

PRESS RELEASE

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Major Market Participants Join Tradeweb to Create Innovative Solution for Systemic Fails on MBS Trades

December 1, 2010 (New York); Tradeweb, a leading global provider of fixed income and derivatives markets, today announced the launch of an innovative electronic solution to reduce the number of failed TBA mortgage pool trades. The ground-breaking technology was created for the marketplace by Tradeweb in collaboration with BlackRock, Credit Suisse and Goldman Sachs.

Failed trades have become a significant problem for the market and reached a peak this summer, as the supply of deliverable mortgages became constrained. With little new mortgage origination during the worst housing market in recent history, market participants have been experiencing historically high levels of failed deliveries of mortgage pools.

“Failed trades are a systemic issue that impacts all market participants,” said Colm Murtagh, Managing Director and Head of Rates Trading (NY) at BlackRock. “Not only do they reduce the efficiency of the TBA market, but they introduce an additional layer of risk. We are delighted to be part of the solution to this growing challenge.”

The new technology enables institutional clients to pair-off TBA (“to-be-announced”) mortgage pool transactions with dealers, reducing the amount of pools that need to be cleared and enabling more efficient resolution of round-robin fails between dealers. In the TBA residential mortgage market the specific pools of loans which are deliverable against the TBA contract have yet to be determined, but will always fall within a very specific range of characteristics known to participants.

“Electronic assignments will be an important industry solution for reducing fails in the mortgage market because they provide a cost and time-efficient method of unraveling TBA round robins, which are a key driver of systemic MBS fails,” said Rob Huntington, Co-Head of Global Structured Products at Credit Suisse. “This is a great example of active market participants working together to proactively respond to an industry issue.”

Prior to the launch of Tradeweb’s technology, a customer with offsetting buys and sells could either ‘assign’ trades from one dealer to another (a time-intensive process for buy-side and sell-side operations



staff, given existing systems), or take delivery of mortgage pools from one dealer against a 'buy' position and deliver the same mortgage pools to another dealer against a 'sell' position. Many participants failed to deliver only because they failed to receive expected pools; a chain of matched fails frequently becomes a closed loop, known as a 'round-robin'. Resolving round-robins is a manual, time-intensive process.

“We’re fully supportive of any technology that improves the business environment for our clients,” said Paul Scialla, Managing Director and Co-head of U.S. Cash Interest Rate Products at Goldman Sachs. “Our institutional customers rightly demand a high level of service, and this technology is a great example of how we create value for them through our continued search for ever more efficient trading solutions.”

“Innovation is the lifeblood of Tradeweb. Since the earliest days of the company, we have single-mindedly focused on delivering technologies that improve markets,” said Billy Hult, President of Tradeweb. “This can be best achieved by working closely with market participants to deliver relevant solutions to significant industry challenges.”

Tradeweb is the industry’s largest execution venue for TBA mortgage trading. TBAs represent the majority of all institutional residential mortgage trading. Launched in February 2001, there has been over \$110 trillion in transactions executed by asset managers and other institutional clients on Tradeweb since inception. In 2010, record volume has been seen, with over \$1.9 trillion traded in October 2010. More than \$5 trillion was traded in Q3 2010, during which average daily trading volumes topped \$100 billion.

About Tradeweb

Tradeweb is a leading provider of online markets and a pioneer in the development of electronic trading and trade processing. The company provides services in the fixed income and derivatives markets to clients in more than 50 countries. Since 1998, Tradeweb has operated a global fixed income and derivatives trading network, which harnesses the distribution of the major investment banks with over 2,000 institutional clients. In 2008, Tradeweb introduced inter-dealing broking capability with the acquisition of voice broker Hilliard Farber and subsequently launched Dealerweb, an electronic IDB platform. Tradeweb Retail provides a trading and sales application to fixed income brokers and traders.

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