

NEWS RELEASE

Clayton McGratty, Tradeweb +1 (646)-430-6054
Clayton.McGratty@Tradeweb.com

John Roderick, J. Roderick Inc. +1 (631) 656-9736
John@JRoderick.com

\$1 TRILLION IN MORTGAGE RISK MITIGATED BY TRADEWEB TECHNOLOGY TMPG Fails Charges Support Record Monthly Volume in February and March 2012

NEW YORK April 12, 2012: Tradeweb Markets LLC announced that more than \$1 trillion of risk has been offset in the TBA-MBS market through the use of pioneering trading technology. The Tradeweb “round-robin” functionality, introduced 16 months ago to the TBA-MBS marketplace, has significantly lowered the number of failed TBA mortgage pool trades by enabling institutional investors to electronically pair-off TBA (to-be announced) mortgage pool transactions with dealers, replacing a manual process and providing an efficient solution for round-robin fails.

Tradeweb is the industry’s largest marketplace for institutional TBA mortgage trading. Collaborating with BlackRock, Credit Suisse and Goldman Sachs, the new functionality has become particularly useful following the implementation of new fails charges by the Treasury Market Practices Group (TMPG) on February 1, 2012. After the expiration of an initial grace period, investors have sought to avoid increased fines of up to two percent of the notional volume of a failed TBA-MBS trade and monthly Round-Robin volume increased to a record \$122 billion in February 2012 and \$159 billion in March.

“Tradeweb has a long history of partnering with the industry to deliver innovative trading solutions that improve efficiency and workflow in global markets,” said Billy Hult, President of Tradeweb. “The accelerated success of the “round-robin” technology clearly demonstrates our leadership in electronic trading and commitment to improving the world’s largest institutional mortgage marketplace.”

In the TBA-MBS market, customers with offsetting buys and sells would often 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. This process can work if there is sufficient liquidity, but trade fails became a real issue in 2009 as they began to result from market participants’ inability to sell mortgage pools they expected to receive. Failed deliveries would often create a chain of matched fails in a closed loop, known as a 'round-robin'. Prior to the Tradeweb round-robin functionality, clients could ‘assign’ trades from one dealer to another in a very manual and time-intensive process.

“The ability to electronically pair-off TBA trades with dealers has brought significant efficiencies to reducing risk and mitigating the likelihood of failed trades in the mortgage marketplace,” said Colm Murtagh, Managing Director and Head of Rates Trading (NY) at BlackRock. “We are proud to have collaborated on an innovative solution that is helping address a systemic concern for market participants.”

TBA MBS represents the majority of all institutional residential mortgage trading. Launched in February 2001, there has been over \$140 trillion in transactions executed by asset managers and other institutional clients on Tradeweb since inception. In 2012, monthly trading volumes have exceeded \$2 trillion on the electronic multi-dealer-to-customer platform, nearing record levels of \$2.1 trillion seen in August 2011.

For more information about Tradeweb Round Robin, visit: <http://www.tradeweb.com/Media-Center/Media-Kit/>

Tradeweb Markets LLC



Tradeweb Markets builds and operates many of the world's most efficient financial marketplaces, providing 2,000 institutional investors and dealers with greater transparency and better ways to execute their business. In addition to its dealer-to-institutional client marketplace, the company operates Dealerweb, its inter-dealer division, which includes the Hilliard Farber & Co, Inc, RaffCap, and JJ Kenny Drake brands. Tradeweb Markets also provides trading services to the financial advisor community through its Tradeweb Retail platform. For more information, visit www.tradeweb.com

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