

GlobeOp's processing service for over-the-counter (OTC) derivative transactions, provides an innovative outsourced solution to hedge and mutual fund requirements for pricing, document & collateral management, settlement and risk reporting infrastructure.

Based on a robust, scalable, web-based system, GoOTC is an efficient and market-tested alternative to the cumbersome Excel spreadsheets that challenge many fund managers and their operations teams.

Each day GlobeOp processes approximately 1300 OTC trades – approximately 3% of the global daily volume, including more than 60 distinct instruments. (Source: ISDA statistics)

Through a secure web portal, fund managers access a "plug and play" middle-back office solution with the capacity and instrument coverage to cope with the demands of market volume, pricing complexity and risk reporting. Standardized data and processes minimize operational and settlement risks related to inaccurate trade entry, reconciliation and liquidity. In addition, GoOTC provides on-line access to critical data for fund risk managers and financial control teams. Using GoOTC can help reduce technology-related investment, enabling funds to focus on their core business of raising capital and generating returns.

Fund managers served by the GoOTC system benefit from a transparent, real-time view of the five key factors in effective OTC derivatives processing and risk management:

- Trade capture
- Operations settlement, cash reconciliation
- Collateral management including valuation
- Documentation management
- Valuation independent pricing, risk reporting

When combined with GoRisk Reports[™], the GoOTC system supports mutual fund compliance with UCITS III requirements in Europe for accurate, verifiable and independent daily valuations and risk reporting.

Both GoOTC and the UCITS III package of GoOTC and GoRisk Reports can be further enhanced with the addition of GoQuote, a web-based front-end pricing service for OTCs and other illiquid, manually-priced instruments. A data consolidation solution, GoQuote enables OTC derivatives traders to more efficiently and effectively view, manage and analyze electronic pricing messages and bid/offer prices on a single easy-to read grid.

GoOTC, GoQuote and GoRisk Reports are available either on a standalone basis or as part of GlobeOp's overall middle-back office & administration services.

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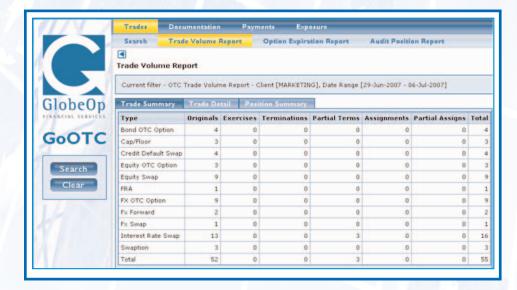
Transaction Processing

Clients access GoOTC services & reports through a dedicated, client-secure website Portal.

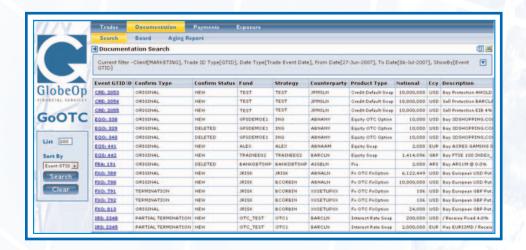
Trade Capture – GoOTC supports trade & life-cycle events, including partial & full terminations & assignments. Trades can be delivered through automated loads from most order management systems, via GlobeOp's direct links with T:Zero™ or direct input into Reuters' Trade@ccess™ booking system.



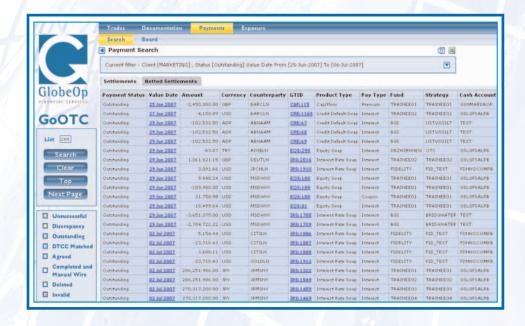
Confirmation – GlobeOp collects confirmation documentation for each OTC transaction & reconciles financial & economic details against the trade data before submitting the confirmation for client signature. Web-based access to GlobeOp's reports enables clients to monitor documentation status from the moment a trade enters the platform.



Trade Delivery – GlobeOp transmits trades to a client's fund administrator, prime broker, custodian & other internal systems.



Settlements – GlobeOp confirms each cash flow with the relevant counterparties & prepares settlement invoices for client review. Once approved by the client, GlobeOp transmits them to the client's broker, custodian or fund administrator for cash movement.



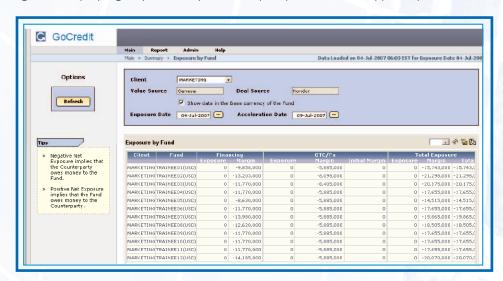
Position Maintenance

Reconciliation – GlobeOp performs cash, position & valuation reconciliations against the client's own trade capture system, administrator, counterparties or prime broker.

Valuations – Positions are priced daily using independent pricing sources. Valuations can be customized to individual client pricing policies administered by GlobeOp. This data can be viewed online & exported to various file formats.

Collateral Management – The exposure of OTC positions are monitored daily for collateral calls using GlobeOp's independent valuations. Incoming collateral calls are verified, & outgoing calls are calculated & agreed with counterparties per the client's ISDA Credit Support Annex. Once agreed, payment advices are prepared for client verification & approval of the respective cash movements. Upon approval, the advice is sent for processing to the client's prime broker, custodian and/or fund administrator. Clients can view their margin exposure online using GoCredit, a flexible reporting & monitoring tool displaying exposure by counterparty, instrument type & position.

Initial margin payments are also processed via the same procedure listed above & are netted against any daily collateral movements.



^{*} All fund data shown is for illustration purposes only; no actual client data is shown

Reporting – A wide variety of reports can be customized to a client's exact requirements, including:

✓ Cash flows

- ✓ Documentation status
- ✓ Reconciliation exceptions

- ✓ Counterparty exposures
- ✓ Event management
- ✓ Risk exposures

✓ Daily profit and loss

Some reports are available online via the GlobeOp secure website; alternatively, they can be delivered automatically via email or FTP server to integrate with a client's infrastructure.

Static Data Maintenance — GlobeOp works with most industry-accepted identifiers including Bloomberg, CUSIP, ISIN, Markit RED™ codes, etc.

Event Management – GlobeOp processes all interest & coupon payments relating to OTC products. Floating rate reset reports & option expiry reports are made available to the client. If an option is exercised or a credit event or corporate action occurs, GlobeOp assists in processing the derivative position.

Risk – Risk data are provided overnight for positions. A comprehensive range of risk measures are available capturing the exposures & various market factors such as re-shaping of currency, equity markets, time-decay, volatility, yield curves & spreads, etc. Customized historical scenarios, risk measures & stress tests can also be provided. Risk data can be viewed online, automatically exported to the client's own systems.

The GlobeOp Control Environment

GlobeOp uses GoCheck™ to structure processes into tasks that are documented & assigned to groups of individuals. These tasks are monitored by online checklists accessible by GlobeOp team leaders & management as well as individual clients. Tasks are assigned deadlines & active management reviews. The GlobeOp internal assurance team regularly reviews these processes.

UCITS III

The scope of derivatives valued by GoOTC is also a timely response to European UCITS III regulations requiring accurate, verifiable & independent daily valuation of OTC derivative instruments. GoOTC, combined with GlobeOp's GoRisk Reports service, is a unique solution supporting mutual funds and custodian bank responses, to these requirements.

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