

Eco Risk Markets LLC

Business Impact of Dodd Frank (“FinReg”) Derivative Legislation

Summary and discussion of the Dodd-Frank Wall Street Reform and Consumer Protection Act’s impact on derivatives, liquidity and capital

Executive Summary

Key CFTC Rulemaking Topics

I	End-User Exception to Mandatory Clearing
II	Transition Swaps or Legacy Transactions
III	Capital and Margin*
IV	Definition of Key Entities and Market Participants
V	Position Limits
VI	Real Time Reporting of Transaction Data
VII	Recordkeeping
VIII	Business Conduct Standards

** As of early January, rules and procedures from the Commission are to be determined*

While some of these issues do not directly impact end-users, there will undoubtedly be knock-on impacts for all market participants; particularly as it relates to liquidity, capital and compliance reporting.

Since publishing our last discussion document in October 2010 and subsequent to passage last July of the *Wall Street Reform and Consumer Protection Act* (“Dodd – Frank” or “Fin Reg”), the Commodity Futures Trading Commission (CFTC) has begun a relatively rapid process of publishing rules, policies and procedures to establish an operating and regulatory framework for derivatives market activity across the five (5) major asset categories for which it has oversight (**interest rates, foreign exchange, credit, equity and commodities**). There are thirty (30) teams of CFTC officials working on new rules to amend the Commodity Exchange Act (CEA) for reform of the derivatives market, and it is the expressed intention of the Commission’s Chairman to make these rules effective by July 2011.

As the process of rules promulgation is ongoing and somewhat fluid, we thought it would be helpful to focus on a few issues where either there is guidance put forward by the CFTC, or there is some emerging clarity regarding intent in areas that have broad-based commercial impact (e.g., implications for transacting liquidity, margin or collateral requirements and compliance). To date, the Commission has issued some guidance for public comment; among those, we have highlighted eight (8) topics which we believe reflect some of the higher profile issues impacting non-financial participants (“end-users”) from a commercial, operational and compliance perspective (see table) around all hedging activity. This analysis is organized by topic for easy reference. Finally, we have highlighted some of the relevant open issues, practical market and operating considerations as well as actions clients can take to prepare for this new market regulatory environment scheduled to commence in approximately six months.

Summary of Key Observations

The CFTC begins most if not all of its rules promulgations with a statement of its regulatory objectives, around risk reduction, increased transparency and market integrity by:

- *“Providing for the registration and comprehensive regulation of swap dealers and major swap participants;*
- *Imposing clearing and trade execution requirements on standardized derivative products;*
- *Creating rigorous recordkeeping and real-time reporting regimes; and*
- *Enhancing the rulemaking and enforcement authorities of the Commission with respect to all registered entities and intermediaries subject to the Commission’s oversight.”*

The rules are not complete and comment by interested parties is ongoing. In addition, there is an emerging political resistance in Congress; not the least of which relates to the establishment of a large and costly oversight bureaucracy. Under the assumption that a new regulatory framework will emerge incorporating most, if not all, of the issues described in this document, it is clear that the post-Fin Reg environment will trigger significant changes in market behavior impacting all transacting parties.

In consideration of the many issues facing market participants, we highlight three areas where impacts will be felt among corporate end-users that historically have been active in the OTC derivative markets.



1. **Market depth and liquidity** – Given the impact on industry incumbents, particularly Major Swap Participants (MSPs), will there be enough **transacting capacity to support the unique and tailored hedging requirements** around long-lived assets, cost and balance sheet exposures?
2. **Compliance** – will non-bank entities be prepared to meet the **statutory recordkeeping and timely data reporting requirements** to registered third parties and the CFTC?
3. **Margining & Capital** – Does a one size fits all regime for margining and capital allocation represent an improvement over a system of bi-lateral credit due diligence and counterparty negotiation, which over time has worked well across industries and asset classes? Also, if more capital is diverted to initial and variation margin, will the new system further constrain long term productive investment (equipment, resource development and people)?



The Business Impact of Dodd Frank (“FinReg”) Derivative Legislation

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Major Entities and Market Participants

In general, there are three broad groups of swap participants

1. Swap Dealers (SD);
2. Major Swap Participants (MSP); and
3. Eligible Contract Participant that are not designated an SD or MSP (this group includes entities that could avail themselves of the end-user exception and for simplicity we shall refer to them as end-users)

Entities that are designated by the CFTC as SD's or MSP's would need to register as such with the CFTC as well as with the National Futures Association. In short, SD's are financial institutions that hold themselves out as dealers or market makers in swaps, and regularly enter into such transactions for the benefit of clients, customers and other market participants. The Commission estimates that there will be approximately 200 entities registering as SD's.

Entities that are characterized as *Major Swap Participants (MSP)* will be among the most impacted by FinReg, as these entities will substantially follow the same statutory requirements that apply to SD's. As such, MSP's will need to meet significant capital and margining, reporting, recordkeeping and fiduciary (duties & conduct) requirements that might be characterized as a "commercial bank standard" for compliance.

As proposed by the CFTC, entities designated as MSP's shall be those that:

- i. Maintain a **substantial position** in swaps for any of the four (4) major swap categories as determined by the CFTC (see table);
- ii. Maintain swap positions that create **substantial counterparty exposure** that could have serious adverse effects on the financial stability of the U.S. banking system; and
- iii. Are **highly leveraged**.

A company characterized as having any one or more of the three conditions described above would be included in the MSP category.

While we recognize that a relatively small number of market participants will fall into the MSP category, it is still an important point of understanding for all market participants as key End-User counterparties are likely to be classified as MSP's potentially impacting available capital and market liquidity.

Major Swap Categories	
Rate swap	Any swap which is primarily based on one or more reference rates, such as swaps of payments determined by fixed and floating interest rates, currency exchange rates, inflation rates or other monetary rates
Credit swap	Any swap that is primarily based on instruments of indebtedness
Equity swap	Any swap that is primarily based on equity securities, such as any swap primarily based on one or more indices of equity securities, or any total return swap on one or more equity indices;
Commodity swap	Any swap not included in any of the first three categories including any swap for which the primary underlying item is a physical commodity or the price or any other aspect of a physical commodity.

Daily average uncollateralized exposure threshold (\$ billions)		
Swap Category	MSP	Non MSP/SD
Rate	6	3
Credit	3	1
Equity	3	1
Comm.	3	1

i - Substantial position

As a principle, in defining “substantial position,” the CEA directs the CFTC to a threshold that it determines to be “prudent for the effective monitoring, management, and oversight of entities that are systemically important or can significantly impact the financial system of the United States.”

In addition, the CFTC will consider the entity’s relative position in uncleared to cleared swaps and may take into consideration the value and quality of collateral held against counterparty exposures. While this may be somewhat subjective, the CFTC would employ two (2) measurements or tests:

1. the entity’s current uncollateralized exposure; and
2. an estimate of potential future exposure.

The table provided lists the proposed daily average uncollateralized exposure thresholds by swap category.

The CFTC is also proposing that positions providing a bona fide hedge mitigating the entity’s business risks, regardless of their status under accounting guidelines shall not be included in the MSP test criteria.

ii - “Substantial counterparty exposure”

For purposes of the “major swap participant” definition, the CFTC proposes that the second major participant definition test be satisfied by a current uncollateralized exposure of \$5 billion, or a combined current uncollateralized exposure and potential future exposure of \$8 billion, across the entirety of an entity’s swap positions (i.e., across the four major swap categories).

iii - “Financial entity” and “highly leveraged”

The CFTC is proposing two possible definitions of the point at which an entity would be “highly leveraged” – either an entity would be “highly leveraged” if the ratio of its total liabilities to equity is in excess of 8 to 1, or an entity would be “highly leveraged” if the ratio of its total liabilities to equity is in excess of 15 to 1. In either case, the determination would be measured at the close of business on the last business day of the applicable fiscal quarter.

As is the case with capital and margin, a single or “one size fits all” regime is not likely to work well for industrial and other non-financial entities; particularly companies that have equity in long-lived assets versus cash or liquid assets.

Enhanced Standards for Compliance (Duties & Obligations)

MSP's will need to demonstrate risk management compliance around key risk areas (market, credit, liquidity, foreign exchange, operational, settlement and legal).

Risk policies and procedures which are relevant to the size and complexity of the MSP's activity must be approved by senior management and submitted to the CFTC. These policies need to address:

- Limits – Monitoring and annual / adequate training of risk personnel in limits and testing methods
- Diligent Supervision - Periodic reporting to senior management (including limit violations and other quantitative tools used to measure portfolio risk)
- Compliance with prospective regulations for capital and margin
- Use of Derivative Clearing Organizations (DCO's) for clearing
- Quarterly review by internal audit

Also, from a systems perspective, MSP's must demonstrate adequate business continuity capabilities. They must maintain the

Key Questions

Is the end-user exclusion from clearing really an effective form of relief?

Are SD / Banks or MSP likely to be the only source of liquidity for long-lived hedging?

Will tailored / non-standardized deals allow for bi-lateral transacting?

What are the true costs associated with asymmetrical margining? (i.e., end-user election to not-clear)

ability to regain normal operations within one business day as well as the timely disclosure of transactional information upon request by the CFTC.

Among the key principles or areas of emphasis are the:

- 1) independence of risk monitoring and trading,
- 2) qualifications and resourcing of risk management personnel,
- 3) periodic review (at least quarterly) by internal audit, and
- 4) a demonstrated reporting line of risk and audit personnel into senior management.

Finally, in the spirit of Sarbanes – Oxley, there are rules regarding conflicts of interest which seek to establish walls between sales and trading and the firm's research activities. In short, MSP's will need to create policies and procedures to disclose any material incentives or conflicts of interest.





Other Entities and Transacting Perspective

In addition to the market participants described above, the following are some of the new entities relevant to the derivative markets as well as how they project to engage under the new market framework.

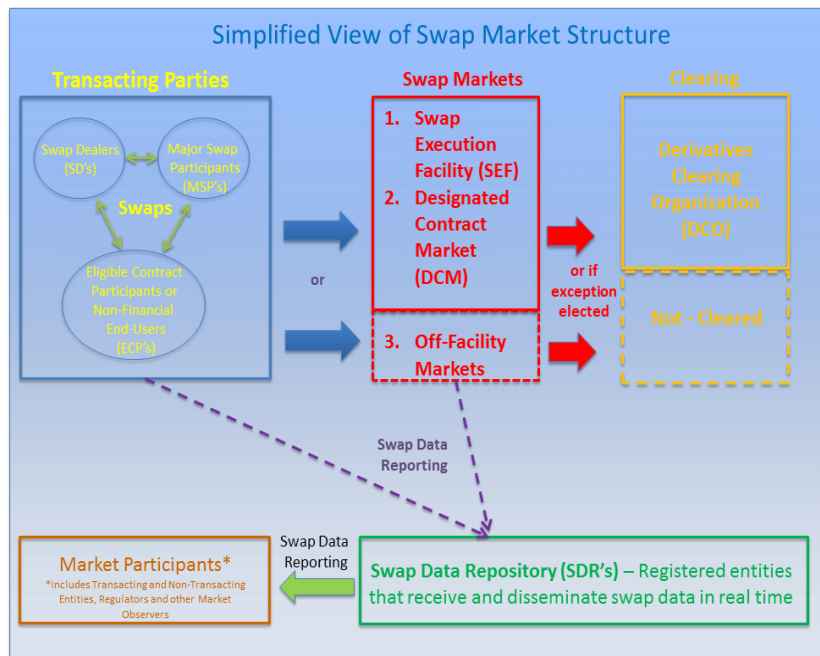
SEF or Swap Execution Facility,

DCM or Designated Contract Market

DCO or Derivatives Clearing Organization

SDR - The term “swap data repository” is defined in the CEA to mean “any person that collects and maintains information or records with respect to transactions or positions in, or the terms and conditions of, swaps entered into by third parties for the purpose of providing a centralized recordkeeping facility for swaps.” The flow chart below illustrates how the post rules enactment market should operate.

Overview of Transactional Swap Flows



End-User Exception

Qualified Eligible Contract Participants (End-users) can elect an exception to mandatory clearing under the following conditions:

1. **One party to the swap is not a financial entity**
2. **The entity is using the swap to hedge or mitigate commercial risk (as defined by the Commission); and**
3. **It notifies the CFTC as to how it generally meets its financial obligations associated with entering into non-cleared swaps.**

To avoid abuse of the end-user exception, the party electing the exception must be identified through transaction reporting to a registered SDR (see “Reporting of Transaction Data” below), and the swap must be used to hedge or mitigate a commercial risk.

Key Questions

Will companies have the latitude to execute their unique risk management strategies under the CFTC’s definition of commercial risk?

What will be the implications for “dirty hedges” or proxy hedges used for enterprise or specific risks?

How will single entity and consolidated risks be handled?

What will be the documentation standards to support hedge tests? *(Commission recognizes that the hedge test should be determined by the facts and circumstances at the time the swap is entered into and should take into account the entity’s overall hedging and risk mitigation strategies. Companies need to appropriately document and tie to policies and precedent risk management practices)*

Regarding reporting, if the transaction is between an End-User and a SD or MSP, the election to not-clear must be solely at the discretion of the End-User. Also, **if the End-User is an issuer of securities (SEC Filer), the exception would be subject to review and approval by the appropriate committee of the issuer’s Board. In addition, the End-User would need to specify its SEC Central Index Key number for reporting, and maintain appropriate Board resolutions (or similar) authorizing exceptions to clearing.**



With respect to the hedge test, there are three (3) considerations:

- i. **the swaps are recognized as hedges under FASB hedge accounting standards, or would meet the bona fide hedge test for position limits (see next page);**
- ii. **meets any of the six defined criteria for business risks (see next page); and**
- iii. the swaps are not held for speculative, investing or trading purposes.



According to the CFTC, “economically appropriate” or suitable hedges are defined across six categories of commercial risk in the ordinary course of business (both currently or reasonably anticipated). Acceptable risks to be hedged are those that impact:

- a. asset values that the end-user or entity owns, produces, manufactures or merchandises
- b. the value of liabilities
- c. the value of services provided or purchased
- d. the value of assets, services, inputs, products or commodities that an entity owns, produces, manufactures, processes, merchandises, leases or sells
- e. the value of “a, b, c & d” arising from FX rate movements
- f. rates (Interest, Currency or FX) arising from an entity’s current or anticipated assets or liabilities.

Finally, regarding notification to the CFTC around meeting its financial obligations, end-users must provide specified information to a registered SDR either directly or through a Reporting Counterparty (SD or MSP). This includes financial information such as:

- Methods used to mitigate credit risk in connection with un-cleared swaps
- Whether a written credit support agreement is being used
- Are there pledged or segregated assets used to secured credit risks (e.g., liens on non-cash assets)
- Third party guarantees
- Statements regarding reliance on available financial resources (cash, cash flow from operations, asset sales and/or borrowings) to meet swap obligations

In addition, the end-user must provide information that it is qualified as a non-financial entity, and through the hedge test, qualifies for the clearing exception.

Transition Swaps

All parties need to be aware that there is an expectation by the Commission that swaps executed subsequent to the date of enactment of Dodd-Frank Act (July 21, 2010) and the effective date for implementation of swap regulations (July 2011 or thereabout) must be maintained by all parties and reported to an SDR or the Commission. These derivatives are referred to as “Transition Swaps.” According to the CFTC, the submission date for data will be either ninety (90) days subsequent to the enactment date or such date as the Commission decides.

Position Limits

Targeting speculative positions, the CFTC is in the process of establishing position limits for entities, not including bona fide hedge positions. Commodities covered would include the majority of energy, agricultural, precious and base metals.

Key Questions

What is the breadth of bona fide hedge exemption?

What is the impact of affiliate or project finance hedges on position limits?

For aggregation and net limit purposes, what are the abilities to net or offset positions for economically equivalent swaps and futures?

To quantify and create visibility into concentrated positions, the Commission plans to;

1. implement a process to quantify swaps that are “economically equivalent” to futures contracts; and
2. create a reporting regime for aggregated positions through clearing entities and/or SDR’s.

Economically equivalent or “paired swaps” would be based upon two criteria. First, settlement linkage which is defined as:

- i. Directly linked to a listed contract;
- ii. Indirectly linked to a listed contract (e.g. certain basis swaps);
- iii. Partially settled against a listed contract (i.e., multiple components of which at least one is listed); and
- iv. Priced at a differential to a listed contract

The second condition involves whether there is a strong relationship between a swap index and a listed contract’s supply and demand fundamentals. In other words, the commodity’s delivery point or basis, through either location or transportation connectivity reflects the same supply and demand fundamentals. As examples, the CFTC uses natural gas indices at Columbia Gulf (location) and Transco Zone 6 (pipeline connectivity) to highlight similarities to the NYMEX Henry Hub contract.

Positions would be reported as futures equivalent (long and short) across swaps and futures, with limits set for spot and non-spot contracts. Spot limits are proposed to go into effect at the effective date (July 2011) and would largely be a function of deliverable supply, while limits on forward months (tied to open interest) would be a “TBD” phase 2 implementation. For perspective, a threshold position of fifty (50) future equivalent units would trigger reporting to the CFTC.





Margin and Capital - *Prospective Considerations*

To date there has not been a promulgation of rules regarding margin (initial & variation), segregation of collateral, acceptable collateral and capital requirements for market participants (particularly SD's and MSP's). That said some of the key issues or concerns revolve around the potential for homogeneous collateral and capital standards to be applied to financial as well as non-financial market participants.

For natural resource and industrial concerns that invest substantially in long-cycle assets, a collateral and margining system relying principally on cash and US Treasuries will undoubtedly be problematic. Energy companies in the business of developing oil and gas reserves as well as processors and merchants engaged in storage will be particularly impacted. For MSP's, a requirement to redeploy capital into collateral or margin assets is likely to remove substantial transacting capacity from the markets. There should be some recognition of a participant's core business activity and asset character and its ability to use of non-cash collateral, if necessary.

Capital standards that reflect a banking model (e.g., Basel II or III) or standardized credit risk charges for unsecured exposures are probably not optimal for industry incumbents and consumers that have traditionally relied on a principal-based approach to counterparty default as well as netting agreements. Many industries have applied an active and robust approach, allowing for flexibility in structuring counterparty credit relationships, which over time have largely worked.

It is hoped that the new capital and margin regimes can accommodate market participants that have "equity" in illiquid, non-financial assets or where mark to market credit exposure (and enterprise value) reflects right way risk.

Finally, participants need to be mindful of the potential for the retroactive imposition of margin around Transition Swaps.

Reporting of Transaction Data (Timing, Who & What)

The stated objective is to create an open system (similar to futures), for enhanced price discovery to all parties and market participants. The CFTC states that all trading principals, sponsors of markets and data reporting entities shall be responsible for the dissemination of price data in real time as soon as “technologically practicable.” There are certain exceptions and consideration given to technology limitations among end-users, but the statement above is the standard. In addition, SDR’s must allow all market participants to download, view and analyze real time swap transactions and price data.

There are four general areas around transaction reporting:

1 - Timing:

The CFTC is focused on two aspects of the transaction:

- i. Primary execution of the swap or “Affirmation”
- ii. Continuation to termination (including data from the fully executed confirm and ongoing changes – see Reporting Responsibility below for how this is to occur)

The CFTC will require that transaction reporting to SDR’s (or third party data reporting entities) must generally occur immediately after the time which a swap has been executed or “affirmed” via electronic, oral or written communication (i.e., when it becomes binding on both parties ahead of a confirmation). In addition to new transactions, parties shall be required to report changes to transactions including unwinds, novations and amendments as well as revisions associated with errors from original deal reporting.

2 – Relevant Information

The referenced data fields published by the Commission generally reflect terms common to most standardized products. The CFTC has identified twenty-four data fields including those highlighted in the table. That said, while commonality is outlined, the CFTC wants to include unique features which impact price and value, as it seeks to discourage inclusion of meaningless, though unique options, used to avoid characterization as a standardized product, and therefore avoidance of clearing.

Key CFTC Reference Data
Date and time
Index
Asset class
Execution venue
Price
Tenor
Notional quantity
Contract type (4):
- Swaps
- Swaptions
- Forwards
- Standalone options
Option type (e.g. cap or collar)
Option family (e.g. European, Asian)

From a risk surveillance perspective, this would help the CFTC aggregate transaction and position data, across asset classes, within parent and affiliate entities. Each counterpart would be required to report to the corporate affiliations reference data base. Also, such parties would need to report all changes to affiliations. The CFTC shall require the use of Unique Counterparty Identifiers (UCI) in all swap data reporting, so if a party is not a registered entity, the SDR would need to create a UCI.

Unique Product Identifier (UPI) would be employed based upon type of product underlying the swap (e.g., LIBOR, Crude oil, Euro) and would be used to enhance enforcement of position limits.

Overall, in recognition of reporting issues, the CFTC intends to provide rules that:

- Protect the identities of parties (explicit or by reasonable inference)
- Create appropriate time delays for reporting of large notional swaps (criteria for inclusion to be based upon objective outlier testing)
- Characterize format and data elements to be reported to the SDR's

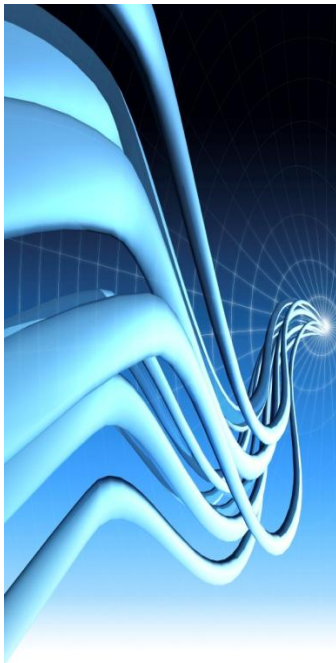
Recordkeeping

The Commission references several drivers for more robust recordkeeping including:

- an international emphasis on recordkeeping articulated at the 2008 G20 meeting to support market transparency and data availability objectives;
- the ability to obtain prosecutorial outcomes through detailed transaction reconstruction; and
- the objective standard that data retention is consistent with good business practice.

In terms of transaction reporting, swap data recordkeeping includes the maintenance of all transaction records, and would be the responsibility of all parties. In other areas of compliance, the spirit of this rule is to lessen the burden for non-financial commercial end-users. Two issues are worth noting:

- 1) depth of data and the corresponding requirement to retain and report, and
- 2) the need to maintain quality records of "transition" transactions noted above.



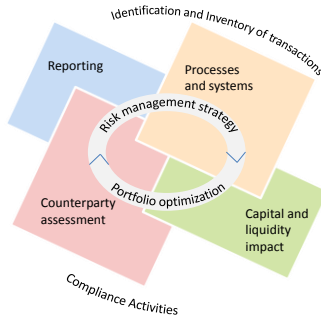


Data Storage & Retrieval

As a general rule, all transaction records must be kept for a period of five (5) years following final termination of a transaction. For SD and MSP parties, Markets (SEF' & DCM's) and Clearing (DCO's) entities, data must be provided through real time electronic access over the life of the swap and for two years after final termination. As noted above, the standard for SD's and MSP's is the ability to maintain a complete audit trail for comprehensive trade reconstruction. For some perspective, the information required to be retained includes:

- Emails, IM, recording of telephone calls, chat room, mobile phone records, etc.
- Record retention by product and counterparty
- Basic records, which must be retained for the life of the transaction plus five years include:
 - o Minutes of meetings of governing bodies
 - o Org charts
 - o Audits
 - o Records of complaints
 - o Marketing materials

Daily trading records for SD's & MSP's shall be open to inspection and examination by any member of the CFTC. Of note, for End-users, non-SD and MSP parties must keep data / memoranda, with respect to each swap that they are counterparty, retrievable within three business days during the required five year retention period.



How Eco+Risk Markets Can Help

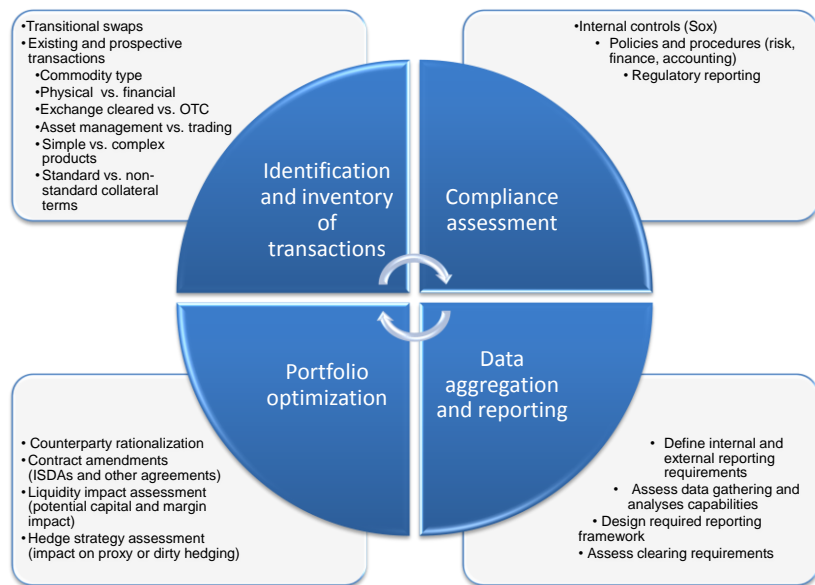
Preparation: A two-step approach

Step 1 – FinReg Business Impact Assessment

A rapid and focused assessment of the July 2011 adoption of FinReg’s impact on your business. Our methodology focuses on four key areas requiring action prior to the enactment of legislation:

- 1) Identification and Inventory of Transactions
- 2) Compliance
- 3) Data Aggregation and Reporting
- 4) Portfolio Optimization

FinReg Business Impact Assessment Methodology



1) Identification and Inventory of Transactions

The first step in assessing the overall impact of FinReg on your business is to identify the population of transactions and contracts (both existing and proposed) that would be impacted.

- ❖ Identify “transition swaps” (7/10 – enactment) that may require enhanced reporting and potential collateral requirements
- ❖ Inventory existing transactions (as well as prospective requirements) into key sub-categories including:
 - commodity type
 - financial vs. physical
 - exchange cleared vs. OTC
 - asset management vs. trading
 - simple versus complex products
 - standard versus non-standard collateral terms

2) Compliance Assessment

A key component in preparing for FinReg is assessing the impact on the company's overall compliance program and internal control environment. Key areas of focus include:

Policies and procedures – focus on documentation maintained within commercial, risk, finance and accounting

Internal control – ensuring the right control framework is in place to comply with reporting and disclosure requirements

Regulatory – alignment of FinReg reporting requirements with current and proposed amendments by other regulators

3) Data Aggregation and Reporting

One of the most significant challenges facing most organizations will be designing and implementing the processes to aggregate relevant data and report to the right authorities under the new expedited guidelines. Key areas to consider include:

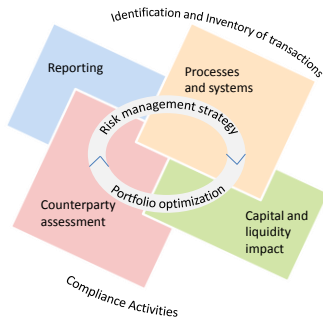
- ❖ Define internal and external reporting requirements
- ❖ Assess data gathering and analyses capabilities
- ❖ Design required reporting framework
- ❖ Assess clearing requirements

4) Portfolio Optimization Assessment

Many companies will quickly understand the issues impacting the compliance and reporting challenges presented by FinReg. However, the broader impacts FinReg will have on key commercial activities such as **capital adequacy, market liquidity and counterparty selection** will not be as easy to identify and assess. Key elements that should be addressed in a well-designed FinReg business impact assessment also include:

- ❖ Rationalize counterparts among Dealers, MSP's and non-financial end-users.
 - Evaluate forecast contract and transaction portfolio to determine potential issues and opportunities (i.e., are there enough exchange clearing relationships and do they support the type of transactions typically executed?).
- ❖ Determine required changes to current portfolio of over-the-counter ISDAs, Master Agreements and other enabling documentation
 - what types of transactions will these documents be supporting in the future; and





- are credit terms appropriate as-is?
- ❖ Assess how future liquidity requirements may change overall risk management activity.
- ❖ Review of existing or legacy hedges in conjunction with strategic risk management objectives going forward
- ❖ Identify potential new hedging transactions in consideration of contemplated projects, financing and other strategic initiatives
 - Establish documentation process to meet prospective hedge test for “dirty” or proxy hedges, as well as affiliate and consolidated level hedging transactions
- ❖ Develop transition plan for how new deals will flow vis-à-vis the potential clearing requirement and exemptions.

Step 2- Implementation

Once the assessment is complete, E+RM will produce a report containing a detailed roadmap and list of tactical projects designed to achieve compliance. Particular focus during implementation will be on the legislation’s impact on prudent commercial decisions and contracting structures. Areas of focus include:

- ❖ Enhance or increase liquidity facilities as appropriate.
- ❖ Establish strategies to effectively utilize the end-user exception.
- ❖ Make process changes to commercial/front-office and risk/mid-office activities.
- ❖ Implement reporting enhancements to support requirements and to facilitate internal management reporting.



For further information concerning Dodd-Frank, please contact:

Evan Zuckert, Managing Director
203.505.4126
evan.zuckert@ecoriskmarkets.com

Randy Wilson, Managing Director
713.582.5763
randy.wilson@ecoriskmarkets.com

Eco Risk Markets LLC is a private firm which specializes in helping companies manage commodity, interest rate, and foreign exchange risks.

Our team has worked with leading companies to establish a practical approach to managing these risks through the execution of consistent, efficient and well-communicated hedge programs and credit management processes.

In addition, we believe an integrated approach to managing overall commodity, foreign exchange and interest rate exposures is imperative, as new derivative legislation is enacted, and markets become increasingly complex from a compliance and execution perspective.

The information provided is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we strive to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a complete investigation of the individual's situation.