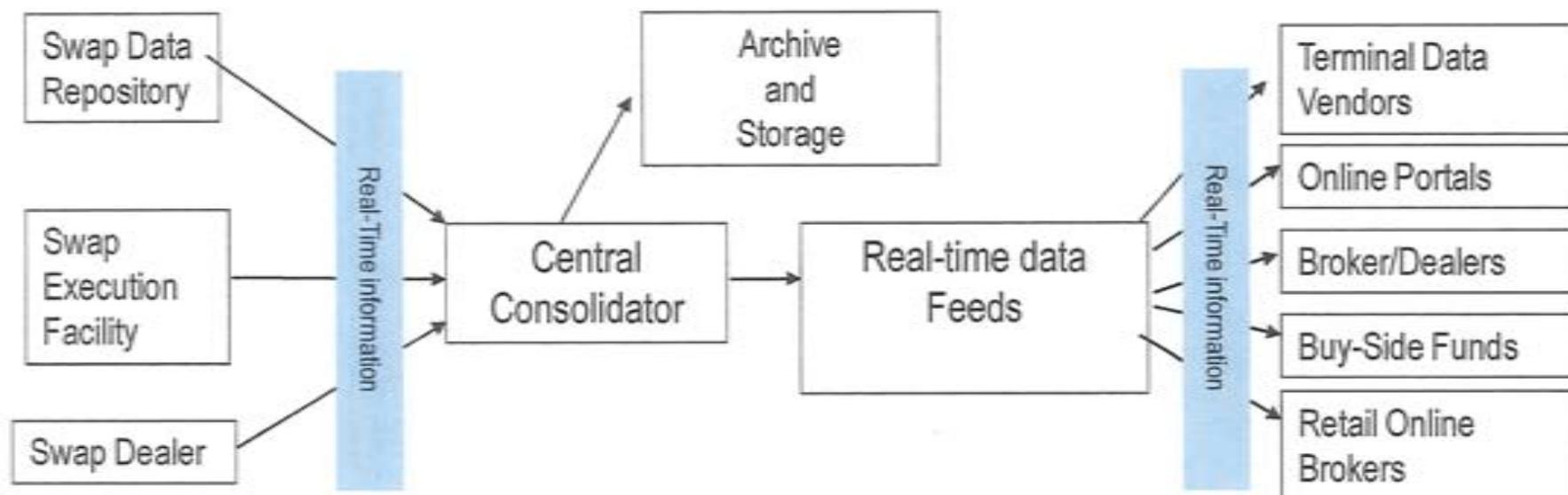
LEVERAGING OUR UNIQUE EXPERIENCE

## LEVERAGING OUR EXPERIENCE

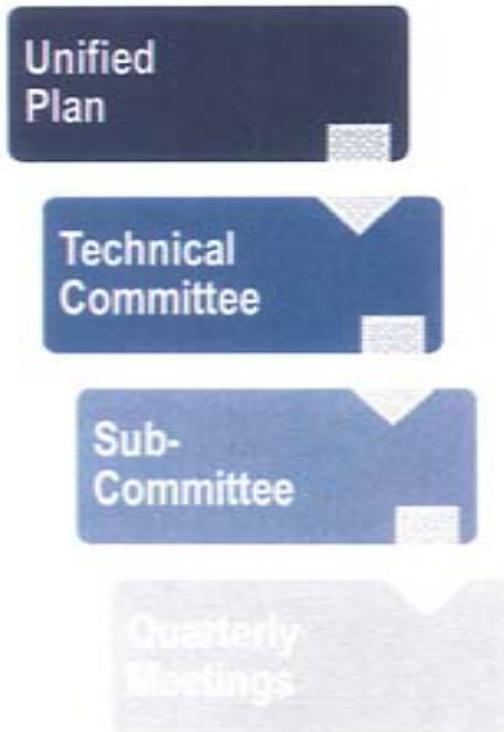
NASDAQ OMX's expertise in equities is transferrable to OTC Derivative data dissemination.

- Consistent contact with vast majority of would-be customers of OTC data
- Established contracts with terms and conditions governing data usage and distribution
- Experience with consolidation of data and other technical expertise through the operation of the Tape C SIP and FINRA/NASDAQ TRF

## EXPERIENCE: DATA FLOW



## EXPERIENCE: GOVERNANCE



Create a contractual unified plan giving participants ownership over direction

Create a sub-committee (voted by plan participants) to vote on direction of plan

- Include a representative from both the SEC and the CFTC.

Create a technical committee to move quickly on technical changes

Convene quarterly meetings to discuss outstanding items

## EXPERIENCE: GOVERNANCE

Maintain external steering committee to help understand impact of direction

Determine the outcome of votes by majority rather than unanimous outcome

Draw heavily on the experience of the four US tape plans of which we are a member

## EXPERIENCE: TRANSPARENCY

Real-time information is extremely important to data recipients.  
Delayed information does not help the industry with price discovery

### Real-time dissemination:

Gives an indication of the price and size associated with instruments

Allows users to be completely informed during the dissemination period

Helps reduce confusion with fragmentation in the market

Provides all information to customers at the same time – levels the playing field for all participants

## NASDAQ OMX GLOBAL DATA PRODUCTS

- Experienced operator of consolidation services (Tape C Administrator, Tape C consolidator since 1990 with standard data feeds created in 2002)
- Experienced participant and voting member of the Tape A, Tape B, Tape C and OPRA tape plans.
- Provider of proven low latency technology
- Huge economies of scale in technology, product management, customer administration, billing and customer support
- Leader in innovative programs to ensure maximum uptake on products
- Existing and recognized standards, connectivity, protocols and contacts
- Established relationships ensures the fastest possible uptake by vendors and other market participants

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