Re: Conference call

Date: November 30, 2010; 3:00-3:27 EST

Participants: David Taylor (CFTC), Irina Leonova (CFTC), Joanne Medero (BlackRock), SupurnaVdebrat (BlackRock)

Attachments:
SEFs: Trade execution liquidity – Credit default swap (CDS) Products
SEFs: Trade execution liquidity – Interest Rate Swap (IRS) Products

Agenda:
To discuss data reporting as contemplated in the proposed rule in relation to two swap asset classes--IRS and CDS.

Notes:

Three tiers of different swap trade sizes

1. Normal trade size – electronic execution, smaller size, high volume, likely will be done by SEFs, will not impact pricing for risk and reporting purposes
2. Block (or bunched order)size – a lot of business is in this category, some delay, need sufficient time to hedge the position, takes three hours to allocate trades so delay for SDR reporting is needed, buy-side has opportunity to RFQ that will again impact reporting time
3. Big block size – vary by asset class, IR is bigger than CDS, for real time reporting need more time to transfer risk, need to mask trade from the market during risk transfer, allocation time is the same as for tier two, three hour allocation time window is sufficient.

Question:
-How much time is needed to allocate a trade?
Answer:
-General agreement is that three hours is sufficient time to allocate a block trade.

For non-SEF executed trades between US and non-US counterparties, the US counterparty will have a reporting obligation. Concern: will this requirement be imposed on US affiliates? It will be costly to set-up a pipe-line for this type of reporting, especially for smaller buy-side counterparties.

Swap identifier. In the IRs world where compression of trades is done, not sure how the swap identification will be done, however it seems to be a technical problem rather than a conceptual problem. Need some innovation to address this issue.
