OTC DERIVATIVE DATA
NOVEMBER 2010

NASDAQ OMX

ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

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VISION FOR OTC DERIVATIVE DATA DISSEMINATION
OUR VISION

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.

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
OUR VISION

Creating a simple and complete dissemination vehicle

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
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.
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
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- Consistent contact with vast majority of would-be customers of OTC data

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

- 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

Swap Data Repository
Swap Execution Facility
Swap Dealer

Real-Time Information

Central Consolidator

Archive and Storage

Real-time data Feeds

Terminal Data Vendors
Online Portals
Broker/Dealers
Buy-Side Funds
Retail Online Brokers

NASDAQ OMX
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 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

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