

TURQUOISE

Turquoise in Spain

2009

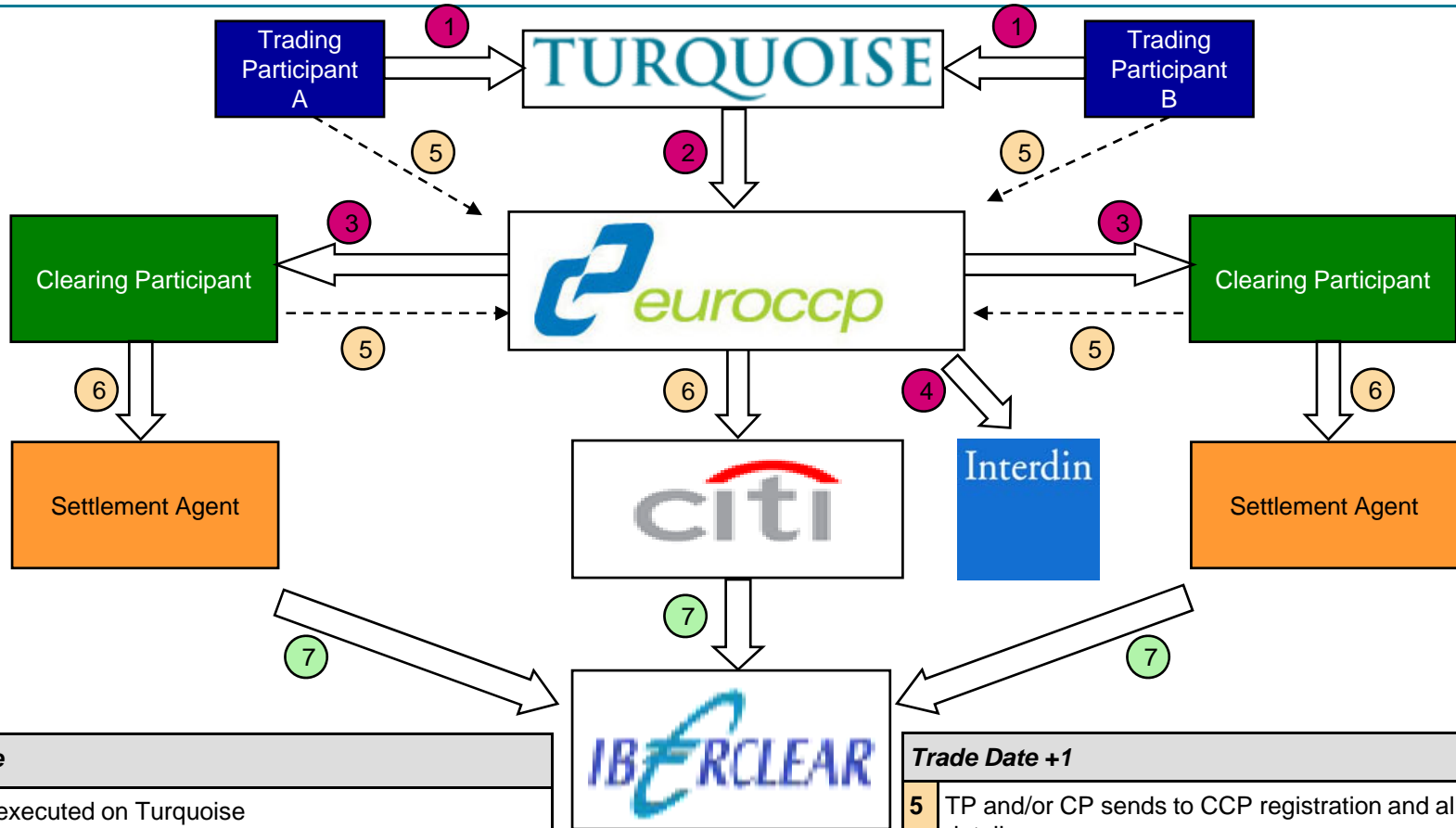
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EuroCCP Proposal

- In light of the processes and constraints with the current Spanish market, EuroCCP have developed the following model which provides participants of EuroCCP/Platforms the ability to:
 - trade anonymously
 - be able to sell registrations they hold
 - purchase registrations they require
 - save settlement costs through aggregation/netting
- With the ability to access the market through Interdin, EuroCCP can:
 - cross the positions purchased on the trading platform with the positions sold on the trading platform
 - keep anonymity between members
 - reduce the stock exchange costs associated with the executed crosses
- Citi Madrid acts as EuroCCP's Spanish Settlement agent
- EuroCCP has opened all registration accounts published by Iberclear at Citi Madrid
 - New registration accounts can be opened same day where required

Process Flow Diagram



Trade Date	
1	Trades executed on Turquoise
2	Trades sent to CCP for novation and guaranteeing
3	CCP send to CP, trade details re Aggregation/Netting
4	CCP executes crosses with local broker

Trade Date +1	
5	TP and/or CP sends to CCP registration and allocation details
6	CCP & CP/TP sends settlement instructions to agents
Trade Date+1/ Settlement Date	
7	Agents sends trades to Iberclear for matching and settlement

Settlement Cycle Key Deadlines

Trade Date

- Turquoise will close the platform for Spanish securities at 16.30pm GMT (however initially the platform closes at 16.20pm GMT)
- EuroCCP finalises cross executions at close of trading and confirmation is provided at 16.35pm GMT
- Citi guarantees the settlement of these cross executions in Iberclear
- EuroCCP sends Clearing Members output detailing all gross executions and aggregated/netted positions within the current MRO

Trade Date + 1

- Clearing Members/Trading Participants send registrations and allocations to EuroCCP on TD+1 no later than 17.45pm GMT.
- EuroCCP instructs Citi no later than 18.00pm GMT, the allocations and registrations for Participants
- EuroCCP confirms registrations and allocations to Interdin no later than 18.00pm GMT

Trade Date + 2

- EuroCCP accepts amendments to registrations on pre-advised allocations no later than 16.00pm GMT

Settlement Date

- Settlement as normal

Member Set Up

- EuroCCP allows each Trading Member to trade in both Proprietary and Agency capacities.
- Each Clearing Participant is able to determine which netting accounts net or aggregate. (This means that for each Executing Broker / Dealing Capacity combination Participants can determine whether they Net or Aggregate. Further Executing Broker codes can be set up if necessary.)
- Trading Members who trade Agency, have their executions aggregated. As above, each Clearing Participant determines which netting accounts net or aggregate.
- Participants can receive a file from EuroCCP at close of business each day, detailing the gross executions, aggregated and/or netted obligations for settlement. This forms part of the standard TNO MRO but there is no Obligation component.
- POA is not be used in this market and therefore Participants need to instruct their own settlement agents.

Benefits of Proposal

- Introducing a CCP to the Spanish market allows anonymity and the guarantee of settlement.
- Participants only face EuroCCP on OTC transactions, and do not face the cross execution or the broker in Spain
- Multiple Registrations are allowed, to facilitate both Proprietary and Agency trading
- Trade Aggregation or Netting (for Proprietary business across all MTF business) to reduce the number of settlement obligations in comparison to today's Spanish activity
- Reduced Stock Exchange Costs associated to the executed crosses (as they are allocated at aggregated level across all members)
- Lower commission costs of the executed cross negotiated due to economies of scale
- Guaranteed settlement of the stock purchased on Turquoise

Economic Analysis

Price Schedule

Turquoise

	Condition	bps
Aggressive	All	0.28
Passive	0-1% Vol	-0.20
	>1% Vol	-0.24
Dark Pool	All	0.50
Auction	All	0.04

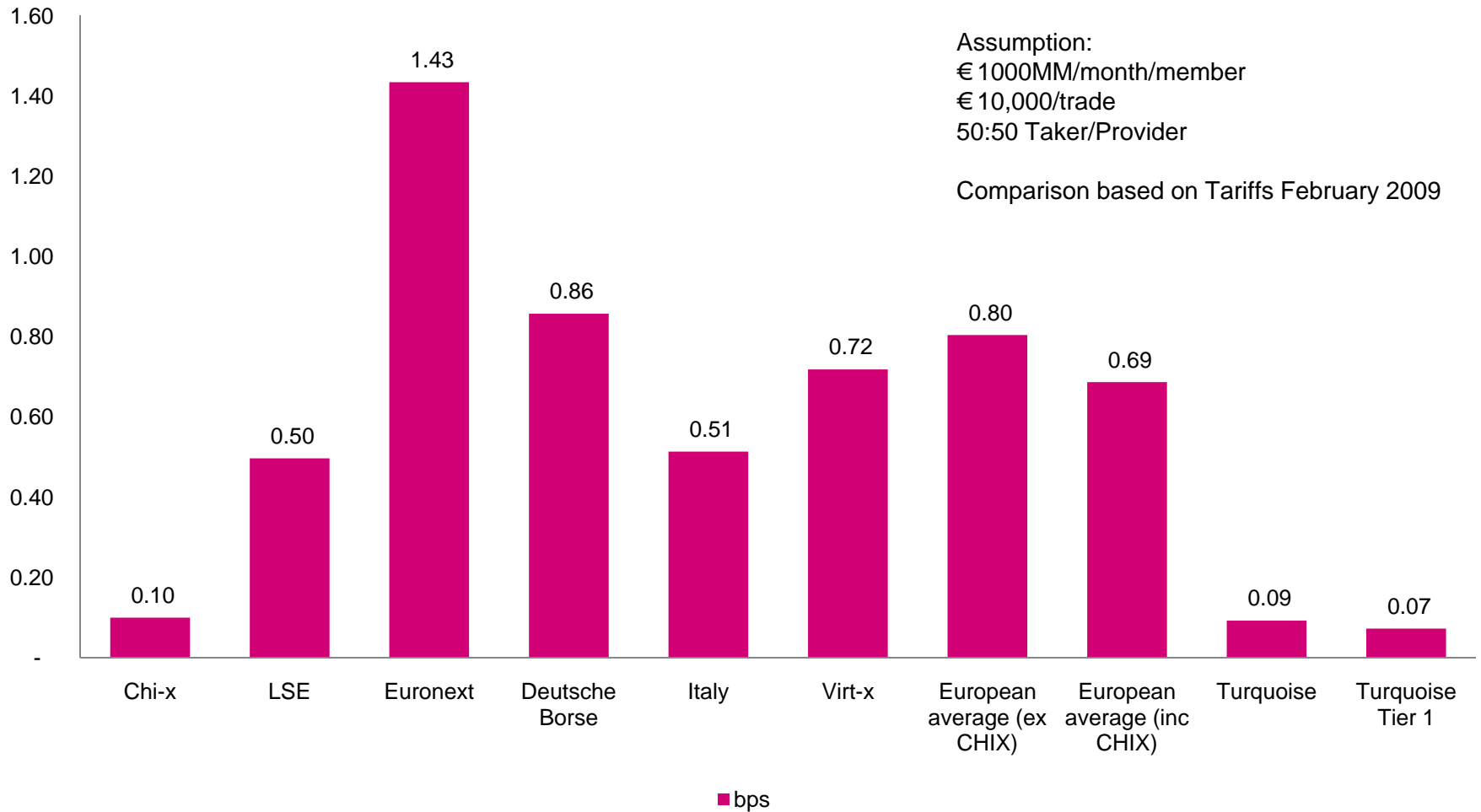
EuroCCP

Vol. ECCP*	€/Trade
0 – 800,000	€ 0.0500
800,000+	€ 0.0250
Processing Fee (Sp)	€ 0.0400
Settlement	Net by Side
	€ 0.90
	€ Spain 1.30

* Trades/day in EuroCCP system

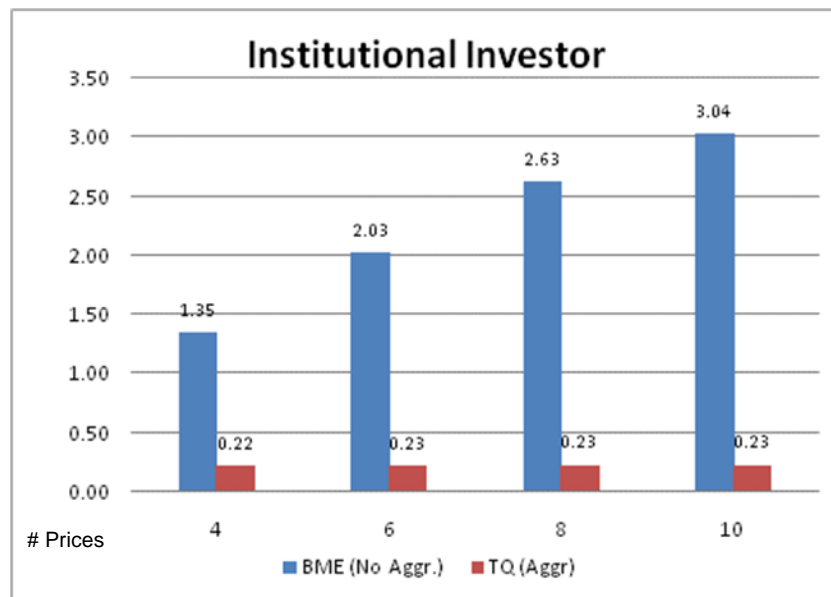
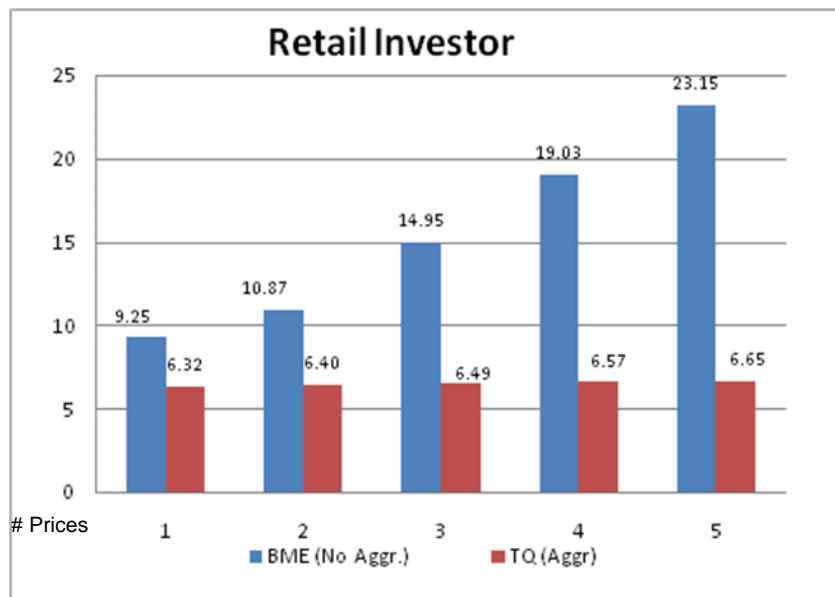
Economic Analysis

Comparison of Total Cost of Trading, Including Execution and Clearing



Economic Analysis

Comparison of Total Cost of Trading in Spain, per Investor Profile, Bps



Assumptions:

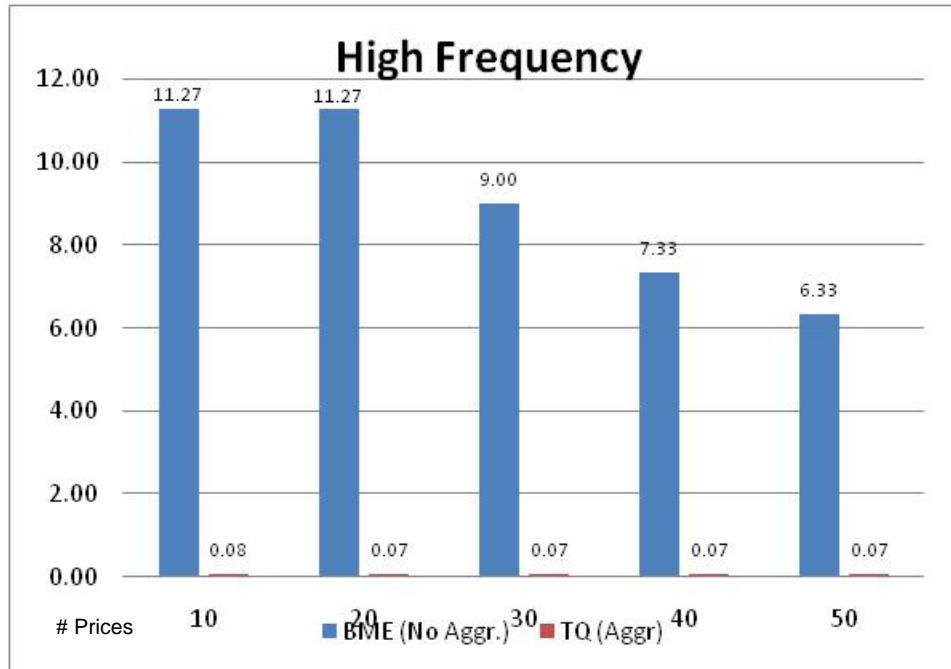
- 1 order for value of 6.000 €
- Executions at different prices, same size fills
- 50:50 Taker/Provider
- Executions aggregate to 1 name
- 5 members that trade the same stock and share BME fees pro-rata

Assumptions:

- 1 order for € 500,000
- Executions at different prices, same size fills
- 50/50 Taker/Provider
- Executions aggregate to 1 name
- 5 members that trade the same stock and share BME fees pro-rata

Economic Analysis

Comparison of Total Cost of Trading in Spain, per Investor Profile, Bps



Assumptions:

- Turquoise member executes 10, 20, 30, 40, 50 trades
- Each of the trades for a size of €15,000 and at different prices
- 50:50 Taker/Provider
- Trades aggregate to 1 name
- Trades result in a final net end of day position of zero shares which results in a cash settlement and no BME/settlement fees

Economic Analysis

Total Savings Including Explicit & Implicit Costs

Daily Consideration	Turquoise Yearly Savings vs Primary Market		
	Explicit*	Implicit**	Total
€ 100,000,000	€ 2,198,750	€ 714,000	€ 2,912,750
€ 150,000,000	€ 3,298,125	€ 1,071,000	€ 4,369,125
€ 200,000,000	€ 4,597,500	€ 1,428,000	€ 6,025,500
€ 250,000,000	€ 5,746,875	€ 1,785,000	€ 7,531,875
€ 300,000,000	€ 6,896,250	€ 2,142,000	€ 9,038,250
€ 350,000,000	€ 8,045,625	€ 2,499,000	€ 10,544,625
€ 375,000,000	€ 8,714,063	€ 2,677,500	€ 11,391,563
€ 400,000,000	€ 9,295,000	€ 2,856,000	€ 12,151,000
€ 450,000,000	€ 10,456,875	€ 3,213,000	€ 13,669,875
€ 500,000,000	€ 11,618,750	€ 3,570,000	€ 15,188,750

Assumption:

- €10,000 average trade value
- 50:50 Taker/Provider
- Tariffs correct as of January 2009
- Based on activity in following European Markets 30% UK, 40% Euronext, 20% Germany, 5% Switzerland, 5% Italy

*Explicit: Trading, Clearing and Settlement Costs

** Implicit: Price improvement

Turquoise member with daily volume of €300Mill, 50% passive, would achieve savings of €10.5Mill compared with trading on each of the National Exchanges

Appendix

- Interdin Profile
- Members Registration/Allocation File
- Settlement & Stock Exchange Costs
- Key Contacts

Profile - Interdin

- 30 years old
- Head Office in Barcelona
- Entered Spanish Stock Exchange in 1998
- Trade 5% of the Spanish Equity market
- Interdin owned by Regional Banks (60%) and Management (40%)
- Interdin's two objectives include:
 - Spanish Execution
 - Derivatives/Online Brokership
- Unique function to harmonise Web Based system to each clients requirements
- Entered in the Registry of the Spanish Securities Exchange Commission (CNMV)
- Member of the Central Registry & Securities Settlement System for Spanish Public Debt
- Member of the Madrid, Barcelona & Valencia Stock Exchanges
- Member of Eurex & the Spanish Financial Futures Market (MEFF)
- For further information, please visit www.interdin.com

Members Registration/Allocation File

Internal Reference	Obligation ID-	ISIN	Side	Share Quantity	Cash Value	Registration Name	Beneficiary NIF/CIF/COD Code	Surname/Company Name	Beneficiary BIC Code	Settlement Agent BIC	Trade Date	Contractual Settlement Date	New/Amend/C ancel
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	SBOSUS33XXX					06/01/2009	09/01/2009	N
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	UNCRITMMXXX					06/01/2009	09/01/2009	N
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	COD00001028					06/01/2009	09/01/2009	N
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	REFSFRP1XXX					06/01/2009	09/01/2009	N
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	RABOGB2LXXX					06/01/2009	09/01/2009	N
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	PERLGB2LXXX					06/01/2009	09/01/2009	N
	08366000001N01	ES0147645016	RECEIVE	500	EUR1000	DEUTGB2EEQ					06/01/2009	09/01/2009	N

Column Guide:

Internal Reference : Optional for trading participant to populate their own internal reference.

Obligation ID : Unique reference provided by EuroCCP on output at the end of each trading day. Associated to the aggregated/netted order

Side : Either "DELIVER/RECEIVE". Please note this is the trading participants terms

Registration Name : BIC Code, COD Code, or NIF/CIF of required allocation

Beneficiary NIF/CIF/COD Code : Relevant code of trading participant if no BIC code allocated and is a resident/non resident of Spain

Surname/Company Name: If NIF/CIF Code populated, then these names are required for our account opening at Citibank.

Beneficiary BIC Code : Relevant BIC Code of trading participant

Settlement Agent BIC : Relevant BIC Code of settlement agent of trading participant

New/Amend/Cancel : Signifies New allocation (N) or Cancellation (C)/Amendment (A) of an allocation

Settlement & Stock Exchange Costs

❑ Clearing and Settlement Costs

- EuroCCP Settlement Fee 1.30 € + CSD Fee (1.12 €)
- EuroCCP Clearing/Risk Fee 0.05 € reducing to 0.025 € per side
- EuroCCP Processing Fee 0.04 € per side

❑ Costs Relate to PT/Cross Exchange (*breakdown explained below*)

- Fixed Stock Exchange Fee 1.10 € to 13.40 € on cash amount traded
- Variable Stock Exchange Fee Between 0% and 0.024% on cash amount traded
- Iberclear Settlement Fee 0.003% on cash amount traded (*min 0.04€ & max 3.50 €*)
- Interdin Cross Fee 0.0008% per Cross (*per ISIN/stock traded*)
- Stock Exchange & Iberclear Settlement Fees are combined, and will never exceed 16.90 €

❑ Fixed & Variable Stock Exchange Fee Breakdown

Cash Amount Traded		Stock Exchange Fee	
<i>from</i>	<i>to</i>	<i>Fixed (€)</i>	<i>% cash amount traded</i>
0.00	300.00	1.10	0.0000%
300.01	3000.00	2.45	0.0240%
3000.01	35000.00	4.65	0.0120%
35000.01	70000.00	6.40	0.0070%
70000.01	140000.00	9.20	0.0030%
140000.01		13.40	0.0000%

Key Contacts



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