SURFACE™ EXCHANGE

A SURFACExchange Limited Company

Commodity Futures Trading Commission

Washington D.C.

9th September 2010

SURFACExchange overview

SURFACE EXCHANGE

Institutional clients

Electronic

*SURFACExchange operates an **electronic** marketplace for Foreign Exchange derivatives where **institutional clients** can enjoy **price discovery and transaction anonymity** on the open-to-all **multilateral venue** guaranteed by a **central counterparty***

Price discovery and transaction anonymity

Multilateral venue

Central counterparty

SURFACExchange overview

SURFACE

- **Fully Electronic Trade Lifecycle of Complex FX Derivatives Available with 2010 Technology:**
  - → Pre-trade Price Discovery
  - → Order Management
  - → Order Matching
  - → Trade Enrichment and STP
  - → Option Exercise and other post trade events

- **Institutional clients**
  - → Great demand from "other financial institutions"
  - → Only ECPs are allowed on the platform
  - → No retail

SURFACExchange overview

SURFACE EXCHANGE

- **Price discovery and transaction anonymity**
  - → TRANSPARENCY through ANONYMITY
  - → Transparency Through Post-trade Reporting
  - → Level playing field

- **Multilateral venue**
  - → Multi-to-multi platform for OTC FX derivatives
  - → Anyone can market make or market take

- **Central Counterparty**
  - → Central Prime Broker acts as central counterparty to every trade on the platform
  - → Necessary condition for ANONYMITY

Regulatory Framework

SURFACE EXCHANGE

- **USA: Exempt Board of Trade** (notified)
  → under Section 5d of the Commodity Exchange Act (CEA), 7 USC 7a-3

- **EU: Multilateral Trading Facility** (filed)
  → under MiFID Directive 2004/39/EC

- **Hong Kong: Approved Money Broker** (filed)
  → under Section 118A of the Banking Ordinance

- **Singapore, Japan, Australia, …..**

Discussion

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- **Questions**
- **Recommendations**
- **Open action points**