



OVERVIEW

A New Frontier for Corporate Bond and Credit Default Swap Trading

TRUMID.COM

Dysfunctional Credit Market

A Precarious Bottleneck

Market size is bigger yet dealer inventory is smaller

Buy-side holds 99% of inventory, yet all transactions have to pass through a narrow channel of shrinking dealer balance sheets

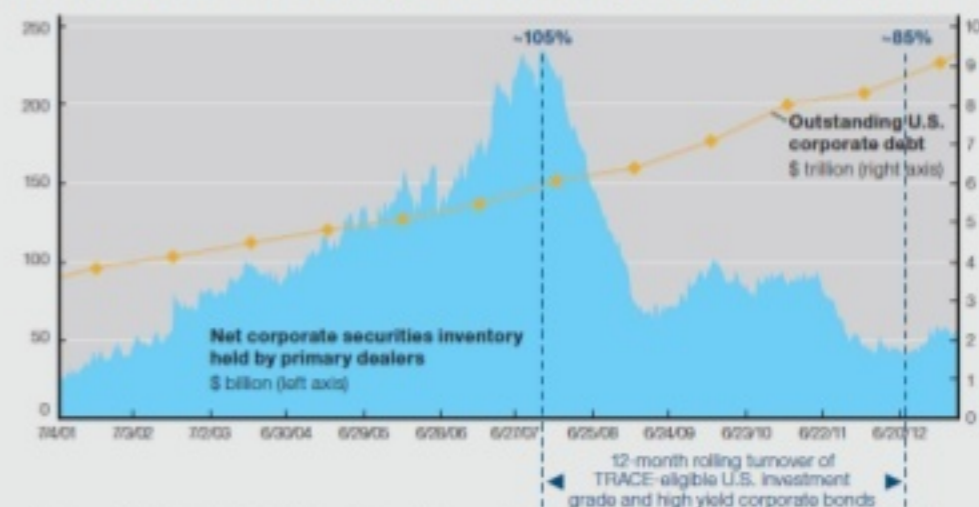
As volatility picks up, worst fears about lack of liquidity are being realized

Growing interest in e-trading: RFQ still dominant, but not for everyone and mostly odd lot

The critical mass of participants necessary to break the bottle neck has been elusive

New solution needed, but who will lead the way?

Net corporate securities inventory¹ and outstanding U.S. corporate debt, 2001-13



¹ Comprises U.S. dollar-denominated debt securities issued by corporations incorporated in the U.S., including bonds, notes and debentures; commercial paper; covered bonds; privately placed securities (e.g., 144A securities); non-agency collateralized mortgage obligations and real estate mortgage investment conduits; and non-agency stripped securities. Data through March 27, 2013.

Source: Federal Reserve Bank of New York; Securities Industry and Financial Markets Association; MarketAxess Research

1.0

REAL LIQUIDITY





TruMid

An electronic trading platform for round lots of corporate bonds and CDS

Designed to address growing concerns about liquidity in the marketplace

FINRA-approved broker dealer and SEC-approved ATS operator

Innovative “all-to-all” marketplace where buy-side can transact directly and anonymously with other buy-side and sell-side market participants alike



2.0

ESSENTIAL EXPERIENCE



Experience is the Difference

TruMid was designed by market experts for market experts

Our unrivaled experience in the credit markets uniquely positions us to change the trading behavior of the industry

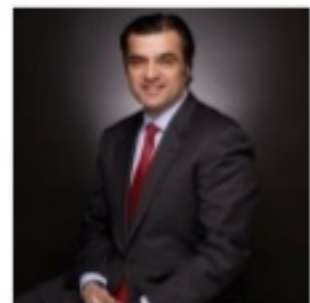
Our experience provides two big advantages

- 1 The relationships to attract a critical mass of the right market participants needed to trade
- 2 The delivery of the right protocols for robust efficient execution

Meet the Team

**RON MATEO**

Ron has 19 years of trading experience across the entire credit spectrum. Prior to TruMid, he started and ran the credit group of Trinity Brokers, an independent broker. Before that, he was a Managing Director at Salomon Brothers/Citibank.

**RAVI SINGH**

Ravi has 20 years of experience in financial services. He was a Managing Director and head of Global Alternative Investments at Credit Suisse and before that retired from Goldman Sachs as a Partner also running several business and trading units including Global Prime Brokerage.

**JOSH HERSHMAN**

Josh Hershman has 16 years of trading experience across the entire credit spectrum. He was most recently head of US Credit for Barclays Non-Core and head of investment grade CDS trading prior to that. Before Barclays, Josh worked at Goldman Sachs and Merrill Lynch in similar roles.

**MIKE MARTINIC**

Mike has 14 years of trading and investment banking experience across the entire credit spectrum. He most recently ran quantitative and fundamental credit trading for Citadel Asset Management. Before that, he was a Director of high yield trading at Citi group.

**MIKE SOBEL**

Mike has 14 years of credit trading experience in high yield bond and CDS trading. He worked at Lehman Brothers and most recently Barclays, where he was a Managing Director.

**CHRIS RUGGIERO**

Chris has 7 years of trading and investment banking experience across the entire credit spectrum. Prior to joining TruMid, Chris worked at Goldman Sachs trading distressed, high yield and investment grade bonds and CDS. Previously, Chris worked in the advisory division of The Blackstone Group.

3.0

DEEP RELATIONSHIPS

Relationships Matter

150 years of combined team experience has led to a complete understanding of our clients' needs from risk taking to cash management to inventory turnover

Deep relationships with the entire universe of counterparties in the credit market enable us to bring them to the platform for round lot trading

These relationships have already led to unprecedented onboarding momentum from the right participants

4.0

OPEN ACCESS

The Right Protocols

The development of superior protocols drives liquidity in 3 ways

1 Session-Based Trading

8-minute trading sessions called Swarms take place at different points in time each day

2 Anonymity

TruMid users execute trades directly between each other in an anonymous environment

Orders go away with no footprint so there is no data leakage

The platform was built to incentivize users to put their best foot forward and disclose their full intention without risk of moving the market.

This attracts orders that would not otherwise exist, thereby increasing the total amount of liquidity in the marketplace

3 Efficient Execution

All users interact dynamically using multi-faceted protocols allowing participants to democratically determine mid-market pricing

Orders executed within seconds at mid-market price

4.2 How Swarms Work

8-minute trading sessions

Light human touch: prior to Swarm, TruMid professionals select:

- Securities

- Initial mid point

- Price range of allowable orders

- Special instructions

Technology and production teams are physically separated ensuring complete data privacy and protection

- TruMid front office does not see orders

Price movements and transactions driven entirely by participants

TruMid Swarms are for round lot trading only

- Minimum order size is 2MM HY / Distressed and 3MM IG

The screenshot displays the TruMid trading platform interface. At the top center, the 'TRUMID' logo is prominently displayed within a square frame, with the text 'POWERED BY THE BEAST APPS' underneath. To the right of the logo, the market ticker 'VZ/CHK/CZR' and the time '10:02:00 PM' are shown, along with the date 'Tuesday, January 20, 2015'. Below the header, there are three main tabs: 'FIRST ORDERS', 'ACTIVE PHASE', and 'TRUMID PHASE'. The 'ACTIVE PHASE' tab is currently selected, and a large teal banner across the middle of the screen reads 'SWARM CONSTRUCTION IN PROGRESS.' To the right of this banner, there is a red button labeled 'CANCEL ALL MY ORDERS' and a 'HELP' link. Below the banner, there are several data panels: 'SECURITY' with a bid/ask indicator, 'MY BID - MY OFFR', 'BEST BID - BEST OFFR', and 'MY AVG BUYS/SELLS'. At the bottom, there are sections for 'KEYSTROKE HISTORY' and 'ALL MY ORDERS', each with columns for 'TIME', 'ACTION', 'STATUS', 'TIME', 'SECURITY', and 'ORDER'. A copyright notice 'COPYRIGHT 2014. ALL RIGHTS RESERVED.' is visible at the very bottom of the interface.



4.3 Swarm Types

1 Sectoral Swarms

Focus on subset of securities from a particular industry

Run on a well-publicized schedule so traders and PMs can think about their risk and liquidity intentions beforehand

Resolve the fragmented liquidity challenge by becoming a part of traders' daily routines

2 Topical Swarms

Composed of securities that are highly relevant on a particular trading day

Strategically selected by TruMid market experts

3 Priority Axe Swarms

User-selected corporate bonds and CDS

Address less liquid securities



The screenshot shows the TruMid website interface. At the top, the TruMid logo is displayed. Below the logo are three navigation tabs: TRADING, SCHEDULE (which is highlighted in orange), and FAQ. A message states: "TruMid will provide updated weekly schedules showing highlighted sectors for each Swarms." Below this is a date selector for "Monday, October 20, 2014". A table lists the trading schedule:

9:00 AM	Topical
10:00 AM	IG Energy, HY TMT, CZR
11:00 AM	IG Retail, HY Energy, LEH
1:00 PM	Priority Axes
2:15 PM	IG Financials, HY Healthcare, CCMO
3:30 PM	IG TMT, HY Financials, DIS Retail
4:30 PM	Topical

At the bottom of the schedule table is a button labeled "SUGGEST BONDS".

4.4 Swarm Construction

A TruMid Swarm is divided into three tabs: **IG**, **HY**, and **Distressed** (each holds up to 17 securities)

A Swarm has **three phases**, each with different protocols and opportunities for users

The first two phases of a Swarm allow the entire market to interact directly and trade in order to determine the true midpoint. TruMid. No user has a competitive advantage.

First Order Phase

Users enter undisclosed orders around an initial midpoint set by TruMid professionals

At the end of 3.5 minutes, crossable bids and offers are executed

Active Phase

Orders from First Order Phase carry over into Active Phase and remain active and actionable

Best prevailing bid and offer displayed to any user who has placed an order

Users can hit/flip or counter to displayed market

Sees order a low user to access depth of liquidity stack

TruMid Phase

True midpoint, TruMid, determined algorithmically by all activity in prior two phases

All trades in this phase will take place at the TruMid price

Users enter orders to buy / sell / swap at the TruMid — matching orders executed at the end of the TruMid phase

00:56 03:30 PHASE DURATION TIME LEFT

TRUMID POWERED BY THE BEAST APPS

VZ/CHK/CZR 03:00 PM Tuesday, January 20, 2015

FIRST ORDERS ACTIVE PHASE TRUMID PHASE

ORDERS AT :00 WILL BE GOOD FOR 135 SECONDS. IMPROVEMENTS ONLY THEREAFTER

HELP CANCEL ALL MY ORDERS

SECURITY	S/Y	MY BID - MY OFR	BEST BID - BEST OFR	MY AVG BUYS/SELLS
IG VZ 00:56				
VZ 3.5 11/2024	10Y	+161	/	
VZ 6.55 09/2043	OLB	+222	/	
HY CHK 00:56				
CHK 6.125 02/2021		\$105.25	—	
CHK 4.875 04/2022		\$97.75	— \$98.25	
DIST CZR 00:56				
CZR 11.25 06/2017		\$75.25	—	
CZR 10 12/2018		\$17	—	

KEYSTROKE HISTORY ALL MY ORDERS ALL MY TRADES



4.5 Pricing

No subscription fees — a free option for access to liquidity and pricing

TruMid receives a markup/markdown on any transaction on the platform

IG: 0.3-0.5 bps depending on duration

HY / Distressed: 1/16 point

Example:

On HY bonds, if buyer and seller are matched at a price of 100,
TruMid buys from the seller @ 99.9375, and sells to the buyer @ 100.0625



4.6 Trade Settlements and Clearing

Trades reported at conclusion of Swarm

Trade blotter available throughout the day

Trade settlement through **Pershing** or **State Street Global Markets**

Soon to offer processing via STP



4.7 Catalyzing Liquidity

We are at a tipping point in the evolution of the credit market — the current model is not sufficient to meet the buy-side's demand for liquidity

TruMid's **open access**, all-to-all platform allows the entire market to dynamically trade with each other before establishing a volume-clearing level — the TruMid

Our **deep relationships** bring the relevant round lot traders to the platform

Our structural independence means we have **no special interest** and participants operate on a level playing field

This new paradigm is a catalyst for behavioral change



4.8

Tutorial Video

[TruMid Demo Video](#)

Password: **trumidteam**





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BE **THERE.**

TRUMID.COM