



Prime Source
A NYSE Euronext Company

Independent
Transparent
Secure

Structured Credit valuations

Instrument and product coverage

Structured credit modelled fair values

- Synthetic CDO tranches
- Synthetic CDO-squared tranches
- On- and off-the-run index tranches
- Hybrid CDO and CDO-squared tranches
- RMBS
- CMBS
- Cash CDOs
- CLOs
- REIT and TRUP securities

Other

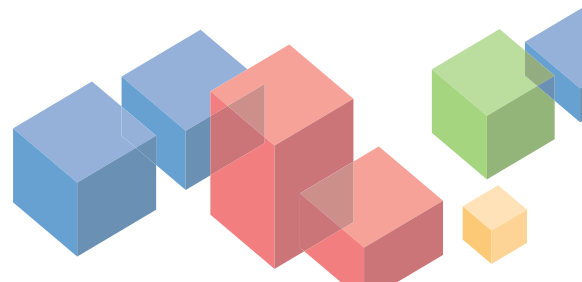
Prime Source produces modelled values for, or sources contributed and evaluated prices on, a wide range of products and asset classes:

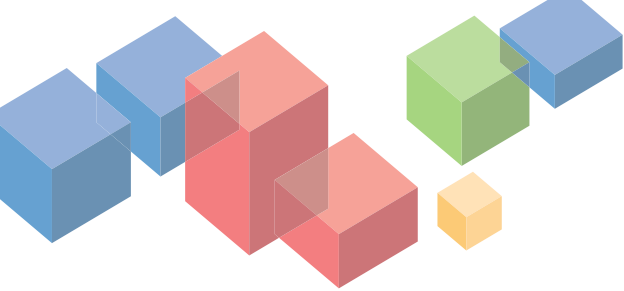
- Bonds and credit instruments
- Money market instruments
- Single name credit derivatives
- Equity derivatives
- Interest rate derivatives
- FX derivatives
- Wide range of other bespoke complex and hybrid structures including equity, inflation, FX, commodity and credit-linked features

Structured Credit service highlights

Industry expertise and knowledge

- Valuations are handled by professionals with years of experience in the structured credit markets and deep understanding of the features and nuances of the different structures.
- Synthetic structures are handled in partnership with leading structured credit analytics firm, CDO2 Solutions Ltd, adopting the latest model developments in the market and market-accepted approaches for handling correlation data.
- A synthetic CDO valuation involves the accurate mapping of underlying credit spread data and recoveries, and the impact of credit default events. The full portfolio loss distribution is calculated and tranches calibrated to the index correlation markets.
- Cash based structures are handled in partnership with Dynamic Credit Partners, a well-established fixed income advisory firm and registered investment advisor with years of experience across the European and US structured credit markets.
- Valuation of cash based structures involves a rigorous, multi-step recreation and evaluation of the transaction's portfolio and structure, projections of future cash flows under a variety of risk-based scenarios, and a thorough analysis of the deal's qualitative and quantitative strengths and weaknesses.





Prime Source background

- The NYSE Euronext group is a listed company in New York and Paris and is recognised for its independence and its broad-based shareholding structure.
- In early 2008, NYSE Euronext launched its valuation business as Prime Source (NYSE Euronext) Limited, an independent, transparent valuation service that delivers high added value in line with regulatory and accounting requirements.
- Prime Source covers both vanilla and complex products across a wide range of asset classes.

Independence and neutrality

- The NYSE Euronext group is recognised for its independence.
- Prime Source's service is completely independent and neutral, with no conflicts of interest.

Transparency

- Models, methodologies and any assumptions made are fully transparent.
- The observable market data inputs used for a valuation can be provided.

Flexible and scaleable business

- From bespoke one-offs to regular valuations on a daily or monthly basis of full portfolios of diverse instruments.

Data Management expertise of the NYSE Euronext group

- Efficient and secure valuation processes, based on robust infrastructure.
- Rapid turnaround of valuations and pricing, and handling of price challenges.

Clients

- Prime Source's valuation service is designed for and used by funds, fund administrators, asset managers, portfolio managers and investors, banks, issuers and anyone needing to value or assess the valuation of a financial instrument (including auditors, risk managers, product controllers, compliance...)

Prime Source, NYSE Euronext's wholly-owned independent pricing and valuation service

FAS 157

We aim to ensure that our valuations can as far as possible meet the Level 2 input requirements of FAS 157 by using, and calibrating our models to, market observable data.

Where assumptions are required for complex or illiquid structures, we are completely transparent about the assumptions made.

Outputs

Results from modelled valuations can include appropriate risk reporting as well as valuations / prices.

Valuations Agent

Prime Source meets the requirements for an independent Valuations Agent as specified by IOSCO.

(Principle #5 in IOSCO's Principles for the Valuation of Hedge Fund Portfolios (2007)).

"Conflicts of interest in the valuation process are usually best managed by the appointment of an independent and competent Valuation Service Provider"

AIMA: Guide to Sound Practices for Hedge Fund Valuation (2007)

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