

Improving US coal market liquidity

Presented by: Carl Daucher | Date: December 6, 2011



TRAYPORT

Disclaimer

This presentation is provided for information purposes only. Nothing herein should be construed as legal, technical or other professional service or be relied upon as such. Nothing contained herein should be construed as a representation or warranty.

Trayport and the names of Trayport's products are Trademarks and Service Marks of Trayport Limited, and where relevant have been registered as such.

Other products, services, or company names mentioned herein are the property of, and may be the service mark or trademark of, their respective owners.

© **Trayport Limited 2011**

How can Trayport impact US market liquidity?

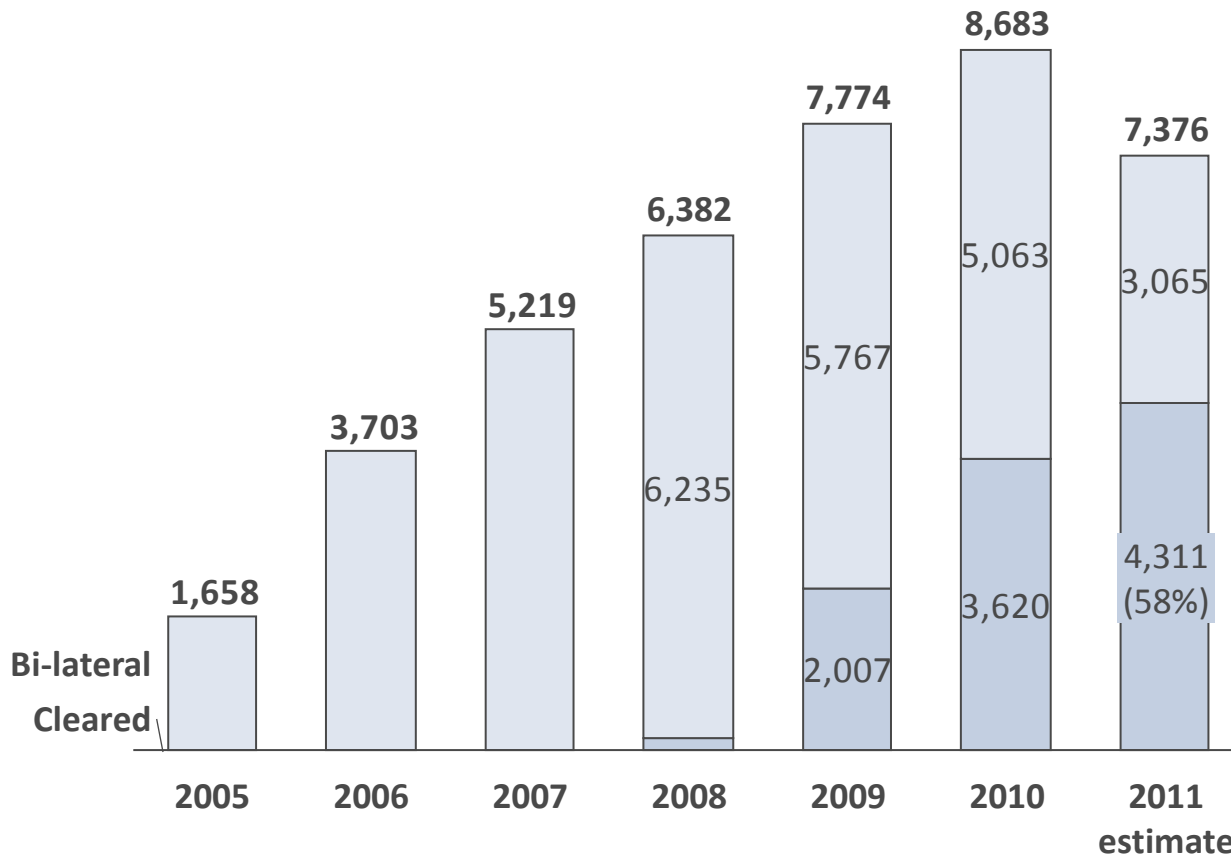
1. More tradable prices, narrower spreads
2. Expand trader audience
3. Improve trade processing



- Low or zero marginal cost to industry
- In use technology, nothing “new”
- Long term certainty and clarity
 - Regulation
 - Trayport Business model

European Coal Volume Growth

Average daily coal contracts by clearing choice (API 2, API 4, NewC)
ADV (monthly contracts)



- Aggregation from 2005
- Clearing from 2008

1. More tradable prices, narrower spreads



TRAYPORT

More tradable prices, narrower spreads

- Implied prices across broker venues
 - Outright prices
 - Time spreads
 - Product spreads
- Implied prices often sit at top of order stack
- Multi-venue prices, executable simultaneously

API 2							Code	Last	Prev	Chg	High	Low	Total
Code	Qty	Bid	Ask	Qty	Code								
Dec-11	GFI	10	111.6	112.0	5								
Jan-12		5	111.8	112.1	5								
		5	111.5	112.6	5								
				112.7	5								
Feb-12		5	112.2	112.5	5								
Mar-12	GFI	5	112.5	112.8	5								
Apr-12		5	112.8	113.2	5								
May-12		5	113.0	113.6	5								
Dec-11 x Jan-12	GFI	5	-0.30	-0.10	5								
Jan-12 x Feb-12	GFI	5	-0.35	-0.20	5								
Feb-12 x Mar-12	GFI	5	-0.30	-0.20	5								
Mar-12 x Apr-12	GFI	5	-0.40	-0.30	5								
Apr-12 x May-12	GFI	5	-0.40	-0.20	5								
Q411													
Q112		5	111.5	112.6	5	PKCB	112.05	112.50	0.15	113.50	112.50	145	
		5	111.5		5	GFI							
	ICAP	5	113.6	114.0	5	GFI							
Q212	ICAP	5	113.6	114.0	5		114.15	114.00	0.15	114.30	113.70	45	
Q312		5			5		116.50	116.10	0.40	117.15	116.00	30	
Q412		5	117.4	118.8	5		119.10	118.75	0.35	119.75	119.10	40	
Q113							120.25	118.90	1.35	120.95	120.25	10	
Q213								124.00					
Q411 x Q112													
Q112 x Q212	GFI	5	-1.40	0	5	GFI							
FH-12													
BH-12													
FH-12 x BH-12													
BH-12 x FH-13													
Win 11								125.50					
Sum 12								114.25					
Win 12							120.60	0.00	120.	120.60	120.60	5	
Sum 13							120.40	123.50	-3.1	120.40	120.40	5	
Win 13								131.50					
2011													
2012	GFI	5	115.1	115.4	5	GFI	115.25	115.30	-0.0	116.50	115.00	85	
2013		5	120.4	121.1	5		122.00	121.50	0.50	122.00	121.00	30	
2014		5	124.4	126.0	5		126.50	125.00	1.50	126.50	126.50	10	
2011 x 2012													
2012 x 2013	ICAP	5	-5.75	-5.25	5	ICAP							
2013 x 2014	ICAP	5	-4.85	-4.00	5	ICAP							

Investigate Order

Instrument Name	Price	...	Broker Com...	T..	P..	P..	La:
S API 2 Q212	114.00	5					01/12/2011
S API 2 Q112	112.60	5	Prebon Broker				01/12/2011
B API 2 Q112 x Q212	-1.40	5	GFI Broker				01/12/2011

	Code Last >>						Code Last >>							
	API 2						API 4							
	Code	Qty	Bid	Ask	Qty	Code	Last	Code	Qty	Bid	Ask	Qty	Code	Last
Dec-11	ICAP	10	111.9	112.2	5	ICAP		SPEC	5	103.7	104.3	5	SPEC	
	PREB	5	111.7	112.2	30*	PREB			10*	103.5	104.4	5		
		5	111.5	112.3	5	ICAP					105.0	5	SPEC	
Jan-12	GFI	5	112.5	113.1	5	GFI			5	104.7	106.0	5		
		5	111.2								106.2	5	SPEC	
											106.5	5	SPEC	
Feb-12		5	112.7	113.5	5				5	105.4	106.8	5		
Mar-12				113.9	5				5	105.9	107.7	5		
Apr-12									5	106.4	108.7	5		
May-12									5	106.9	109.7	5		
Dec-11 x Jan-12		5	-1.25	-0.30	5			PREB	5	-1.65	-1.00	5	PREB	
Jan-12 x Feb-12	ICAP	5	-0.40	-0.20	5	ICAP		PREB	5	-0.85	-0.70	5	PREB	
Feb-12 x Mar-12	GFI	20	-0.35					PREB	5	-0.90	-0.50	5	PREB	
Mar-12 x Apr-12								PREB	5	-1.00	-0.50	5	PREB	
Apr-12 x May-12								PREB	5	-1.00	-0.50	5	PREB	
Q411														
Q112	PREB	5	113.1	113.2	5	PREB	113.10 ↔	GFI	5	106.6	106.8	5	GFI	106.7 ↓
	GFI	5	113.0	113.4	5				5	106.5	106.8	5		
		5	113.0	113.8	5	ICAP		GFI	5	106.2	106.9	5	ICAP	
Q212	GFI	5	114.5	114.9	5		114.50 ↑		5	108.7	109.0	5	ICAP	108.5 ↓
	PREB	5	114.4	115.0	5				5	108.5	109.0	5		
		5	114.3						5	107.9	109.4	5		
Q312	GFI	5	116.6	117.2	5		116.60 ↔		5	110.2	111.2	5		
Q412		5	119.3	120.0	5		119.30 ↑		5	112.1	113.7	5		
Q113									5	113.2	115.7	5		
Q213									5	113.9	117.6	5		
Q411 x Q112														
Q112 x Q212	ICAP	5	-1.75	-1.30	5			GFI	10	-2.25	-2.05	5	GFI	
FH-12														
BH-12														
FH-12 x BH-12														
BH-12 x FH-13														
Win 11														
Sum 12														
2011														
2012	ICAP	5	115.8	116.3	5	ICAP	116.10 ↑		5	109.9	110.5	5	ICAP	110.2 ↓
	ICAP	5	115.7	116.3	5			ICAP	5	109.7	110.8	5		
		5	115.2	116.7	5	ICAP								
2013		5	121.0	122.0	5		121.50 ↑		5	115.3				
2014		5	125.3	126.8	5									



Maximum price exposure

	Code Last						Code Last						Code Last						
	API 2		API 2		API 2		API2 / API4		API2 / API4		API2 / API4		API 4		API 4		API 4		
	Code	Qty	Bid	Ask	Qty	Last	Code	Qty	Bid	Ask	Qty	Code	Last	Code	Qty	Bid	Ask	Qty	Code
Dec-11		5	111.55	112.35	5	ICAP 112.00 ↓	SPEC	5	7.75	8.35	15*	SPEC		SPEC	5	103.80	104.35	5	SPEC
Jan-12	GFI	5	112.50	113.50	5		ICAP	5	6.75	7.50	5	ICAP			5	105.00	106.00	5	ICAP
Feb-12		5	112.70	113.85	5			5	5.85	8.15	5				5	105.70	106.85	5	
Mar-12				114.20	5					8.00	5				5	106.20	107.75	5	
Apr-12															5	106.70	108.75	5	
Dec-11 x Jan-12		5	-1.95	-0.15	5			5	0.25	1.60	5*			PREB	5	-1.65	-1.00	5	PREB
Jan-12 x Feb-12	ICAP	5	-0.35	-0.20	5	ICAP				1.65	5			PREB	5	-0.85	-0.70	5	PREB
Feb-12 x Mar-12	GFI	20	-0.35											PREB	5	-0.90	-0.50	5	PREB
Mar-12 x Apr-12														PREB	5	-1.00	-0.50	5	PREB
Q411																			
Q112		5	112.90	113.20	5	GFI 113.10 ↔	ICAP	5	6.40	6.60	5	ICAP			5	106.30	106.80	5	GFI
	GFI	5	112.75	113.40	5	ICAP	GFI	5	6.40	6.75	5	ICAP		GFI	5	106.25	106.80	5	ICAP
		5	112.65	113.40	5		GFI	5	6.40	6.95	5		GFI	5	106.00	106.80	5		
Q212	SPEC	5	114.30	114.60	5	114.50 ↔	ICAP	5	5.50	6.00	5	ICAP			5	108.35	109.10	5	
Q312		5	116.45	116.85	5	116.60 ↔		5	5.10	7.00	5			5	109.85	111.35	5		
Q412	SPEC	5	119.25	119.70	5	119.30 ↑		5	5.40	8.20	5			5	111.50	113.85	5		
Q411 x Q112																			
Q112 x Q212	GFI	5	-1.40	-1.10	5			5	0.40	1.10	5			PREB	5	-2.30	-2.05	5	GFI
Q212 x Q312	SPEC	5	-2.25	-2.15	5	GFI				0.90	5			PREB	5	-2.25	-1.50	5	PREB
Q312 x Q412	ICAP	5	-2.85	-2.40	5									PREB	5	-2.50	-1.65	5	PREB
Q412 x Q113	TFS	5	-1.35	-0.75	5	TFS								PREB	5	-2.00	-1.10	5	PREB
Win 11																			
Sum 12																			
Win 12	ICAP	5	119.90																
Sum 13																			
Win 13																			
2011																			
2012	ICAP	5	115.50	116.00	5	ICAP 116.00 ↑	ICAP	5	5.55	6.00	5	TFS		ICAP	5	109.75	110.45	5	
2013		5	121.15	121.75	5	121.60 ↓		5	5.30	6.00	5	TFS			5	115.15	116.45	5	
2014		5	125.65	126.50	5			5	5.05	5.90	5	TFS			5	119.75	121.45	5	

Product spreads

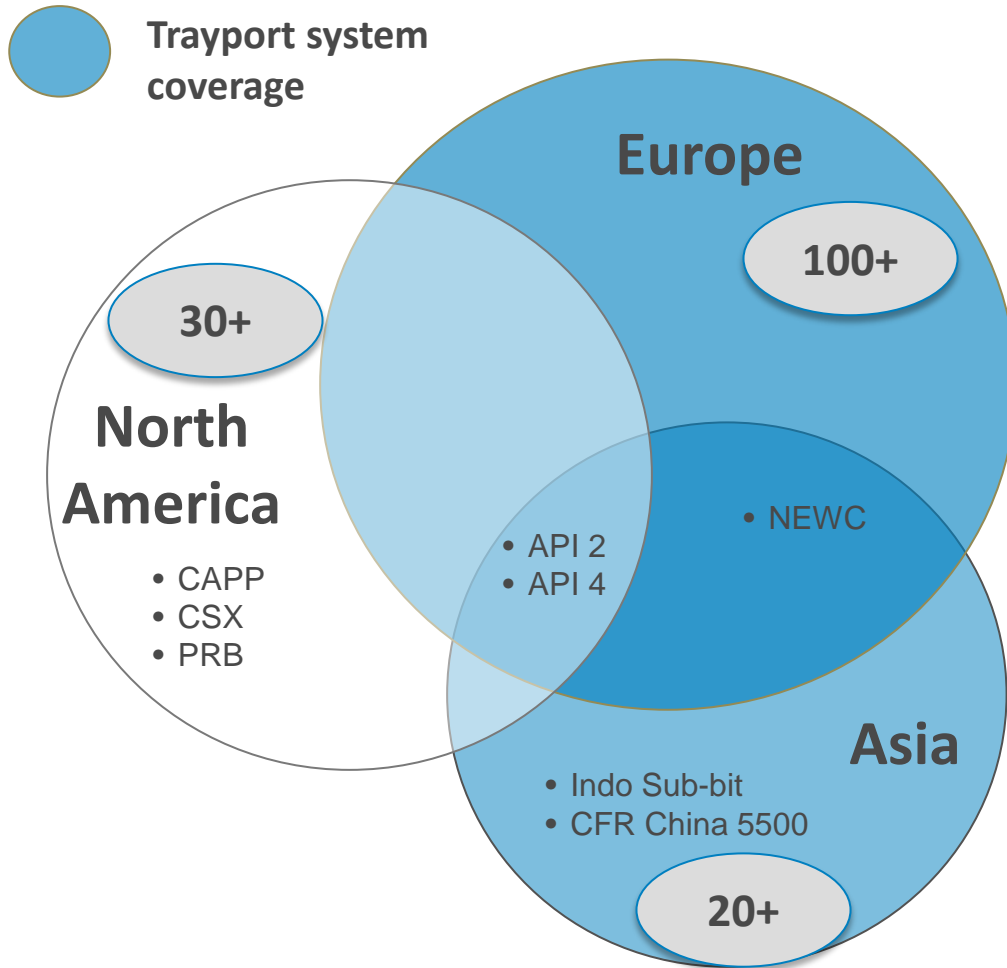
	Code		Last		>>	
	API2 / API4					
	Code	Qty	Bid	Ask	Qty	Last
Nov-11						
Dec-11	SPEC	5	8.00	8.50	20*	GFI 8.35 ↔
		5	7.85	9.00	5	SPEC
	GFI	5	7.80	9.35	5	
Jan-12		5	6.75	8.00	5*	
Feb-12		5	6.20	7.80	5*	
Mar-12		5	5.70	7.50	5*	
Apr-12		5	4.85	7.40	5*	
Nov-11 x Dec-11						
Dec-11 x Jan-12		5*	0.00	1.75	5*	
Jan-12 x Feb-12		5*	-1.05	1.80	5*	
Feb-12 x Mar-12		5*	-1.30	2.10	5*	
Mar-12 x Apr-12		5*	-1.70	2.65	5*	
Q411						
Q112	GFI	5	6.60	7.00	5	ICAP
	GFI	5	6.40	7.00	5	
	GFI	5	6.40	7.25	5	ICAP
Q212		5	5.25	6.00	5	
Q312		5	4.90	6.00	5	
Q412		5	4.95	7.50	5	
Q113				8.00	5	
Q213						
Q411 x Q112						
Q112 x Q212		5	0.60	1.75	5	
Q212 x Q312		5	-0.75	1.10	5	
Q312 x Q412		5	-2.60	1.05	5	
Q412 x Q113		5	-3.05			

2. Expand trader audience



TRAYPORT

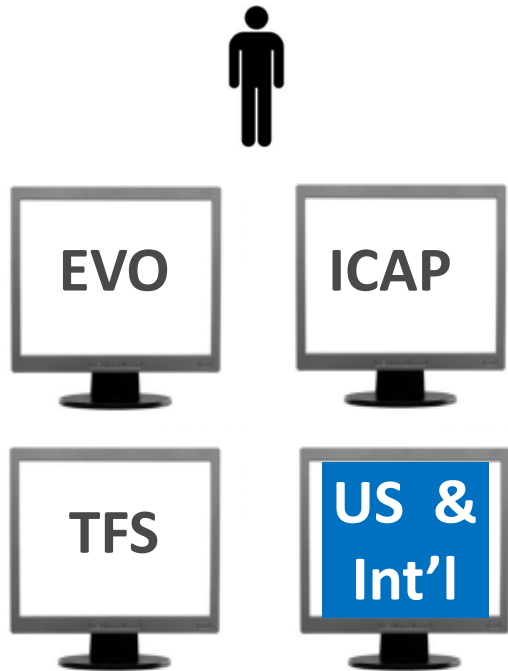
Expand trader audience



- Common platform, trader familiarity
- Access to global markets, no incremental fees for traders
- Back office integration and readiness

A single platform is more likely to attract new traders

Multiple, independent screens



VS

Single, standard screen

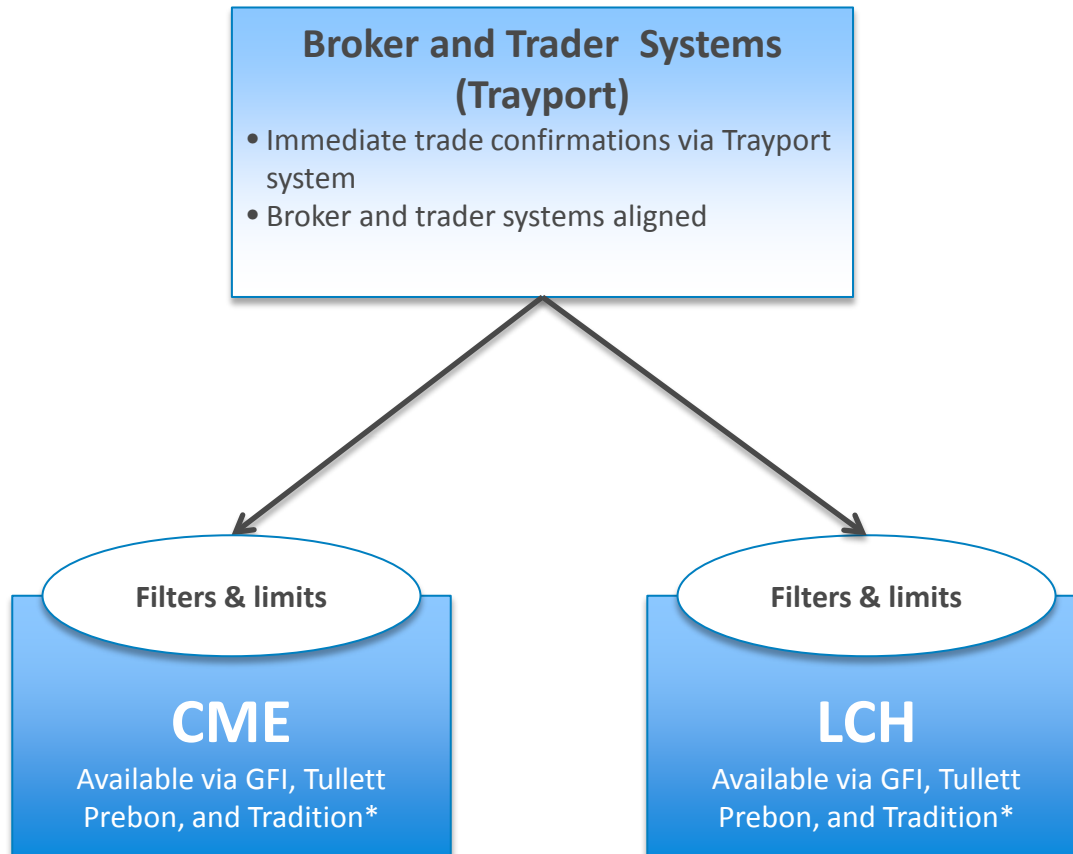


3. Improve trade process



TRAYPORT

Trayport improves trade processing



- Operational efficiencies for traders, brokers, clearing members and clearing houses
- Reduces risks and costs associate with un-matched OTC trades

ClearPort View



Trade ID	1107777	Submit Date	12/02/2011 13:37:31
Product	Central Appalachian Coal Futures (QL.NYMEX)	Clearing Date	12/02/2011
Clearing	CME Group Clearing House	Original Trade Date	Top Day
Status help	Cleared	Strategy Price	
Status Reason	Trade submitted for clearing	Strategy Type	
Trade Type	EFS/EOO	Cleared contract(s)	5 / 0

Print Void Close

Buyer Principal Information

Company Name **Trayport (1FFC)** Source **Http V 2.0 (Trayport -- Platform Firm)**

Allocation Information

Company Name	Trading Account	Name	Quantity
Company A	Trading Account A	Trader A	7,750

Seller Principal Information

Company Name **Trayport (1FFC)** Source **Http V 2.0 (Trayport -- Platform Firm)**

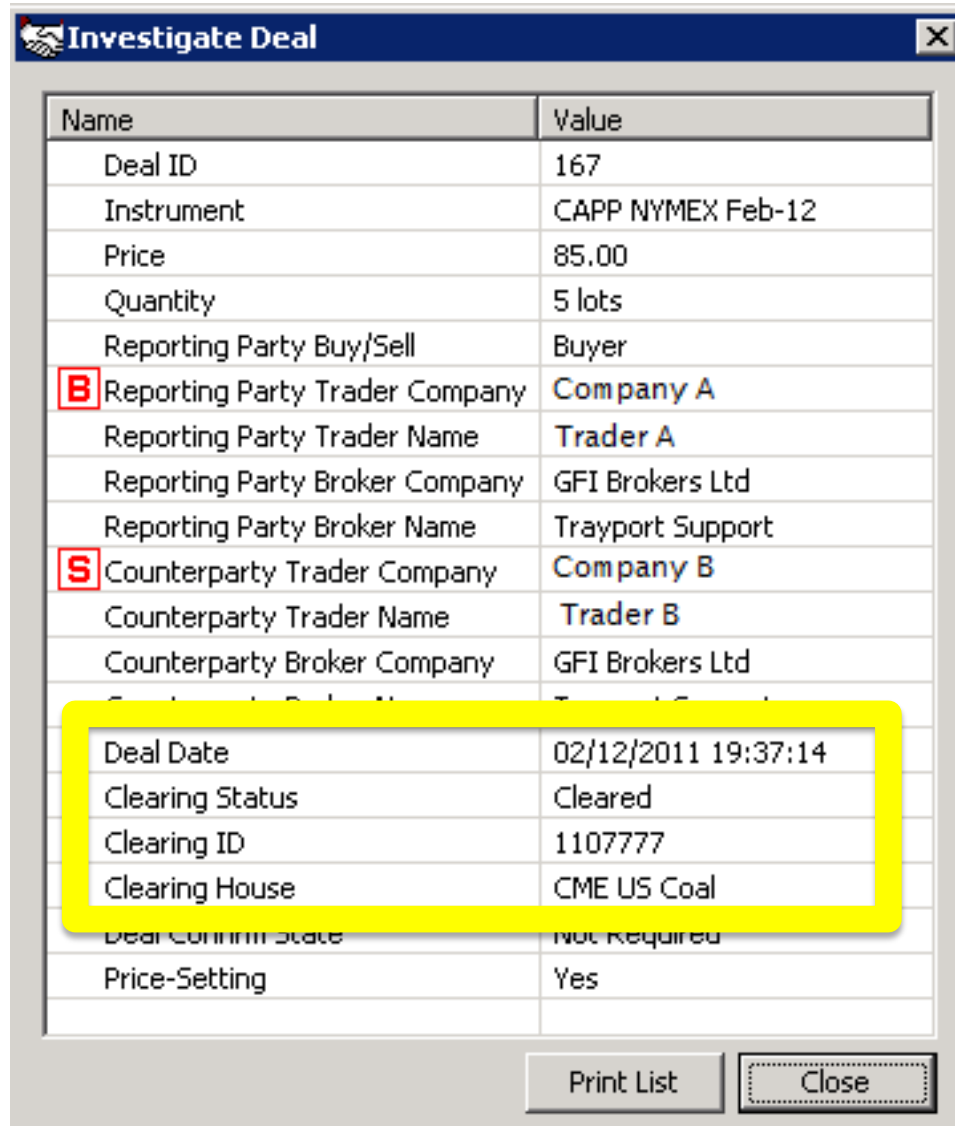
Allocation Information

Company Name	Trading Account	Name	Quantity
Company B	Trading Account B	Trader B	7,750

	Product	Quantity	Price	Term	Strike	ST CCY	
1 Buy	Central Appalachian Coal Futures (QL.NYMEX)	7,750 Tons/month 5 cleared contract(s)	85.00	Feb-2012		USD	Sell 1



Broker Trading System View

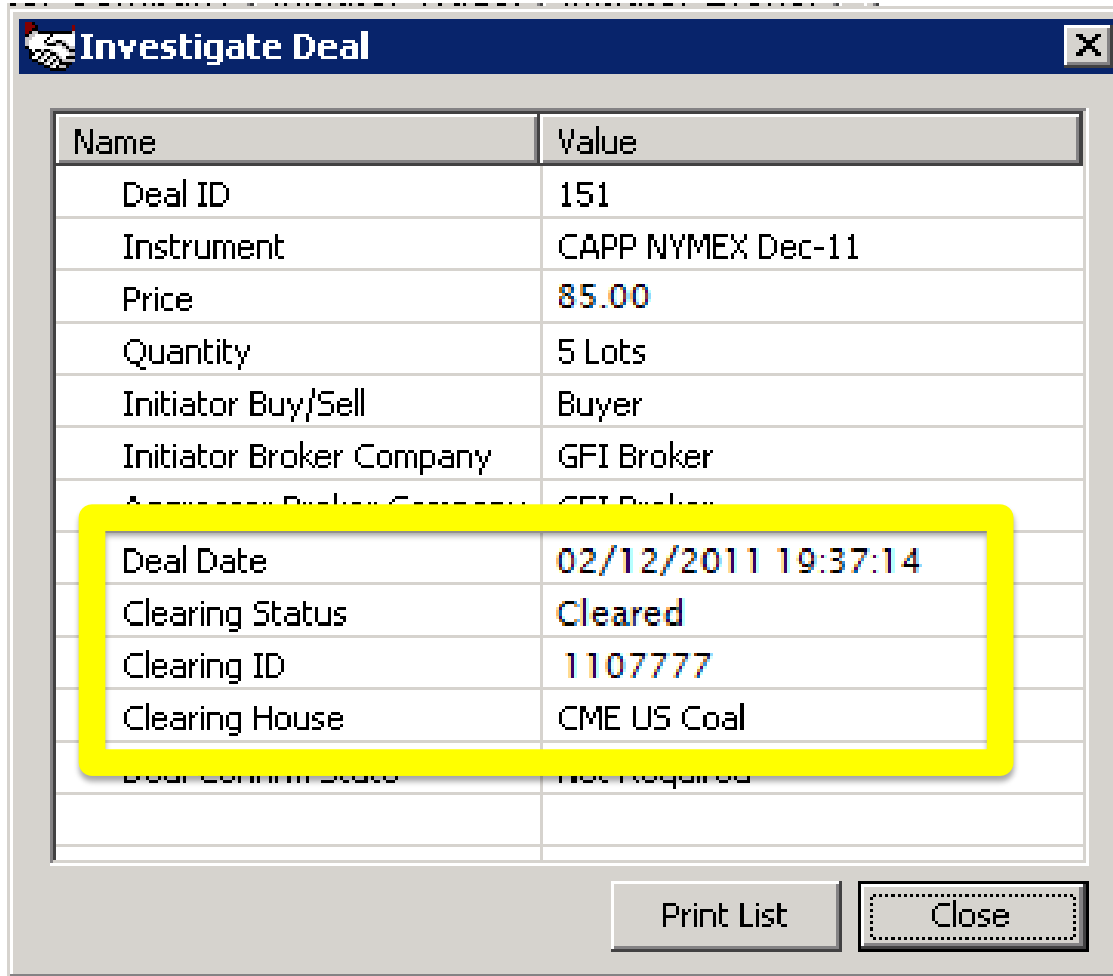


Name	Value
Deal ID	167
Instrument	CAPP NYMEX Feb-12
Price	85.00
Quantity	5 lots
Reporting Party Buy/Sell	Buyer
B Reporting Party Trader Company	Company A
Reporting Party Trader Name	Trader A
Reporting Party Broker Company	GFI Brokers Ltd
Reporting Party Broker Name	Trayport Support
S Counterparty Trader Company	Company B
Counterparty Trader Name	Trader B
Counterparty Broker Company	GFI Brokers Ltd
Deal Date	02/12/2011 19:37:14
Clearing Status	Cleared
Clearing ID	1107777
Clearing House	CME US Coal
Deal Confirm State	Not Required
Price-Setting	Yes

Print List Close

- API available to ETRM and other systems

Trading Gateway View



Name	Value
Deal ID	151
Instrument	CAPP NYMEX Dec-11
Price	85.00
Quantity	5 Lots
Initiator Buy/Sell	Buyer
Initiator Broker Company	GFI Broker
Approvers Broker Company	GFI Broker
Deal Date	02/12/2011 19:37:14
Clearing Status	Cleared
Clearing ID	1107777
Clearing House	CME US Coal
Deal Comm Status	Not Required

Print List Close

- API available to ETRM and other systems

STP- ties it all together

Trade ID 1107777

Coal

Futures (QL.NYMEX)

Submit Date 12/02/2011 13:37:31

Clearing Date 12/02/2011

Original Trade Date Top Day

Strategy Price

Strategy Type

Investigate Deal

Name	Value
Deal ID	167
Instrument	CAPP NYMEX Feb-12
Price	85.00
Quantity	5 lots
Reporting Party Buy/Sell	Buyer
B Reporting Party Trader Company	Company A
Reporting Party Trader Name	Trader A
Reporting Party Broker Company	GFI Brokers Ltd
Reporting Party Broker Name	Trayport Support
S Counterparty Trader Company	Company B
Counterparty Trader Name	Trader B
Counterparty Broker Company	GFI Brokers Ltd
Deal Date	02/12/2011 19:37:14
Clearing Status	Cleared
Clearing ID	1107777
Deal Confirm State	Not Required
Price-Setting	Yes

Print List Close

Investigate Deal

Name	Value
Deal ID	151
Instrument	CAPP NYMEX Dec-11
Price	85.00
Quantity	5 Lots
Initiator Buy/Sell	Buyer
Initiator Broker Company	GFI Broker
Deal Date	02/12/2011 19:37:14
Clearing Status	Cleared
Clearing ID	1107777
Deal Confirm State	Not Required

Print List Close

Information

Trayport (1FFC) Source Http

Trading Account

Trading Account

Information

Trayport (1FFC) Source Http

Trading Account

Trading Account B

	Quantity	Price	Term	Strike	ST CCY	
n Coal Futures	7,750 Tons/month 5 cleared contract(s)	85.00	Feb-2012		USD	Sell 1

Summary



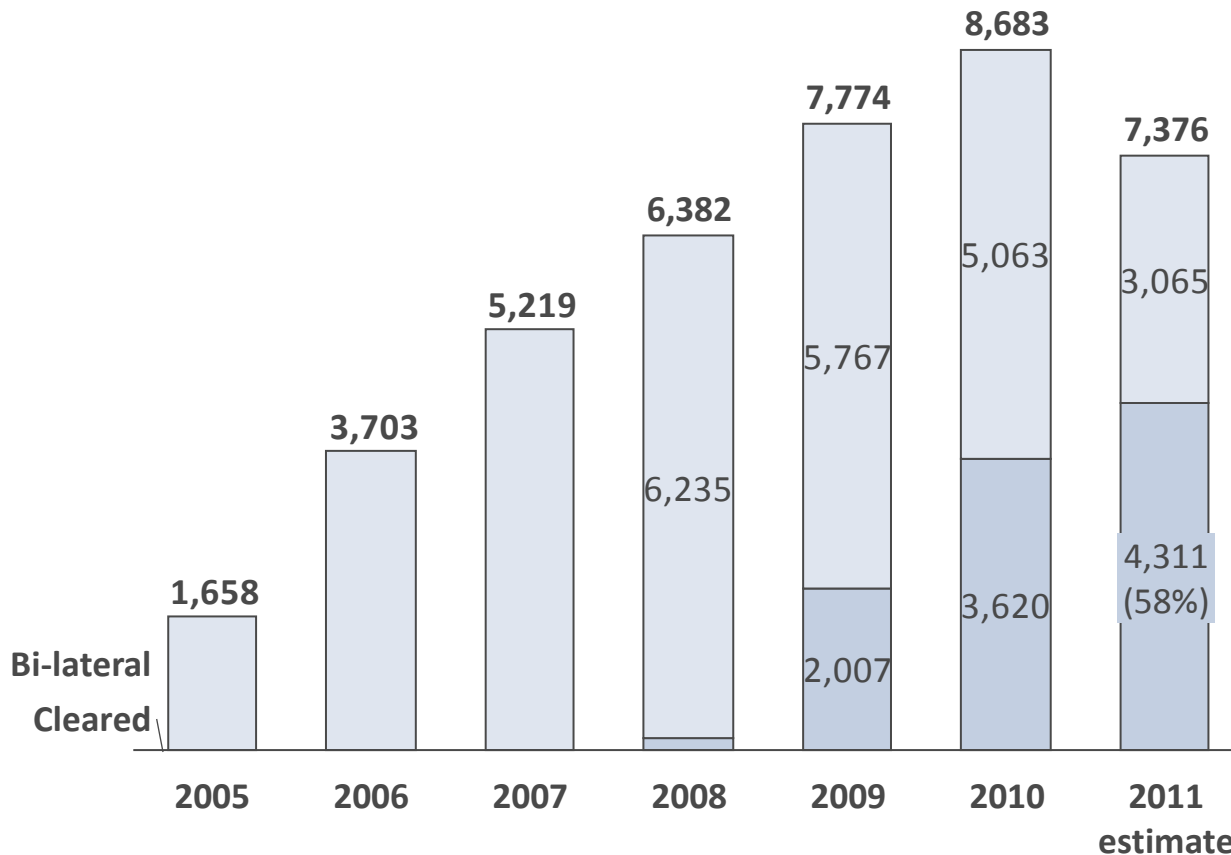
TRAYPORT

Summary

- Tangible liquidity boosters
 - Improved prices
 - Bigger audience
 - More efficient trading
- Low cost/effort
 - Existing relationships
 - Established, transparent business model
- Long term confidence and certainty:
 - Trayport does not compete for execution, will not become a SEF
 - Trayport systems will be regulatory compliant

European Coal Volume Growth

Average daily coal contracts by clearing choice (API 2, API 4, NewC)
ADV (monthly contracts)



- Aggregation from 2005
- Clearing from 2008

www.trayport.com

Head Office

Trayport Limited
4th Floor, Rose Court
2 Southwark Bridge Road
London SE1 9HS
United Kingdom

Tel: +44 (0)20 7960 5500

New York

Trayport Inc
55 Water Street, 28th Floor
New York,
NY,
10041

Tel: +1 212 232 5400

Singapore

Trayport Pte Limited
55 Market Street
Level 10
Singapore 048941

Telephone: +65 65213108



TRAYPORT