




MEMORANDUM

TO: File
FROM: Natasha Cowen
RE: Telephone conference with representatives of BlackRock
DATE: November 30, 2010

On November 30, 2010, David Taylor and Irina Leonova from the Commodity Futures Trading Commission and Tom Eady of the Securities and Exchange Commission held a telephone conference with representatives from BlackRock. The BlackRock representatives were Joanne Medero and Supurna Vedbrat.

During the telephone conference, the participants discussed various aspects of data reporting. The attached chart was distributed by BlackRock for use during the telephone conference.

SEFs: Trade execution liquidity – Credit default Swap (CDS) Products

	Trade Size (Notional) Single Name CDS Varies by asset class	Trade Size (Notional) Index CDS	Attributes	Risk Management	Execution Reporting ⁽³⁾ Varies by asset class
Tier 1 (1) 	<ul style="list-style-type: none"> • Normal lot size • Actively traded, small risk size and high ticket volume traded • < 5 MM for High Yield • < 25 MM for Investment Grade • <i>Note: Widely transmitted request for Quotes in High Yield markets even in small size widens the bid/offers and dries up liquidity</i> 	<ul style="list-style-type: none"> • Normal lot size • Actively traded, small risk size and high ticket volume traded • < 25 MM for High Yield index • < 100 MM for Investment grade index 	<ul style="list-style-type: none"> • VENUE: Many to 1 or many to many electronic platform • PRICING: Indicative and/or firm 	<ul style="list-style-type: none"> • Market has the ability to absorb risk transfer instantaneously under normal market conditions without causing disruption 	<ul style="list-style-type: none"> • As close to real time as operationally feasible
Tier 2 (1) 	<ul style="list-style-type: none"> • >= 5 MM for High Yield • >= 25 MM for Investment Grade 	<ul style="list-style-type: none"> • >= 25 MM for High Yield index • >= 100 MM for Investment Grade index 	<ul style="list-style-type: none"> • VENUE: Many to 1, RFQ model electronic / voice platforms with digital conversion for downstream processing • DEALER SELECTION: Select 1 to n ⁽²⁾ dealers for a request for quote (RFQ) • PRICING: Indicative and/or firm 	<ul style="list-style-type: none"> • Market has the ability to absorb risk transfer with minimum disruption within 15 minutes under normal market conditions • <i>Note: If sufficient time is not provided for risk transfer, liquidity risk will transfer to investors in the form of wider bid/ask</i> 	<ul style="list-style-type: none"> • Minimum 15 minute delay from time of execution • Time sensitive reporting, reported by SEF. All other reporting by DCO post acceptance for clearing
Tier 3 (1) 	<ul style="list-style-type: none"> • Disruptive market size (large risk transfer) • >= 25 MM for High Yield • >= 50 MM for Investment Grade 	<ul style="list-style-type: none"> • Disruptive market size (large risk transfer) • >= 100 MM for High Yield index • >= 200 MM for Investment Grade index 	<ul style="list-style-type: none"> • VENUE: Many to 1, RFQ model, voice with digital conversion for downstream processing • DEALER SELECTION: Select 1 to n ⁽²⁾ dealers for a request for quote (RFQ) • PRICING: Indicative and/or firm 	<ul style="list-style-type: none"> • Markets requires sufficient time to transfer/ hedge risk without causing disruption under normal market conditions. • <i>Note: If sufficient time is not provided for risk transfer, liquidity risk will transfer to investors in the form of wider bid/ask</i> 	<ul style="list-style-type: none"> • End of Day reporting • Time sensitive reporting, reported by SEF. All other reporting by DCOs post acceptance for clearing

(1) Trade size applicable for current tier and all tiers with smaller minimum trade size

(2) Number of dealers participating on the SEF who are eligible to deal with the counterparty

(3) Not to be confused with post trade, legal entity (at the allocation level) reporting