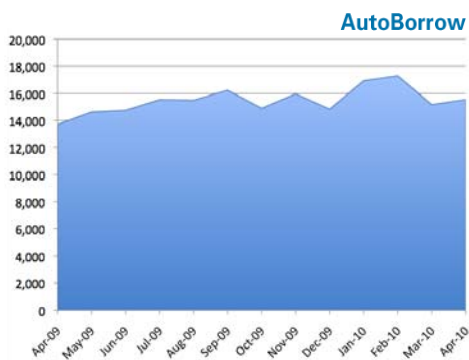


Global Trends on the EquiLend Platform

Since our last newsletter, we are pleased to report that EquiLend performance has remained strong. Trading volumes at EquiLend have remained consistent with AutoBorrow usage expanding. EquiLend's volume growth has increased from 2009 to present and we look forward to continued expansion in 2010 as we promote our services in varying markets.



US

AutoBorrow continues to lead the way as the most popular EquiLend service. A significant contributing factor to volume growth has been "Warm AutoBorrow," in which AutoBorrow is used to borrow non GC items. In the first quarter of 2010, Warm AutoBorrow trades increased 23% over the previous quarter. As more lenders adopt this service, this figure is expected to continue to increase.

Trade_{2.0} also continues to be popular among our users. Trade volumes for the first quarter of 2010 are 4% higher than the final quarter of 2009 and more than 12% higher than the same time last year. EquiLend is currently looking at ways to enhance the way Trade_{2.0} is used and anticipates making improvements that will further increase the appeal and usage of this product.

Europe

With efficiency as a major driving force, there has been a renewed interest in trading warm stocks through EquiLend's AutoBorrow service with the use of warm-rated schedules. Fixed Income has been a very prominent topic. In 2010 we have seen an increase in the number of clients using both AutoBorrow and Contract Comparison to help their businesses. Due to the new reporting and comparison tools that are a part of EquiLend's ALD offering, there is continued interest in the service despite the ALD deadline passing in January 2010. As usage of post-trade services increases, as well as the number of clients using them, EquiLend has seen two clients connect to the Quick Connect option for connectivity.

Canada

Trading momentum is picking up in Toronto this spring with five new clients using AutoBorrow.

All three of the Canadian banks using the EquiLend platform have completed AutoBorrow set up and have begun trading in Q1 and Q2 2010. They are now set to add counterparties and realize trading efficiencies on EquiLend. The Trade_{2.0} community is also excited to see a new lender with Straight Through Processing (STP) available for trading U.S. and Canadian securities. We look forward to these lenders adding energy to the market and providing supply for Canadian assets.

Two Canadian brokers have made advances in trading and operations usage, going live with AutoBorrow and Trade_{2.0} in Q1. Flexible set up of AutoBorrow has allowed them the ability to lend and borrow on the platform. They are also pursuing Contract Comparison and Mark-to-Market Comparison services to realize additional operational efficiency.

Asia and Pan Pacific

Optimism is high for continued growth in the Pan Pacific markets. EquiLend has launched a new initiative to fully understand the client support needed in the region and what we at EquiLend need to do for implementation to be successful.

In Japan, clients have expressed a strong interest in increasing usage of the automated trading services that EquiLend offers: AutoBorrow, AutoBorrow Express and Trade_{2.0}. These tasks were typically performed after market in Europe or the U.S., but with changing regulations and increased allocation of technology resources to the region, the ability and desire to process new borrows and loans in the local time zone is greater than ever.

Across the region, Australia has certainly seen the largest drop in new trade volumes. Due to this trend the demand for trade automation and EquiLend services is probably not as strong as it was in the past, but with more technology resources being allocated to the region a number of clients are implementing fully automated processes in preparation for a resurgence in the market to levels seen in 2007. Also, EquiLend is in discussion with ASIC in regards to license requirements/exemptions for freeing up its trading services to be used by domestic entities.

EquiLend is also in discussion with various clients elsewhere in the region—notably Hong Kong, Korea, Taiwan, and Singapore—in order to examine what product enhancements are required to facilitate increased automation. Extensive training sessions for new users are currently underway covering not only the trading services, (AutoBorrow, Trade_{2.0}), but also a number of post-trade services.

EquiLend Upgrades Billing Comparison

In response to client comments concerning EquiLend's Billing Comparison service we have started a two-quarter project to be implemented in the second- (June) and third- (September) quarter releases. The two most significant changes underway to improve the methodology and functionality of the system are around the logic used to generate matches, as well as, the presentation of information on the reconciliation screens.

The matching-logic change coincides with a change in the system where subaccount and open date are no longer required to have mandatory matching criteria, however this option will remain for those clients that choose to match on these fields. The expectation is that this change will greatly reduce the number of "false" orphans that are currently identified by EquiLend and will result in more precise matching of contracts which will reduce a lot of the "noise" experienced by our users in the past.

As for the reconciliation screens; EquiLend has changed the presentation to a horizontal format which allows more records to appear on the screen simultaneously. We have also incorporated a side-by-side columnar view of the information. These changes will increase user friendliness and allow the client to further customize the layout of their screens which will make it easier to identify and communicate the billing breaks.

Please keep an eye out for these improvements and contact your account representative with any questions or comments either before, during, or after the roll outs.

Prepay Comparison to be replaced by Settlement Comparison

In 2009, EquiLend introduced Prepay Comparison to allow users to compare new borrow/loan activity that required prepayment on trade date basis. The original version of the service provided users with break information on all the aspects of a trade that are comparable in Contract Comparison such as: rate, currency, collateral type, prepay date and prepay value. The service was a success and has prompted users to request the ability to submit return/recall information along with current borrow/loan activity. EquiLend is happy to announce that we will implement these requests and add the functionality in the second-quarter release (June). In addition, we will add the ability for users to see information for submitted contracts that remain open even if they have settlement dates in the past (i.e., fails). These new pieces of information will allow users to manage their collateral requirements across loans, returns, and fails in one system. As a result of the added functionality, EquiLend feels the product name of Prepay Comparison no longer accurately reflects the breadth of what it enables users to accomplish and so the name Prepay Comparison will be changed to Settlement Comparison which better describes the product and will aid in its adoption by the Securities Finance community.

New File Transformation for EquiLend Comparison Services

EquiLend has enhanced the platform to enable clients to send/upload data directly from their proprietary system without the need to convert it to EquiLend's specifications. A functionality that was previously available only to FTP clients. We have also enhanced and added new data mapping rules to handle a variety of data formats originating with clients. This allows us to convert these data formats in a way which complies with the EquiLend SLML protocol. This change will allow users to forego many of the technological changes previously required to start using any EquiLend comparison services and will drastically reduce the integration time—whether clients are trying to use a new service or leverage an existing service for a new counterparty.

After clients provide sample data and the data dictionary, the EquiLend Support Team will set up the new data mapping and transformation rules that will convert the client's data from their proprietary system to the EquiLend SLML.

This feature is available to all new EquiLend clients as well as our existing users, regardless of whether they are using MQ, FTP, or Quick Connect to communicate with EquiLend.

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We are pleased to announce that EquiLend expanded its trading services in the first quarter of 2010 upon receiving the approval to offer AutoBorrow, Trade₂0 and Equity for Equity in the province of Quebec.

The EquiLend Resource and Training Center

EquiLend Client Access has a new name – the EquiLend Resource and Training Center. Along with this new name we are offering a more robust site for clients. EquiLend service tutorials provide a user-friendly way to become more familiar with navigating the platform as well as individual services. Stay tuned as more developments are rolled out. We will continue to keep you updated.

A Note from Brian Lamb, CEO



Dear clients, colleagues and friends,
Please enjoy this latest edition of our newsletter and give us your feedback on any of the topics covered or perhaps those that you would like to see. I am pleased to report that the EquiLend community continues to grow not only in terms of new clients and users but also in terms of regions and products covered by our service offering.

We remain quite busy listening to your input and incorporating it in to new and improved services as is evidenced by our quarterly releases of functionality. We have a very aggressive pipeline of releases coming up in the third and fourth quarter. Some of the content is described within this newsletter and other items are yet to be unveiled.

As always, we remain committed to offering you the very best service in our quest to offer the very best, leading edge technology solutions for the securities finance marketplace globally!

Thank you very much for your business and your support.

With very warm regards!

Brian P. Lamb
CEO
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INTRODUCING BONDLEND

BondLend, a division of EquiLend Holdings LLC, has just been launched. BondLend was created specifically to support the Fixed Income lending and repo community, using the same robust infrastructure that supports EquiLend's suite of services. The BondLend post-trade suite of services mirrors those of EquiLend and includes Contract Comparison, Mark-to-Market Comparison, and Billing Comparison. The platform allows for the conversion of middle-office resources to exception processing rather than performing expensive manual trade adjustments. It also eliminates the need to maintain costly point-to-point connections.

Like EquiLend, BondLend provides automation for borrowing—lending and repo. It uses the common standards-based protocol and infrastructure, along with STP, which will eliminate the need for the intervention that was formerly required by this previously manually intensive process, which will free up valuable trading resources.

BondLend's trading and post-trade services reduce the risk of potential errors. Available to market participants throughout the world, the BondLend platform enhances efficiency and enables firms to scale their business globally. By driving down unit costs and increasing efficiency, BondLend allows firms to free up resources and expand their market presence and increase trading volumes, with reduced error rates all without additional spending. The BondLend platform is a cost-efficient choice for all institutions, regardless of size.

Events Calendar 2010

Date	Topic	Venue
June 22	Billing Comparison	London/WebEx
June 24	Billing Comparison	New York/WebEx
June 24	Billing Comparison	London/WebEx
July 22	Settlement Comparison	New York/WebEx
July 22	Settlement Comparison	New York/WebEx
Aug 5	Contract Comparison	London/WebEx
Aug 26	ALD Awareness	New York/WebEx
Sept 23	Mark-to-Market Comparison	London/WebEx
Oct 21	Returns/Recalls	London/WebEx
Nov 25	Contract Comparison	London/WebEx