

FURTHER PROPOSED AMENDMENTS TO: RULE PROPOSAL T+N TRADES

In line with the discussions on the risks from T+N transactions that were of concern to the regulatory authorities, we propose to adopt the following changes in the parameters of the T+N transactions:

1. *Limit the participation to the Dealing Participants*

This change is intended to limit such facility to the most professional of the fixed income market participants. The purpose of the T+N transactions is primarily directed to the Dealing Participants and daily pricing and revaluation for these types of transactions is understood and practiced by the Dealing Participants.

2. *Limit the maximum tenor of up to 3 months from trade date instead of the original 360 days*

This change is intended to contain a T+N transaction's tenor up to the point at which clear and liquid benchmark rates (i.e. funding rates from the one-day to up to three-month tenors) exist for daily revaluation of outstanding T+N transactions of the Dealing Participants.

3. *Limit the securities that shall be subject to the T+N transactions to the benchmark bond issues of the Bureau of the Treasury (BTr)*

This change is intended to mitigate the potential for settlement failures on the future dates of the T+N transactions. Benchmark Bond issues of the BTr are the most liquid government securities available, therefore T+N transactions would focus on the securities that will be most easily bought or borrowed prior to the future T+N settlement date.

List of Benchmark Bond Issues

The Benchmark Bond Issues have the following Series Names

FXTN 03-16
FXTN 05-62
FXTN 05-65
FXTN 05-67
FXTN 07-43
FXTN 07-48
FXTN 10-42

In the event that there be a need to change the parameters as recommended above, we shall put forth the corresponding proposal at that future time.