MEMORANDUM

To: File No. S7-03-15

From: David Michehl

Subject: Summary of meeting with representatives from Markit

Date: July 9, 2015

On July 9, 2015, representatives from the Securities and Exchange Commission's Division of Trading and Markets (Tom Eady, Elizabeth Fitzgerald, Michael Gaw, George Gilbert, David Michehl, Hari Phatak, and Yvonne Fraticelli) met with Salman Banaei, Brad Levy and Andrew Rogers of Markit. The Markit representatives discussed issues raised by the implementation of Regulation SBSR Rules 903(a) and 903(b) relating to the use of coded information (File No.S7-03-15).

Markit also provided the staff with the attached presentation materials.

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Unique Product Identifier

Proposal for Credit Instruments / Washington DC / 9 July 2015
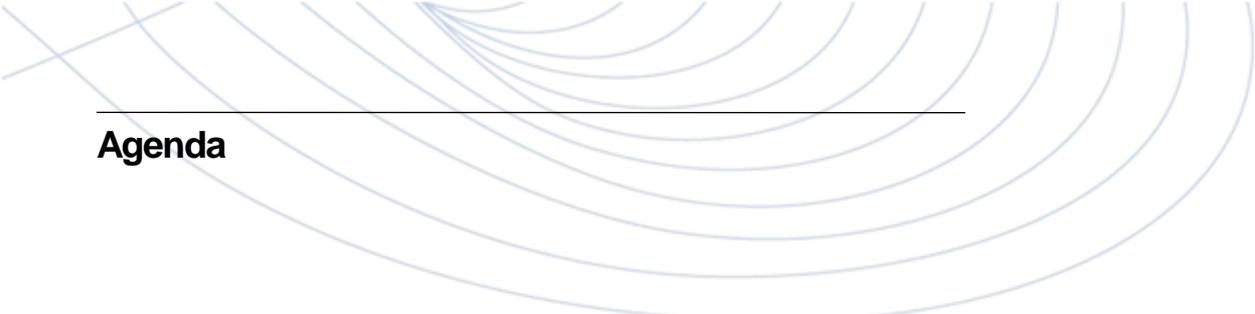
Agenda

— Markit CDS Reference Data

— UPI background

— Proposed solution

— Solution delivery

— Benefits

— Examples

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— Markit's Reference Entity Database (RED) is the industry standard, legally verified reference data source that supports the credit derivatives market

— The RED database confirms the legal relationship between a reference entity and a reference obligation

— RED Codes are issued for all entities and indices that are referenced on trades in the CDS market

  o 6-character RED codes represent single name entities
  o 9-character RED codes represent single name pairs (reference entity plus underlying obligation)
  o 9-character RED codes also represent each series and version of the CDX and iTraxx indices

— RED is fully integrated today in pre and post trade workflows and used by all major CDS market participants and service providers

— ISDA has endorsed Markit as a supplier of choice to the industry through our recent appointment as the SRO and POB administrator

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— International bodies have introduced regulation to drive the financial industry to use harmonized data to meet regulatory reporting requirements

— A key component has been to improve centralized reporting of transaction data via Unique Product Identifiers (UPI)

— Regulators & market participants expressed that it would be advantageous to utilize Markit's expertise and experience to identify a solution in credit markets

— Markit has met with regulators, ISDA and market participants to see how we can use a combination of trade record data and CDS reference data to benefit the marketplace

— Markit has developed a Credit UPI solution for: Single Names, Indices, Swaptions, Tranches and iBoxx TRS

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— Requirements call for an alphanumeric string that is both system and human readable

— Markit's credit UPI proposal utilizes two fields from our CDS reference data service:

- o Markit reference entity identifier ("RED6")
- o Markit sector classification

— ISDA credit taxonomy would also used and codified

- o e.g. "SNAC" = Standard North America Corporate

— Additional key terms of the trade record are also included

- o Type (SN, Index, Tranche)
- o Seniority
- o Currency
- o Maturity
- o Coupon
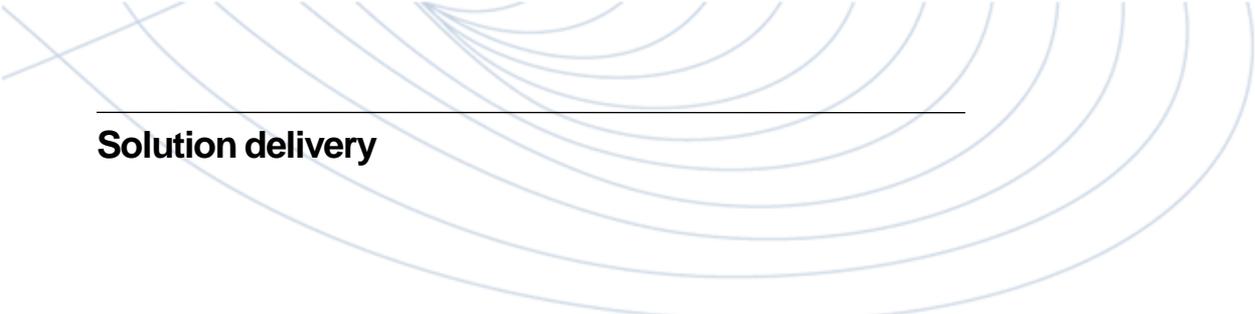
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— Markit will host a UPI calculator on our public website (markit.com) along with UPI methodology and field codes (e.g., ISDA Taxonomy, Sector, Currency, Maturity Dates)

— Search capability for RED codes would be available for trade reporting purposes, eliminating need for licensed access to broader RED database

— Markit would provide access to the UPI calculator to any trade repository

— MarkitSERV is also prepared to generate a UPI for all CDS transactions processed through the platform

Benefits

— Multiple reporting regimes & trade repositories present adoption challenges

— Our UPI solution follows a path of least resistance for CDS market participants

— Markit's relationships will all major market infrastructure providers will improve speed of UPI adoption (e.g. MarkitSERV, DTCC, ICE, Bloomberg, etc.)

— Markit will allow any platform to host the UPI calculator, enabling UPI creation via the platform and provision back to trading counterparties and downstream systems

  o This limits the need for market participants to directly calculate and send UPI

— UPI generation via a matching platforms, like MSERV, limits the risk of a UPI mismatch during the confirmation process

— In summary, our solution generally allows the industry to operate "as is" while meeting near term regulatory reporting requirements

Index example

Trade Details	Actual Value	UPI Value	# Characters
Trade Type	Index	**I**	**1**
Index Family	iTraxx Europe	**381KLT**	6
Series and Version	Series 22, Version 1	**2201**	4
Markit Sector	Credit Index	**00**	2
ISDA Taxonomy	iTraxx Crossover	**ITOV**	4
Currency	EUR	**E**	1
Maturity Month	December	**Z**	1
Maturity Year	2017	**17**	2
Coupon	500	**0500**	4
UPI		**I381KLT220100ITOVEZ170500**	**25**

Single name example

Trade Details	Actual Value	UPI Value	# Characters
Trade Type	Single Name	**S**	**1**
Reference Entity	Ford Motor Company	**AST67L**	6
Seniority	Senior	**SENR**	4
Markit Sector	Consumer Goods	**02**	2
ISDA Taxonomy	Standard North American Corporate	**SNAC**	4
Currency	USD	**U**	1
Maturity Month	March	**H**	1
Maturity Year	2016	**16**	2
Coupon	500	**0500**	4
UPI		**SAST67LSENR02SNACUH160500**	**25**

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pools intelligence

surfaces information

enables transparency

builds platforms

provides access

scales volume

extends networks

& transforms business.

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