

April 2007

Welcome to the Eurex SecLend Newsletter!

We are proud to present the first issue of our newsletter which provides you with useful and interesting information on the following subjects:

- Market trends and articles
- Overall industry news
- Upcoming events and industry conferences
- Eurex SecLend system enhancements

We also share some Eurex SecLend trading application tips and shortcuts with you to improve your trading experience.

We want this newsletter to become a community notice board for the entire marketplace so we encourage you to contribute articles which we would be glad to publish under your name.

Now, let us introduce you to some of the Eurex SecLend team members so you know who to contact with your feedback and questions:

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Contact **Technical Helpline** (T +41-58-854-24 88 or e-mail: techhelp@eurexseclend.com) for all technical questions and system problems.

Consultancy: We have a joint co-operation with John Piccitto of "John Piccitto Consulting Ltd." to further establish Eurex SecLend in the U.K. marketplace.

We are here to support you and together we hope to build a powerful community in the electronic securities lending marketplace! Please feel free to contact us if you have any comments or wish to contribute to the Eurex SecLend Newsletter.

Best regards, Eurex SecLend Team

VOICE OF THE MARKET

Interview with Chris Clark, Head of Sales and Marketing, Global Securities Finance, ABN Amro NV, London



Chris, please can you introduce yourself to our readers?

I am currently employed by ABN Amro NV based in London where I am responsible for the sales and relationship management efforts of Global Securities Finance. My role involves the identification and inception of trading relationships with external institutional and hedge fund clients; the ongoing management and development of established relationships and the marketing of our products within the ABN Amro group.

What's your experience with electronic trading platforms?

I have been heavily involved in the evaluation of some of the market leading platforms and how they can benefit, or otherwise, the current activities with our client base.

What advantages can electronic trading bring?

I feel that there are two areas of our business which have benefited greatly from electronic trading.

Volume insensitive processing is a crucial component for all of the major participants in our market. Since the 90's we have seen the quantity of stock on loan increase year on year, However, with increased market knowledge and competition we have seen spreads move in the opposite direction. The only way to cope with this increased activity and to remain profitable is to automate the aspects of participant's market activities where human intervention is minimal. This is clearly pertinent to both back and front office.

The other area is transparency. The use of a trading platform for the purpose of an auction has allowed lenders and borrowers alike to realise the true value of the assets in which they trade. Whilst borrowers may claim this process inflates the price and custodians may say that increased client awareness has affected the profitability of their program, both must agree that this transparency has prompted many new participants to enter the market, thus increasing depth and breadth of supply available.

How does the future look to you with regard to electronic trading?

A major percentage of the GC element of our market is already traded electronically and I can only see this trend increasing. I believe that a live trading platform could certainly benefit the arbitrage traders and portfolio managers. The pricing in the securities lending market is still very opaque to many of the technical traders who use shorting to hedge their activities. I would think that this sector of the industry would welcome a live portal giving them firm indications of the price and availability within our market.

What do you think of the Eurex SecLend system in particular?

When I was first introduced to Eurex SecLend I have to say that I was fairly impressed with the trading tools built into it. I feel that the system functionality is pretty comprehensive and certainly has the best tools for on-line trade negotiation.

Who do you feel are the main competitors in the electronic trading field?

There is no dominant platform for specials trading at the current time. I think that SecLend could have a unique edge over their competitors if they can control the assets of the mid / small tier Swiss banks. Having supply that can only be accessed via the SecLend platform will surely bring the borrowers onto the platform.

Do you feel that upcoming regulations will affect electronic trading?

I cannot see the regulations affecting electronic trading in particular. Securities finance has constantly evolved through an ever changing tax and regulatory environment, showing significant growth year on year. I feel that this will continue and that the percentage of the trade volume which is transacted electronically will continue to increase.

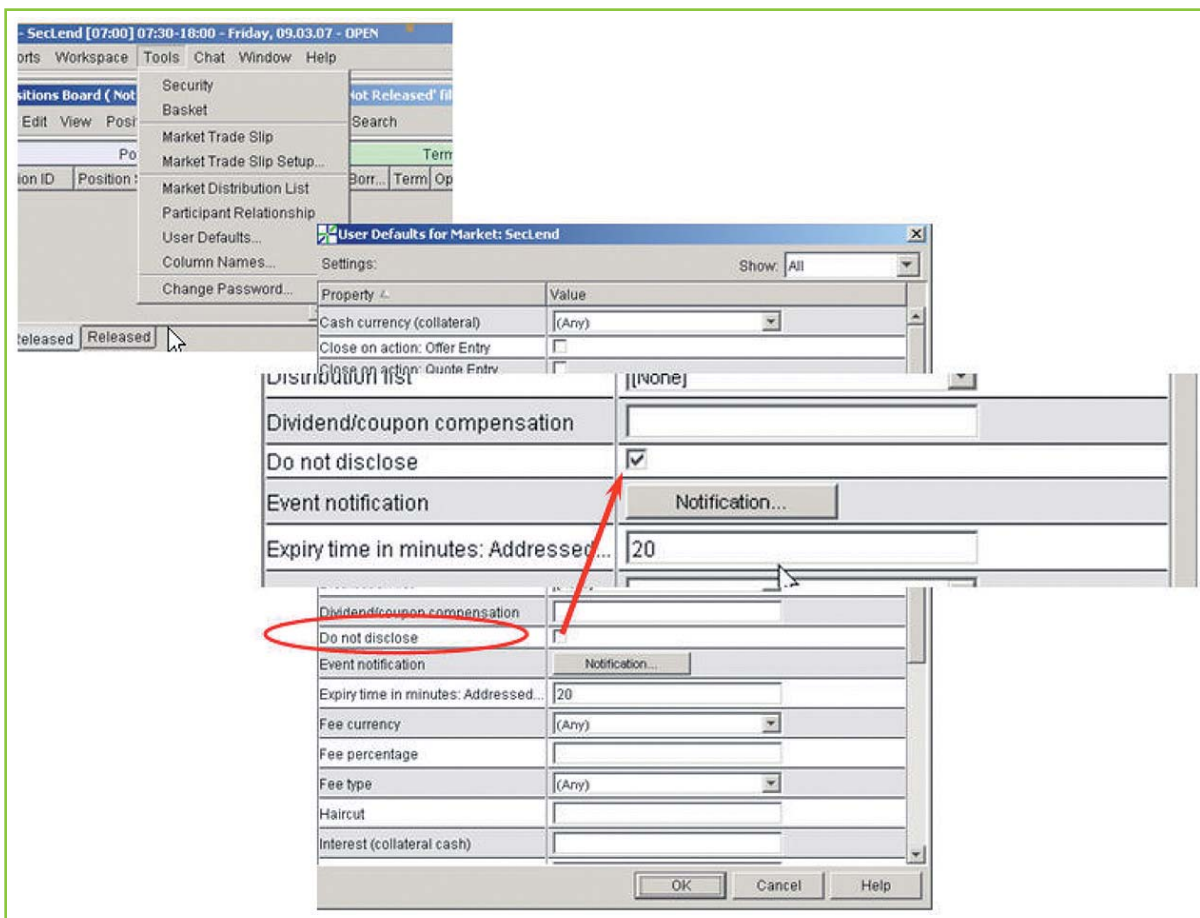
Thank you Chris for your valuable insights into the future of the electronic Securities Lending & Borrowing market.

Anonymous Quoting

The identity of participants who post Lend or Borrow quotes are normally **Disclosed** in the electronic marketplace.

However, Eurex SecLend allows participants to post quotes on a **Non-Disclosed** basis – on a fully anonymous basis – in which case the participants' confidentiality and their trading strategy is respected.

See the following screenshots for the default disclosure settings:



If the user settings are set on “do not disclose” the identity of both parties is only disclosed as soon as the trade is done.

Eurex SecLend’s Relationship Management functionality will always verify the transaction versus the eligible counterparties, even though the trade is done on a fully anonymous basis.

Useful Link: For further information and other details: www.eurexrepo.com/publications/seclend

Eurex Delivers New SecLend Release

Eurex is rolling out major enhancements of the Eurex SecLend electronic automated trading system. The new SecLend Graphical User Interface helps automate trade flows, to reduce manual trade input and post-trading errors, thereby minimising associated risks. The enhancements include new and improved modules for negotiating trades, uploading positions and for locating and managing trading alerts.

“Eurex SecLend provides an effective and quick market overview, fast and secure deal repricing and the best breadth for hard-to-borrow negotiation” said Francisco Gonzalez, Head of Eurex SecLend’s business unit.

Eurex offers complementary user-friendly solutions such as the SecLend Table Workbench for customers that want to put in their own trading parameters, as well as the SecLend OTX (Own Trade Extractor) for post-trade reconciliation.

EVENTS AND TRAINING

Upcoming Events and Training in April, May, June and July 2007

	Location	Date
Repo Bar	Zurich	April 24
ISLA/RMA Conference	Monte Carlo	May 8–11
Eurex Wednesday Night Fever	Monte Carlo	May 9
Advisory Board Eurex SecLend	Zurich	June
Repo Bar	Geneva	June 12
Repo Bar	Basle	June 26
Eurex SecLend Training	Zurich / London	On request



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