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Division of Clearing & Intermediary Oversight
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Dear Alicia

This letter is in response to the questions you sent by e-mail to Raf Pritchard on September 27, 2010.

Let us first give some background on the repository services we currently provide.

TriOptima was selected by the industry (bank and buy-side institutions on the ISDA Rates Steering Committee) in September 2009 to provide a trade repository for interest rate derivatives. The selection was made following a public tender process where several vendors responded to a Request For Proposal which outlined the industry requirements. The Interest Rate Trade Reporting Repository (IRTRR) went live in January 2010, since which point reports have been issued to qualified, authorized regulators. The establishment of the IRTRR was in accordance with the Fed letter commitments made by the industry.

The contractual and governance arrangements of the IRTRR are based on the following principles that we believe are of general validity:

- No bundling of services. The repository service may be utilized without having to subscribe to any other post-trade services provided by TriOptima
- No commercial use of data. The data submitted to the repository may not be used for any other commercial purpose by TriOptima
- Cost-based and transparent fees for repository services
- Non-discriminatory access to repository. All institutions that fulfill reasonable technical requirements are eligible to participate in the repository

By adhering to these principles in the implementation of contractual arrangements and governance structure, issues relating to conflicts of interest, as well as ownership, are avoided in the internal operations of an SDR.

There are however, on a more general level, potential conflict of interest issues relating to the infrastructure for post trade OTC derivatives. The post trade services market has benefitted greatly from entrepreneurial activity, where many of the key developments in the last decade have been initiated by independent vendors supplying innovative solutions to the market. In order to promote such entrepreneurial activity, the rules and regulations concerning SDRs should aim to promote a level playing field for vendors in the space, and to ensure that choice of vendor is based on merits.

Answers to your questions:

1. *Please provide an overview of the trade repository's corporate structure, particularly its ownership and management structures, governance arrangements and committee structure, and any significant affiliate relationships.*

TriOptima AB is contracted by the G14 banks, all of whom currently submit data to the repository. TriOptima AB is a wholly owned subsidiary of Icap plc, a UK company listed on the LSE. TriOptima AB is regulated by the Swedish FSA ("Finansinspektionen"). TriOptima's board consists of 6 people, 4 of whom are Icap personnel, the other 2 being external directors.

The contractual arrangements with the banks stipulate the terms under which the repository services are provided. The Governance Committee of the IRTRR ("the Committee") consists of representatives from the ISDA Rates Steering Committee as well as representatives from ISDA and TriOptima (non-voting). The Governance Committee is engaged in an ongoing dialogue with the regulators under the auspices of the International OTC Derivatives Regulators' Forum (ODRF) sub-group for interest rates. This forum convenes on a monthly basis to agree requirements and deliverables.

2. *What involvement, if any, do market participants have in the trade repository's governance/oversight/advisory committees? What responsibilities/powers do these committees have?*

As mentioned above, functionalities are decided through a dialogue between the ODRF and the Governance Committee, with TriOptima involved in an advisory capacity. The Governance Committee convenes on a fortnightly basis and meetings with the ODRF take place once a month.

The Governance Committee advises on IRTRR functionalities on a strategic level, e.g. relating to the scope and specification of data submitted and the content and format of reports provided, and implementation is then delegated out to TriOptima and the two IRTRR working groups.

The main working group is comprised of participants from all of the G14 and representatives from parties in the process of joining the IRTRR. This group is focused on the practical aspects concerning data submissions.

Additionally, there is a specialist working group focusing on trade categorization, i.e. how to classify the various product types. This is a smaller, specialist group with representatives from six of the G14 banks.

3. *What types of conflicts of interest may potentially arise in the operation of an SDR?*

When applying the principles listed above, we are of the opinion that there are no significant conflicts of interest.

4. *How might an SDR use the information that we mandate it receive for commercial purposes?*
- a. *Would such use present competitive problems? If so, how could this be remedied?*

As stated in our principles above, an SDR should not be allowed to use the data submitted for any commercial purpose. The reasoning behind this is that the provider of a mandated reporting facility should not through that assignment gain a competitive advantage over commercial alternatives for other processing needs. This could lead to a dysfunctional market where solutions without sufficient commercial viability in their own right would be forced on the industry.

5. *Would an ownership cap mitigate the potential conflicts of interests already identified? If so, what should the cap be?*

We are not of the opinion that an ownership cap would be necessary when applying the principles above.

6. *Would requiring that a certain percentage of an SDR board be composed of independent or public directors mitigate the potential conflicts of interest already identified? If so, what should the percentage be and why?*

We are not of the opinion that a certain board composition would be necessary to avoid conflicts of interest, if the principles listed above are implemented.

7. Please provide an overview of your confidentiality policies.

TriOptima works with especially strict restrictions on handling of confidential information. This is due to the fact that the subscribers to our services entrust us with extremely sensitive business information. We are both ethically and legally bound to handle that confidential information with the utmost security.

The confidentiality policy is intended to help employees determine what information can be disclosed to non-employees, as well as the relative sensitivity of information that should not be disclosed outside of TriOptima without proper authorization. The information covered in the policy includes information that is stored or shared by any means. This includes, but is not limited to, electronic information, information on paper, and information shared orally or visually (such as telephone and video conferencing). All employees familiarize themselves with the information marking and handling instructions in the policy. The confidentiality policy identifies classes of confidentiality from public through to extremely sensitive, and specifies access, distribution, storage, disposal etc for each class, with customer or third party data having the highest level of sensitivity. Highly sensitive customer data is then subject to the highest security, is accessed by staff solely on a need to know basis, only exchanged through approved secure transfer (no email), distributed internally within the secure production site, and subject to secure disposal.

Sincerely,

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