

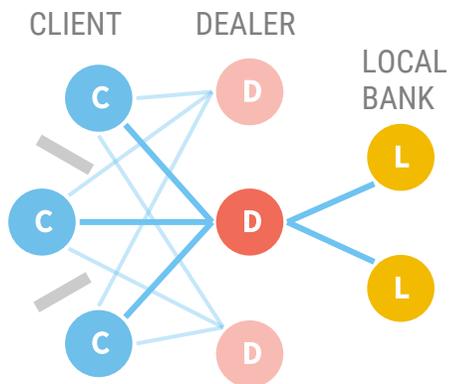
Emerging Markets Bond Exchange

Empowering Emerging Markets Investors
and Emerging Markets Banks



Our Solution

Traditional OTC Bond Market



Clients **can't** trade directly with each other

Local Banks **can't** trade with Clients directly

Dealer's Risk Appetite

Inadequate to support the Dealer-to-Client Model

Fragmented Liquidity

More OTC relationships needed to source liquidity

Landlocked Local Banks

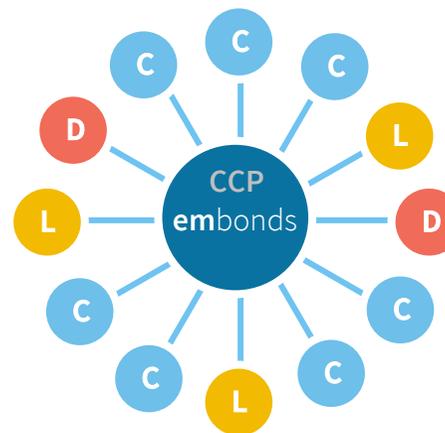
Local banks have few OTC relationships with buy-side

Lack of Transparency

Dealers' markup on intermediation is not transparent

Client = Hedge Fund, Mutual Fund, Private Bank **Dealer** = JP Morgan, Goldman Sachs, etc. **Local Bank** = Polish Bank, Hungarian Bank etc.

embonds Trading Solution



Clients **can** trade directly with each other

Local Banks **can** trade with Client directly

Central Counterparty (CCP)

Only **one** OTC relationship needed to the CCP

Transparent Fee Model

Transaction fees known **pre-trade** for all parties

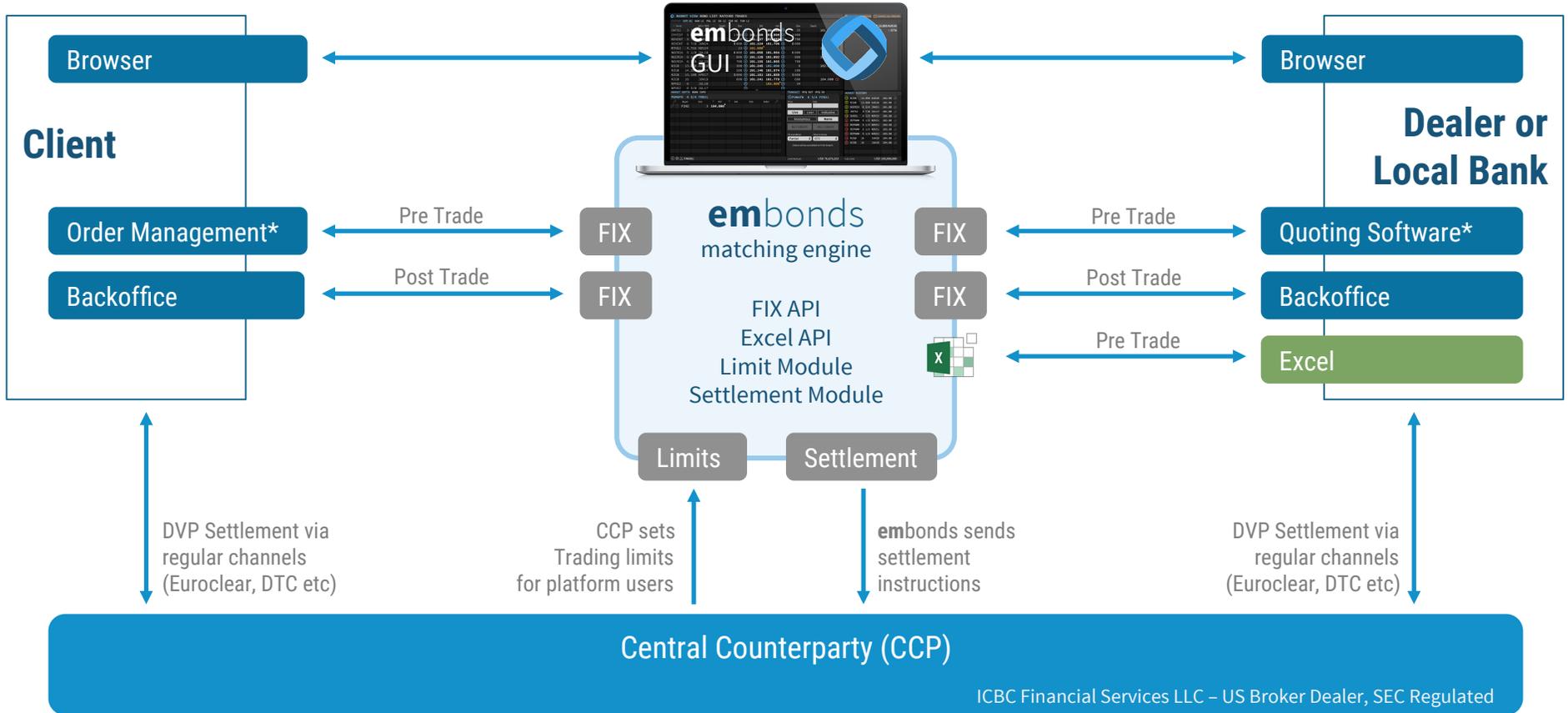
All-to-All trading

Everyone can both access **and** provide liquidity

Access to Local Liquidity

Trading with local banks **without** OTC onboarding

Our Model



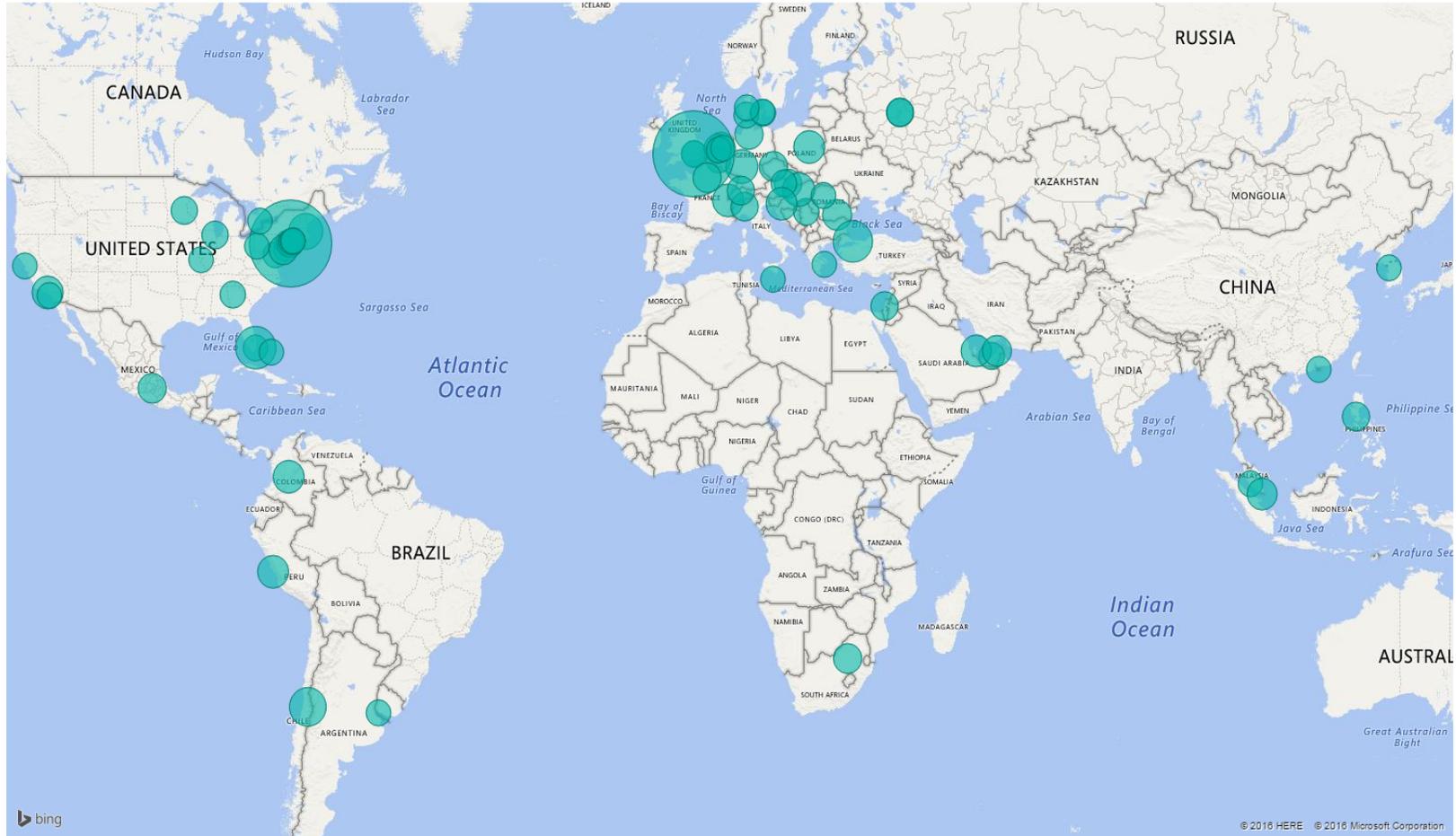
Order Management
 Bloomberg TSOX (Q2/17)
 Charles River (TBD)

Limits
 Instead of posting collateral with CCP
 participants receive trading limits

Settlement
 The CCP settles the trades with
 participants in a **principal** capacity

Quoting Software
 AxeTrader (live)
 ION Trading (Q2/17)

Where are we...



Connectivity is more and more important....



Bloomberg

AIM

Straight through processing to asset manager's backoffice system

Bloomberg

TOMS

Market makers to be able to submit orders to the platform

Bloomberg

TSOX

Bloomberg users to be able to submit prices to the platform

ION TRADING

Market makers using Ion Trading to submit prices to the platform

AXE TRADING

Market makers using Axe Trading to submit prices to the platform

MUREX

Straight through processing to market maker's settlement and risk system

Bloomberg TSOX Linkage Agreement was **signed** on 13 April 2016.

Integration work for the CLOB FIX API started in August 2016 and is expected to be live Q2 2017

ION has agreed to build the FIX gateway to **embonds**. It is widely used by global as well as local market makers

FirstRand are **live**, using AxeTrading to submit prices

Akbank is **live**, receiving post trade information from **embonds**

We recognize the importance of fitting into the electronic trading ecosystem.

Our investment in the FIX connectivity makes it easier for clients to interact with **embonds**.

At the same time it creates a barrier to entry for competitors as the technology providers such as ION and Bloomberg have limited resources to certify FIX connectivity to new platforms.

Embonds screens look like....

The screenshot displays the Embonds trading platform interface. At the top, there are navigation tabs for 'MARKET VIEW', 'BOND LIST', and 'MATCHED TRADES'. Below this is a table of market data with columns for Bond, (all in '000), Depth, Size, Bid, Ask, Size, Depth, and Last. The 'RUSSIA 5 5/8 APR42' bond is highlighted in red. To the right of the main table is a 'NOTIFICATIONS' panel with 'ALL TRADES' and 'CLEAR' buttons, showing details for 'HGB 7 1/2 20/A'. Below the main table is a 'MARKET DEPTH' section for 'RUSSIA 5 5/8 APR42' with columns for Buyer, Size, Bid, Ask, Size, and Seller. To the right of the market depth is an order entry section with fields for Bid Price, Offer Price, Bid Size, and Offer Size, and a 'SUBMIT ORDER' button. At the bottom, there are 'Order Type' (Live), 'Fill Condition' (Partial), and 'Time In Force' (DAY) dropdowns. The bottom status bar shows 'Screen Limit: 1.76MM | 20MM' and 'Limit Remain: USD 604,001,783'.

The **embonds** trading screen is designed to claim minimal screen real estate from users.

The layout contains the selected market segment, the market depth for the selected security, an order entry section along with a market history for the selected market segment and a notifications area.

In the bottom of the page the user can see the remaining and overall limit. The optional screen limit is designed to protect market makers from being filled excessively due to sudden market movements