

**SUNGARD
LOANET/QUADRISERV
INTEGRATION**

Frequently Asked Questions

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Frequently Asked Questions

Q: Is Loanet involved in the Quadriserv/AQS Initiative?

A: Loanet and Quadriserv have worked together for many years on several Quadriserv projects leading towards the current initiative. We are now working with Quadriserv to ensure that Loanet customers can incorporate the Quadriserv/AQS market model into their overall operations as seamlessly as possible.

Q: Will the Quadriserv/AQS model work with Loanet?

A: From a settlement and operations perspective, Loanet is already highly integrated with the Depository Trust & Clearing Corporation (DTCC) and The Options Clearing Corporation (OCC), which are core components of the Quadriserv/AQS model. Loanet is also fully integrated with customers' existing downstream books-and-records processing, as well as trading/inventory management applications. Loanet already provides interactive real-time facilities – such as Autowrap and the Automated Recall Management System (ARMS) – to help customers manage return and recall processing. These processes are extensible to the AQS model.

Therefore, Loanet customers are well positioned to manage the operational elements of the Quadriserv/AQS opportunity with minimal modifications to systems and/or procedures.

From a front-office/trading perspective, Loanet – through Loanet Centralized Order Routing (LCOR) – already provides a highly automated environment linking borrowers and lenders together in a common process. Loanet's order routing mechanisms will be modified to include AQS as a destination, providing Loanet customers' automated borrowing and lending systems access to the AQS market with minimal modifications.

Q: Does Loanet work for Non-Clearing Members (NCM's) as well as Clearing Members (CM's)?

A: Non-Clearing members may include non-Broker Dealer lenders, such as Agent Lending banks, investment firms that are customers of Broker Dealers, or Broker Dealers that are not members of The OCC. Each type of NCM has different front office, settlement, accounting, books and records, and operations needs.

For NCM's that already utilize Loanet's accounting services, and have self-clearing operations, the AQS process will be integrated with their current Loanet operations.

For NCM's that utilize their own internal systems, but that interface with Loanet for services such as contract and rebate/billing reconciliation, automated marks, callbacks, LCOR, etc., Loanet will be providing associated services for the AQS business with their CM's.

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NCM's that do not have their own securities lending systems can subscribe to the Loanet Accounting system as non-self-clearing Accounting customers, in which case they will derive the automation benefits described below. NCM's that do not need separate record-keeping/accounting systems will need to receive those services through their Clearing Members directly.

Q: How does the Quadriserv/AQS model affect Loanet's development?

A: For several years, Loanet has been monitoring with great interest converging twin trends in securities lending towards a) greater rate transparency in the marketplace, and b) a Central Counter Party (CCP) model.

One result of our interest in these trends was SunGard's acquisition of ASTEC and CRS in late 2007 which formed the SunGard ASTEC Analytics (ASTEC) business. ASTEC provides contributors/subscribers with analytical market-based rate data, helping firms gain insight into the global rate environment, leading towards greater transparency in the direct participant-to-participant marketplace.

Another result has been the work we have done with The OCC (through the Stock Loan Hedge Program), Quadriserv and others pursuing the CCP model. Because of this experience over the years, Loanet's development and design is well situated to absorb the unique opportunities these trends offer to Loanet customers.

Q: What changes is Loanet making to work with Quadriserv/AQS?

A: There are eight primary elements to Loanet's development related to AQS:

- Automation of OCC's AQS mark-to-market processing. This is to ensure that Loanet customers do not need to handle AQS marks through a manual/separate process.
- Automation of the CM/NCM Mark to Market process. CM's contract positions will be marked through the OCC Mark Process (above). CM's clearing trades for their NCM's will need to keep their NCM positions in synch with the OCC contract values. Loanet's automation ensures that detail mark to market processing between CM's and NCM's is automated based on the OCC collateral prices.
- Automation of AQS rate change processing. This is to ensure that Loanet customers do not need to handle AQS rate changes manually or through a separate process.
- Automation of AQS Negotiated "Re-rate" processing. This is to ensure that Loanet customers do not need to handle Re-rates manually or through a separate process.
- Order Routing. Loanet will provide facilities to incorporate AQS order routing into customers' overall lending/borrowing activity to ensure existing automated systems can integrate with AQS with minimal modifications.
- Automation of borrow/loan return processing. This is to ensure that Loanet customers do not need to handle AQS returns – borrow returns and loan returns – through a manual/separate process.

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- Automated Recall Management. This is to ensure that Loanet customers do not need to handle stock loan recalls with AQS through a manual/separate process.
- Reconciliation. This is to ensure that Loanet customers can maintain accurate records against AQS trade-level detail positions, OCC bulk security positions, and that AQS Clearing Members remain in synch with Non-Clearing members.

Q: How do I get started with my Loanet/AQS integration?

A: Contact Loanet Product Management – contact information below.

Contact Information

Rick Stinchfield:

Telephone: (603) 898-5980

Email: richard.stinchfield@sungard.com

Dan Belluche:

Telephone: (603) 898-6185 Extension 404

Email: daniel.belluche@sungard.com

John Grimaldi:

Telephone: (603) 898-1002

Email: john.grimaldi@sungard.com

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