

1/19

8:30 SS KS/36/UC/GI/SK/ST/BD/KS/DH

Auditor 3 (A3); Auditor 1 (A1); Auditor 2 (A2)

A1 - Purpose to discuss impact of collateral disputes and understand impact on the SS activities

IC - current market segment is in chaos and a dislocation - not exchange traded so not that simple - no central dispute with anybody but G3 still in discussion with other counterpart over valuation

NS Disagreement not a dispute will affect counterpart

Set up a halo call to discuss

IC - G3 Direct group data warehouse area representative market available. As of 11/16 to 12/16 dislocation and price in market so difficult to get asks for underlying collateral. 22.5% requests made that need to be priced under with unique circumstances - G3 has priced internally with internally priced and rolled back with a model to arrive at the model.

Did not have data for disputes. Planned a standard agreement to agree to discharge valued \$1.25bn and will come back with the values

Crete up an every transaction from the mergers

as DUKW managed by Underhill - prices are given to trustees of all underlying bond. (latter got price of MACE price)

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PWC-FCIC 000473

PM → went to legal confirms → Cash not CDS
(ie MV of reference obligation)

Contract refers to a security (LIBOR + 25). Spread
of the contract is 10bp not 25bp hence difference
at inception of the contract

Some difference between CDS + bond; cost of cash

When rates are stressed the difference generally
increases. Do not have ABS evidence but
look at auto sector could get 150-200 bp
differences.

IC Need to model underlying obligations and all the
impact. one of the key input is to look for prices
and hence assumptions for spreads.
Need to quantify CDS spread to the cash.
Could be 10% but subject to change.

to have a gain in this portfolio - ie could hedge
out with the cash and look in the portfolio

Sub SB Convergence of the market, to moving to more
electronical and quantitative analysis of which is
being done.

IC "Story to guard" rebuilding everything to build fair
value.
Head of CDO trading at JPM "we did not trade
one bond this month"

A1 Major market judgment and based on all
the numbers and ability to get data

SC Major collateral calls part of the business. These are part of ISDA CTA with various information is not an idea on a 2yr 100. These details about what valuation is being with counterpart + receive - does not see on a meter. Issue with Q or others.

What do you do with collateral calls as an enforceable event?

12 managers have provided data. \$3.5bn offset CD to risk.

SC What are we going to say about running with

down potential under \$2.5bn (Series 10/4 \$1bn 11/18 \$1.5/2/3) pure high level estimate

Treatment in Q + K as part of analyzing profit and adjustment to the net income line, for adjustment net income.

SB Critique on the economics

SC \$3.5b - \$1bn = \$2.5bn now need to adjust for loans and structural benefits

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- M... Auditor 2 (A2)
- S... Auditor 3 (A3)
- M... Auditor 1 (A1)

- Store 6

- B... 9

- V... 5

Mar 12/15

- E... 3

- B... L

- S... C

- D... 4

FP

- M... 4

- P... 2

- Store 6

63.5

(1)

60k

PK

2.5

stock spent
here

→ See - more to store (set to h. 50)

→ Go - see it (error - revised amount) 4 hrs.

→ A... not more result Q3

→ G... quality from a bucket of 5000 samples not 25000 samples

→ stock still increased

→ callout report

→ because see did not have data

→ when we consider you are wrong

38	N
28	0

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