



Coming February 2007:

Getting Give-Up Agreements in Place is Going to Get Easier

The Futures Industry Association is working with the industry to build an electronic give-up agreement system which will provide a global solution for executing and clearing brokers, customers and traders to electronically execute and store the FIA international uniform give-up agreement. The project has two phases. The first phase will give all parties to the give-up agreement the opportunity to execute all variations of the agreement online. In the second phase, firms will be able to download information contained in the give-up agreements into their in-house or vendor systems.



Making the Process More Efficient

FIA estimates that the average cost of executing a give-up agreement including staff time and postage frequently exceeds \$100 per agreement. Customers at a recent FIA end-user round-table agreed with brokers that executing give-up agreements is an administrative nightmare. EGUS will allow you to:

- Eliminate mailing costs associated with give-up agreements
- Establish trading relationships more quickly
- Reduce staff time
- Keep agreements in an electronic storage facility (think disaster recovery)
- Facilitate communication with counterparties—EGUS prompts participants to update contact information

Initiate An Agreement

Firm "processors" will use this screen to initiate a new agreement.

FIA
Welcome to EGUS [Logout]

Agreement Queues Directory Tools Admin

Initiate Agreements Search Agreements

Initiate Agreement

Current State: In Progress

Cancel Save Save & Next

Select Agreement
To create a new agreement:
Select a Standard Agreement
Select Standard Agreement
Enter all information including Parties, effective dates, jurisdiction, commission rates, and account numbers and amend / customize the agreement text if necessary.
—OR—
Select any Saved Agreement
Search Agreement ID Agreement Type LongName
Modify / update all information including Parties, effective dates, jurisdiction, commission rates, and account numbers, and amend / customize the agreement text if necessary.

To version an existing executed agreement using same Parties:
Select an Executed Agreement
Search Agreement ID Agreement Type LongName
Modify / update effective dates, jurisdiction, commission rates, and account numbers, and amend / customize the agreement text if necessary.
! You selected an updated legacy agreement to version. Note that the new version will retain all attributes (e.g. Parties, Rates, and Accounts) but will not permit reversioning of the text. You will have to review and customize as dictated from the applicable standard Agreement text.

Select Parties
 Hide Agreement from other Parties while In Progress (until release to Review)
Party Role **Party Name** (Party names in bold have been confirmed in the EGUS database.)
Executing Broker Search
Clearing Broker Search
Trader Search Customer disclosed by account number
Trader on its own behalf and, if authorized, on behalf of Customer.
Customer Search
Customer if Trader is not authorized to sign on behalf of Customer.
More Parties

More Parties
Party Role **Party**
Select Party Role Search
Select Party Role Search
Select Party Role Search
Select Party Role Search

Effective Dates
Assign Effective and Termination Dates (optional)
When executed, this agreement:
Shall become effective as of
DD-Mmm-YYYY
And shall terminate on
DD-Mmm-YYYY

Amend / Customize Agreement
I want to amend / customize:
 Accounts and Rates and Text
 Accounts and Rates (but not Text)

Insert Jurisdiction (optional)
This Agreement shall be exclusively governed by and construed in accordance with, the laws of
Type Jurisdiction
without regard to principles of choice of law.

Cancel Save Save & Next

Executing a Give-Up Agreement Online

Executing and clearing brokers, traders and customers will be able to execute the customer and trader versions of the FIA uniform and exchange-for-physical give-up agreements.

Any party to the system will be able to initiate a give-up agreement with up to eight parties. Some firms have indicated that they prefer to initiate agreements so the system has a feature that will alert system users when the party they have selected is a "preferred initiator."

The initiator will select from a library of standard give-up agreements or modify an existing agreement. The initiator can insert a "standard" amendment from the public amendment library, select one from the firm's private amendment library or customize the text for a particular agreement. The system automatically highlights any changes in the text.

EGUS also will provide a standard rate template in spreadsheet format which can be attached to the agreement. Any party can input rates on the standard rate template. It is also possible to specify one rate that applies to all transactions.

Multiple rate schedules, identified by executing account numbers, can be attached to an individual agreement. Executing brokers have the opportunity to hide the rate schedule from clearing brokers when the clearing broker is not part of the billing process.

The initiator will send the agreement to all counterparties simultaneously. The agreement will appear in the counterparties' queue with an alert that indicates action is required. As counterparties review the agreement, they can comment or request a change. If a change is requested, the initiator will reissue the agreement. The system tracks documents throughout the process.

Managing the Process

Each system user will have its own queue to manage documents. From "my queue," users will view agreements in progress. The queue will show who has approved the agreement and who has not. The agreement is effective when all parties have approved it. The user also will be able to view account numbers, the history of a document, the effective date, the date it was modified and by whom. If an agreement sits in a queue for more than two weeks, it automatically moves to a "stale" file. Users can reactivate agreements from the "stale" file whenever they like. The initiator can also manually enter an effective date.

Monitor Give-Up Agreements

Each firm will have a "my queue" screen where system users can view give-up agreement activity.

The screenshot displays the 'My Queue' interface in the FIA EGUS system. At the top, there is a navigation menu with 'Queues' selected. Below the menu, the 'My Queue' section contains a 'Filters' panel with various search criteria: Executing Broker, Clearing Broker, Trader, Customer, Agreement ID, Agreement Type (set to 'Select Standard Agreement'), and Effective Date (set to 'Is on or before' with a 'DD-Mmm-YYYY' format). A 'Reset' and 'Search' button are located at the bottom right of the filter panel.

Below the filter panel is a table of agreement records. The table has the following columns: Status, Executing Broker, X Accts, Rate, Clearing Broker, Ctr Accts, Trader, Customer, ID, Effective Date, Modified Date, Termination Date, Alert, and Hide. The table shows several rows of data, including agreements with various statuses like 'Review' and 'NEW'.

Status	Executing Broker	X Accts	Rate	Clearing Broker	Ctr Accts	Trader	Customer	ID	Effective Date	Modified Date	Termination Date	Alert	Hide
Review	Best Options Co	✗ 1	0	A1 Securities...	✓	Best Investment...	✓ Southeast Asian...	✗ 100527	1-Oct-2006	10-Oct-2006	10-Oct-2006	🔔	Yes
Review	Best Options Co	✓ 1	1	A1 Securities...	✓ 1	Best Investment...	✓ European Portfo...	✗ 100526	1-Oct-2006	10-Oct-2006	10-Oct-2006	🔔	No
Review	NEW Best Options Co	✓ 1	1	A1 Securities...	✓ 1	Best Investment...	✓ Canadian and No...	✗ 100525	1-Oct-2006	10-Oct-2006	10-Oct-2006	🔔	No
Review	Umbrella Future...	✓ 1	1	A1 Securities...	✓ 3	Many Great Fund...	✗	100512	1-Oct-2006	10-Oct-2006	10-Oct-2006	🔔	No
Review	Many Invest Co...	✓ 2	2	A1 Securities...	✓ 3	Kauffman Associ...	✓	100489	1-Sep-2006	10-Oct-2006	10-Oct-2006	✓	No
Review	Big Capital Co...	✓ 2	2	A1 Securities...	✓ 1			100467	30-Sep-2006	09-Oct-2006	09-Oct-2006	✓	No
Review	Many Invest Co...	✗ 1	1	A1 Securities...	✓ 6	Grade A Asset C...	✗ Grade A Global...	✓ 100456	1-Nov-2006	05-Oct-2006	05-Oct-2006	🔔	No

At the bottom of the table, there is a pagination control showing '1-10 of 100 Records' and 'Previous Page | Next Page'.

Contacting Counterparties

EGUS will make available counterparty contact information which includes firm address and billing information in addition to trading and documentation contact names. Contact information for executing and clearing brokers will be available to all users of the system; however, each firm will have its own database of contact details for customers. Brokers cannot see customer and trader contact information unless the customer or trader has given permission for this information to be visible to a specific broker. Each firm will be prompted to keep contact information current.

Searching the System

Documents will be stored on the system and users will be able to search by counterparty, executing or clearing account number, effective date, agreement ID and status. All agreements can be printed or emailed.

Getting Users Onboard

Users will be required to sign a system user agreement in order to gain access to the system. The user agreement not only spells out the terms by which participants can use the system, it also requires participants to acknowledge that all agreements executed by electronic signature on the EGUS system will be binding in the same way actual signatures on the paper give-up agreements bind the parties. FIA will be working with firms and their affiliates to have user agreements in place before the system launches.

Administering Access

Once a system user agreement is received, a firm administrator will be given access to the system. The firm administrator will determine who at the firm has access to the system and what type of access each user will be given: processing, approval or view only. The administrator will fill in contact details for processors, approvers and billing. Customer and trader administrators will permission which brokers can have access to its contact information. Firms have the option to require multiple approvers to “sign off” on the document before approval is final.

Onboarding Legacy Documents

PDFs of the documents can be uploaded to the system and stored, but in order for users to obtain information from the system in the second phase, the documents will need to be tagged. Rates must be inserted into the standard rate template in order to make the information available for use in external systems. Only one party to the agreement needs to upload a legacy agreement.

Pricing

System users can choose from two pricing options: threshold and supporting FCM. Both pricing schemes apply to all affiliates of a firm. The fee consists of two components: a per agreement fee and a storage fee. Only executing brokers and dealers will pay the agreement fee. All parties to the system will pay a monthly storage fee based on the number of agreements an organization has stored in the system.

Permissioning Users

FIA will enable one contact at each institution to serve as the system administrator. This person will manage the firm’s contact information and permission users.



Supporting FCM Pricing Scheme

Supporting FCMs commit to make an annual payment for five years, depending on the costs associated with the system, and in return pay a reduced per agreement fee (\$12.00) and no storage fee. The initial annual payment for a supporting FCM is \$60,000. These firms will be eligible for a rebate at year-end. Firms must commit to becoming a supporting FCM prior to system launch.

The reduced give-up fee is available only for documents for which the firm or one of its affiliates is an executing broker. If the firm wants to pay the per agreement cost for one of its counterparties, the threshold pricing scheme will apply.

Threshold Pricing Scheme

Per Agreement Fee

Number of Agreements	Cost per Agreement
Less than 25	\$25.00*
25-100	\$70.00
100-250	\$60.00
250-500	\$50.00
500-750	\$40.00
750-1000	\$35.00
1000-2000	\$25.00
Above 2000	\$15.00

Storage Fee

10-501	\$250.00 per month
500-1001	\$500.00 per month
1000-1501	\$750.00 per month
1500-2000	\$1000.00 per month
Above 2000	\$1250.00 per month

*In order to encourage adoption of the system and not disadvantage firms who execute under 25 give-up agreements annually, the first 25 agreements will cost executing brokers a nominal fee.

Project Timeline

- December 15Onboarding Specs Available
- January 4Firm Data Due
- January 15Integration and System Testing
- Mid-JanuaryTraining Sessions in Chicago, New York and London
- February 1Data Backload and Completion of Phase 1
- March 1Phase 2 Development Begins
- June 1Expected Delivery for Phase 2

Supporting FCMs

The following firms have provided funding for the development of the FIA electronic give-up agreement system:

- Banc of America
- Barclays
- Bear Stearns
- Calyon Financial
- Citigroup
- Credit Suisse
- Deutsche Bank
- Fimat
- Goldman Sachs
- JPMorgan
- Lehman Brothers
- Man Financial
- Merrill Lynch
- Morgan Stanley
- UBS

For more information about EGUS, visit www.futuresindustry.org or contact Mary Ann Burns at 202-466-5460 or maburns@futuresindustry.org.