



September 30, 2013

To: Potential SwapEx Participants
From: SwapEx, LLC

Re: Notice Regarding SEF Trading

Dear Sir or Madam:

On Friday evening the Division of Market Oversight of the U.S. Commodity Futures Trading Commission (the "CFTC") issued no-action relief (the "Relief") allowing temporarily registered swap execution facilities ("SEFs") to grant temporary access to their participants, until November 1, 2013 (the "Relief Period"), without obtaining signed participation documentation from the participant or the participants' consent to the jurisdiction of the SEF. Furthermore, SEFs will not be required to enforce their rulebooks during the Relief Period. This Relief is intended to provide market participants and SEFs additional time to complete the onboarding process.

This letter is being sent in order to address questions that we have been receiving from clients with respect to the Relief and how it will impact subscribers to State Street's electronic trading platforms.

1. Will clients seeking to execute foreign exchange non-deliverable forwards (NDFs) or interest rate swaps (IRS) via State Street's electronic trading platforms still have to execute such trades on a SEF beginning October 2?

Yes. The Relief does not delay the requirement that a multiple-to-multiple platform offering electronic execution of swaps (as defined under the Commodity Exchange Act) be temporarily registered and operate as a SEF beginning October 2. SwapEx, LLC ("SwapEx"), a State Street affiliate, will begin operating as a temporarily registered SEF on October 2, and market participants can access SwapEx by (1) trading directly on SwapEx, or (2) for execution of NDFs only, if you are an existing FX Connect subscriber, by directing that an order for execution of an NDF transaction be routed from the FX Connect services to SwapEx.

2. If I participate on SwapEx, am I subject to the SwapEx rules or the jurisdiction of SwapEx?

Except as expressly set forth in the response to Question 3 below, during the Relief Period, you will not be subject to the SwapEx rules or jurisdiction of SwapEx and SwapEx will not seek to enforce its rules against you. However, you will be responsible for payment of all fees charged for use of SwapEx. Please contact your sales representative for information regarding SwapEx fees.

3. If I have not already executed a SwapEx Participant Agreement, how can I obtain temporary access to SwapEx during the Relief Period?

You must complete an onboarding information packet ("Information Packet"), which will be provided to you upon request. By returning the Information Packet, you will be deemed to represent and agree that (i) you are, and any person on whose behalf you execute a transaction on SwapEx is, an eligible contract participant as defined in Section 1a(18) of the CEA, (ii) if you are an existing FX Connect subscriber, your use of the SwapEx platform during the Relief Period will be subject to the applicable terms of your existing subscriber agreement for FX Connect, including those relating to limitations on liability and disclaimers of warranties, (iii) if you are not an existing FX Connect subscriber, your use of the SwapEx platform during the Relief Period will constitute your agreement to use the SwapEx platform subject to the

limitations on liability and disclaimers of warranties set forth in the SwapEx rules, (iv) if you use SwapEx to execute a trade for clearing, that the futures commission merchant identified in the Information Packet should be identified to the derivatives clearing organization as the clearing member for such transaction, and (v) that you agree to create and maintain applicable audit trail information for orders submitted to SwapEx. In addition, you acknowledge that SwapEx reserves the ability to protect and preserve the integrity of its market during the Relief Period, which may include summary denial of access to the market for conduct detrimental to the market.

4. If I want to serve as an Independent Software Vendor (ISV) to SwapEx during the Relief Period, what do I need to do?

You must execute and return to SwapEx a SwapEx API (ISV) License Agreement. Notwithstanding anything to the contrary in those agreements, SwapEx agrees that, with the exception of the agreement to the limitations on liability and disclaimer of warranties set forth in the SwapEx rules, counterparties to a SwapEx API (ISV) License Agreement will not be deemed to have agreed to comply with the SwapEx rules during the pendency of the Relief Period.

5. What if I have already executed a SwapEx Participant Agreement?

We appreciate that many Participants have already executed Participant Agreements to access SwapEx. Notwithstanding anything to the contrary in those agreements, SwapEx agrees that, with the exception of the agreement to the limitations on liability and disclaimer of warranties set forth in the SwapEx rules, any representations and agreements set forth therein shall not take effect until the expiration of the Relief Period on November 1. Accordingly, such Participants will not, during the duration of the Relief Period, be subject to enforcement of the SwapEx rulebook nor the jurisdiction of the SEF, except that their use of SwapEx will be subject to the limitations on liability and disclaimer of warranties set forth in the SwapEx rulebook.

6. If I return the Information Packet described in response 3 above, will I still need to complete a SwapEx Participant Agreement by November 1, 2013?

Yes. We will continue to work with market participants as they review the SwapEx rulebook and other SwapEx participant documentation. We remain committed to completing the full onboarding process before the expiration of the Relief Period. Access to SwapEx will be terminated as of November 1, 2013 for any participant who has not completed and signed a SwapEx Participant Agreement prior to that date. We do expect to make some changes to our rulebook during the Relief Period in response to customer feedback, but we note that the SwapEx rulebook will continue to include the provisions we deem necessary to carry out the requirements for SEFs that the CFTC has mandated and our responsibilities as a self-regulatory organization.

7. If SwapEx will not be enforcing its rules during the Relief Period, will I be subject to any rules or restrictions with respect to my use of SwapEx during that period?

While SwapEx will not enforce its rulebook during the Relief Period, your use of SwapEx will still be subject to the Commodity Exchange Act and CFTC regulations. The CFTC will have authority to bring an enforcement action against a SwapEx participant where such participant's conduct on SwapEx violates the Commodity Exchange Act and/or CFTC regulations.

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We hope that the information we are providing is helpful and will facilitate a smooth transition to use of our SwapEx platform. The responses above reflect State Street's interpretation of the Relief and we encourage you to consult with your own advisors to determine your own understanding of the implications of the Relief. Should you have any questions, please do not hesitate to contact your sales representative with whom you have been working.

Sincerely,

SwapEx, LLC