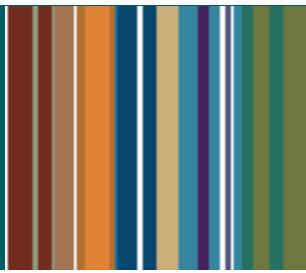




SUNGARD SECURITIES FINANCE



eNEWS Q4 2009

Apex, Astec Analytics, Global One,
Loanet, Martini, WorldLend



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From the desk of Brian Traquair

Welcome to the December 2009 Edition of our Securities Finance Newsletter

The industry is now back from the brink and beginning to grow again. We are seeing new participants, expansions into new markets and a renewed desire to have the best technology to drive trading while managing risk. I am just back from two weeks in the UK meeting with staff and customers and the tone is much better in every dimension. Next year looks quite interesting and promising – we hope you agree.



Since our last newsletter we have had the pleasure of seeing four customers go live with our new Apex securities finance solution and 2010 will be busier still. If you have not seen Apex yet, I recommend you contact us and see our next-generation technology first hand.

We have a lot of innovation coming to market in each of our products. Examples include the Loanet Smart Loan locates browser, the Global One Lender Trading Grid, Martini Tri-Party Integration, Quadriserv AQS central counterparty integration and the Astec Analytics Lending Pit Add-ins. Our goal is to ensure that our products are always moving forward to solve new problems, and this is a good cross section of our initiatives.

We are working with many firms to find ways to bring multiple sites and operations into a single technology and operations framework. These projects can bring substantial returns and we are happy to work side-by-side with our customers to ensure the proper project scope and systems analysis. Like highway construction, part of the challenge is keeping the road open while you expand – let us reduce the project risk for you. Our professional services team has decades of experience in bringing projects to fruition on time and on budget.

Collateral management is front and center in every firm today. Both within securities finance and across SunGard we are bringing together tools to both consolidate and manage collateral exposure across business lines and instrument types. We have substantial experience in equity finance, repo, OTC derivatives and exchange traded derivatives within SunGard. There is also considerable interest in analysis and optimization once all the information is consolidated. Our Smart Segregation Service (S³) is just one example of these tools. Let us know if we can work with you in this area.

As always, I welcome any of your comments and suggestions, so please do not hesitate to contact me at +1 416 646 5895 or brian.traquair@sungard.com.

Thank you for your business and for your continued support of our SunGard products and initiatives!

Kind Regards,

Brian Traquair
President, SunGard Capital Markets & Investment Banking



FEATURES

New Regulations to Raise the Bar on Firm Reporting Requirements

With market turmoil and negative press on short selling and the securities lending industry over the last eighteen months, regulatory scrutiny has increased significantly. Consensus in the industry reveals the general theme that increased regulation is a certainty, not only for hedge funds but also for the wider financial community. Short selling and other regulations continue to be discussed in Washington, while other countries around the world adopt their own regulations, many of which are similar to those already established in the US.

Regardless of what the landscape will look like tomorrow, SunGard continues to support its customers with technology solutions that help to ease the burden of complying with new rules and restrictions that require changes in processing and reporting at critical points in the securities lending lifecycle.

SunGard's Smart Loan, S³ and R³ solutions have been in use for a number of years to assist customers in compliance with SEC Rule 15c3-3 Regulation SHO and 15c3-3 reserve requirements relating to protecting customer assets. With the introduction Rule 204 in 2009, compliance requirements have focused around reducing the outstanding CNS fail to deliver relating to sales (both long & short) in the clearance and settlement process, and SunGard is working diligently to deliver a new solution to support customers in this area (more details follow).

In addition, the 2007 repeal of the uptick rule, which prohibits short selling except on an uptick in stock price, led critics to believe it should be reinstated even though several studies suggest that short selling neither harmed nor benefited the industry regardless of the uptick rule. Following this repeal, short selling bans disrupted the securities lending market, which

has not fully recovered since the bans were established. Clearly, regulators continue to seek greater clarity in the area of short selling. At the same time, SunGard continues to focus on helping firms address whatever new regulation comes along.

New US regulation on the horizon

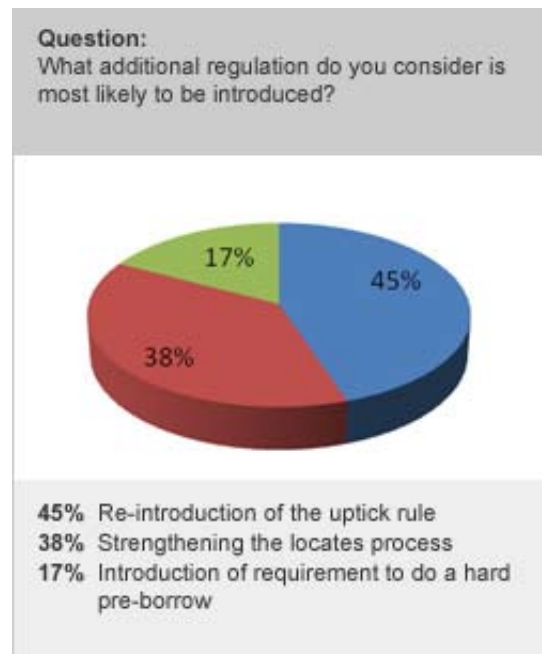
In September, the SEC conducted a roundtable discussion in Washington around short selling and regulation. The goal was to discuss potential options to curb perceived short selling abuses, which will potentially result in more regulatory changes such as reinstating the uptick rule, establishing more stringent locate processes, and adding rules on borrowing securities on trade date to ensure availability on settlement date.

Many experts believe short selling is a legitimate trading strategy and provides significant value to the industry overall. In fact, the short selling bans did not help to achieve the stability that was intended. In a matter of weeks, it became apparent that securities prices were decreasing before, during and after the bans. But the industry can expect more rules and regulation, not just for securities lending, but across the board in credit, risk control and investment.

At the RMA conference in Florida, SunGard conducted a survey to gauge the attitudes of industry participants regarding the introduction of a central counterparty in the securities lending market, and the potential for additional regulation impacting the area of securities lending.

45 percent believe that it is most likely that the uptick rule will be re-introduced, while 38 percent thought strengthening the locates process would most likely, with 17 percent believing that a more formalized 'hard pre-borrow' process may be introduced. A further question regarding the introduction of a central counterparty, which many hope will pre-empt the need for regulation in this area, indicated that 40 percent of respondents said they were taking a wait-and-see approach to trading via a central counterparty. 27 percent plan to participate within the next year, and 25 percent said their firms do not anticipate doing so at the present time.





If you would like to participate in the survey, please [click here](#).

Rule 204

One of the newest regulatory rulings is Rule 204, aiming to mitigate perceived short selling abuses during the financial crisis. SunGard is developing a solution to help firms monitor Rule 204 conditions and recommend actions to take in order to comply with timeframes set by the rule. This solution tracks the actions that were recommended and client-recorded, as well as the actions that were actually taken. It also provides the broker-dealer with a list of securities for which violations occurred, and loads that list electronically into other applications to help guide short selling actions. The solution is a stand-alone application that provides interfaces to Loanet Smart Loan, or any other application, SunGard or otherwise. It utilizes the industry standard files needed to determine CNS fails, and interfaces with trading systems to obtain files on executed trades on a daily basis, as well as stock borrow and loan information for verification of recommended and taken actions.

While the industry has experienced a drastic reduction in fails since the introduction of the 204(T), initially as a

temporary ruling in October 2008, activity has declined by around 40 percent as well. There is some evidence that Rule 204 is causing borrowers to take out more loans of the stocks that had fail-to-deliver problems in the past, leading to threshold listing. While the size of the threshold list is now much smaller, it is possible that the rule is leading to extra borrowing before the threshold limit is crossed or the new close out date is reached.

Locates Authorization

SunGard has also delivered a Web-based system that helps firms' traders and clients to locate and authorize availability of stock to borrow, prior to the execution of a stock short sale. The solution, Locates Browser, addresses many of the authorization requirements at the same time as maintaining a firms' specific guidelines for short selling non-restricted securities. Locates Browser is a module of the Smart Loan front-office inventory management system that helps US broker-dealers automate the management of borrow requirements, loan availability, books of business, counterparty communications, and compliance with SEC Rule 15c3-3 for possession and control.

Margin Accounts Optimization

In addition, the Loanet Smart Seg Service (S³) provides substitution processing and optimization of margin account segregation for securities lending. Loanet S³ provides a complete solution that eliminates batch processes and helps broker-dealers improve the speed and profitability of seg substitutions. The “on demand” capabilities of S³ allow traders to react to changing conditions and securities demands in a real time during the online trading day while complying with industry regulations.

ALD in Europe – are you ready?

While the US remains among the most highly regulated of nations, regulations in other regions of the world have the potential to adopt and perpetuate similar models as adopted in the US. The agency lender disclosure (ALD) of principal model used for Basel 2 in Europe is one example of a model based on US regulation being adopted outside of the US.

ALD capital adequacy reporting, measures exposure at the underlying principal level. At the core of the requirement is the necessity to provide loan and collateral detail on a daily basis. The impact of this data not being received is that the borrowers will be required to put up additional capital in order to do the business with the undisclosed principals. In the longer term this could have considerable impact on the borrower/lender relationships for those lenders who are not able to supply the required data.

SunGard’s Agency Lending Disclosure of Principal (ALDOP) service helps lenders and borrowers with their compliance with regulatory reporting. The service is available on a subscription basis to all industry participants and does not require the use of other SunGard securities finance solutions. SunGard’s ALDOP solution provides a single source of input and output for lenders and borrowers, simplifies the complexity of the daily file delivery requirement, and makes processing more efficient through the use of aggregated files.

SunGard has provided the ALDOP solution to US customers since 2006, and began offering the solution to European customers in 2009. With more than 90+ customers using the solution every day in the US and nearly 20 using it in Europe, the ADLOP solution has

proven to be an extremely valuable tool for meeting daily requirements quickly and efficiently.

Securities finance will continue to be a force of liquidity and stability in the global stock markets. Technology is the key to help firms manage change and cope with the requirements of new regulations, and SunGard is steadfast in its support of its customers around the world.

FEATURE

Focus on Trading: Optimized Decision Making, Efficiencies, and the Flexibility of Choice

Before a trade even takes place, firms need to be able to quickly and efficiently decide on the securities to trade, and when and how to place the trade in order to optimize the use of the firm’s assets and ensure they trade in the most effective way. In today’s climate, firms are driven to make better use of technology to improve efficiencies, reduce costs, and streamline processes. Particularly in the front-office, sound decision making and high productivity are critical to a firm’s bottom line.

SunGard helps firms meet the challenge of trade automation for securities finance by helping them to improve the trade process; from pre-trade decision making support, market data analytics and flexible trade entry, to specialized automation for position optimization and flexible trade agreement processing.

The evolving trading landscape

The trading process for securities finance is distinctly different to that of the equities world as there are many more moving parts that need to be processed and monitored. Having the stock to lend is just part of the equation; firms also need to find the most suitable counterparts. Effective collateral management and efficient operations processing both play a part in maximizing the use of securities the firm has within its portfolio.



Discussions abound on whether or not the electronic and OTC marketplaces can co-exist in the long term. Electronic and OTC (or point-to-point) marketplaces offer two distinct methods of trading. Electronic marketplaces can help lending institutions to make more effective use of their inventories. But regardless of the method used, greater trade processing efficiencies are needed to facilitate control of risk, costs and profit margins.

Consolidated visibility of information is in greater demand, in order to ensure most effective use of assets across the firm. Firms participating in the international and US securities lending markets need to make broad-reach decisions around their use of inventory, driving an increasing emphasis on the consolidation of positional information across entities, geographies and products.

SunGard's Securities Finance solutions assist with all aspect of pre- and post-trade processing. Here, we take a look at some of the efficiencies that they bring.

Pre-trade decision making and portfolio optimization

Prior to the agreement of a trade, firms need to be able to identify potential borrowing requirements and lending opportunities to determine the most beneficial trades. Firms can benefit greatly from automation that provides consolidated views of positions. This provides insight not just for today, but for tomorrow's landscape in determining borrowing requirements and helping other trading desks to plan their strategies.

SunGard's Apex, Martini and Smart Loan give customers clear visibility of this information both for today and in the short-term, across multiple entities and product types. This helps customers to determine their financing requirements and optimize the use of their portfolios.

In the highly regulated US market, Smart Loan and S³ help US brokers comply with Rule 15c3-3, short selling requirements as well as provide retail brokers with help in identifying available assets within margin accounts, with focus on freeing up 'interesting' assets for lending. The Smart Loan Locates Browser assists with demonstrating that appropriate shorts coverage has

taken place pre-trade by providing a unique 'Locates' reference for association with the booking of a short sale.

Analytics on opportunities, returns and portfolio valuation

Trade analytics help identify the securities within the firm's portfolio that are particularly desirable in addition to providing data on which to forecast potential returns. A great many inefficiencies still exist in the process in terms of determining the valuation of portfolios; and in OTC markets in particular, portfolio worth can be determined differently by different people.

SunGard's Astec offers a unique view of aggregate market data that allow traders to see what is "hot" now, what the going rates are, and trend volume and rate data over the last 14 months, as well as provides informed portfolio valuation reporting. Astec's Lending Pit can be used to highlight trades that are not in line with the aggregate market rate, providing useful information for potential re-rates. Lending Pit data can be accessed directly within SunGard's Apex, Martini, Global One, Loanet (Smart loan) and WorldLend trade entry screens, providing easy / context sensitive access to data.

Multiple trade entry options, no matter the market

Firms have multiple options for trade entry. Point-to-point, or by telephone, is still useful for many stock loan "special" trades, which require the capture of many different variables on the trade. For GC or "general collateral" trades, there are multiple marketplaces and different methods of trade agreement to choose from. These include bids and offers made in both private and public venues, auctions, exclusive agreements and intelligent order routing. A new development in the securities finance market is the emergence of central counterparties. SunGard is working to make the potential use of a central counterparty a practical option for customers by automating not only the trade agreement, but also the resultant trade lifecycle.

The use of automated order routing is more firmly established in the US markets, with SunGard's Loanet order routing handling over 100,000 orders per day, with 15,000 to 20,000 new trades being created.



This method automates the flow of borrow orders to pre-approved lenders, uses standard rates, and allows for trade agreements to automatically create the trades on the books-and-records system. This removes the need for manual intervention, and provides a high level of efficiency and massive time savings.

Regardless of the trading method or the marketplace, firms need the flexibility to be able to use multiple routes to market and benefit from automated processes in order to help gain efficiencies and reduce the cost of trading.

Further automation for increased efficiencies

In today's global trading environment, there is commonly a need for the booking of multiple trades in order to reflect transactions correctly in the books-and-records of all entities. Sometimes this requires bookings between multiple desks/books/cost centres in order to correctly reflect revenue and/or funding costs. Other times, this requires back-to-back booking of trades between different legal entities potentially in different geographies. The automation provided by SunGard's securities finance solutions automates this process, thereby eliminating the need for multiple trade bookings and saving precious (and expensive) trader time.

The importance of technology for automation and increased efficiency

Close integration between multiple platforms such as lending and repo systems and downstream settlement, credit risk and general ledger solutions is imperative for firms to be able to streamline processes and gain efficiencies. Of equal importance is extensibility of systems, which gives firms the ability to connect its own proprietary algorithms to trading and processing systems.

All of SunGard's securities finance solutions incorporate tools to assist with tailored integration as well as out-of-the-box options for commonly

integrated systems. Some examples of this standard connectivity are: Loanet, which incorporates close DTCC integration; Apex and Global One, which provide SWIFT format settlement messages; and Martini's connectivity to standard ECN's and tri-party providers for repo and collateral management.

In addition, the use of Microsoft Excel as a pre-trade tool still remains a favourite for traders, and a number of our products (Apex, Global One Lender Trading Grid, Lending Pit, Loanet Smart Loan) include Excel Add-Ins and cut-and-paste capabilities in order to provide flexibility in passing information between trading applications and Excel. In addition to assisting with the automation of stock requests, data enriched spreadsheets are commonly used to highlight key information, value portfolios, and share information with clients

And finally, Software-as-a-Service (SaaS) is gaining popularity as a way of delivering automation in a more flexible, pay-as-you-go environment. These platforms can quickly and efficiently meet the needs of securities lenders without the resources, time constraints, and infrastructure cost of larger implementations. SaaS provides automation as a service on-demand in a Web-based environment, without sacrificing the ability for users to tailor the solution to their specific needs. It provides the ability for firms to choose the tools they want, and when they want to use them. SunGard is at the forefront of supplying SaaS and managed service solutions to its customers.

As one of the most complex disciplines in the financial industry, securities finance is ripe for an efficiency makeover. As cost efficiencies and the use of electronic marketplaces become more critical, the streamlining of trading and operational processes takes centre stage. Automation is crucial to helping institutional lenders improve their trading processes and enhance decision making, optimize use of assets, and reduce costs while gaining efficiencies.



FEATURE

Firms Preparing for What's Next in Securities Finance

Where are we now within the financial crisis when it comes to the lending and borrowing of securities?

In looking at the viewpoints, concerns and challenges of the different participants in the securities finance lifecycle, we can see how each can take advantage of what happens next. The securities finance industry has experienced declines in borrowing amounts and numbers of transactions, however, things have levelled off over the last few months and the future is looking brighter. Borrowers are still somewhat wary of the direction the markets will take, and it is likely that those sporting good returns for the year will be keen to finish the year in the same position. There has been a relatively small impact on the supply side of the market, and many of the institutional investors who temporarily exited the market are slowly returning, albeit with greater scrutiny over their lending agents. Potential for new regulation on the horizon is causing uncertainty in terms of what will be required from financial institutions. In Europe, more controls over hedge funds, the ultimate borrowers of securities, are being considered in the near term, and these have the potential to have a structural effect.

Beneficial Owners: Asking More (and Less) of Agent Lenders

Many institutional clients of agent lenders are looking to unbundle their services. Some do not want their agent lenders to manage their cash any more, but rather, simply perform the lending of the underlying securities. One recent industry survey says that as much as fifty percent of all beneficial owners are reviewing their strategies to exit the current cash collateral reinvestments that have been made on their behalf. Going forward, beneficial owners will ask for more transparency from their agent lenders. As the anomalous loan rates driven by



mismatched cash reinvestment maturities roll off, it is anticipated that we will see a rise in activity but the focus will be different and more on the intrinsic value of what is being lent. Most beneficial owners, at the moment, are comfortable giving up return for less risk

Agent Lenders: Reviewing Cash Reinvestment

For agent lenders, there are two halves to the equation: securities lending and reinvestment. They appreciate that the underlying institutions will continue to lend but will be concentrating on generating income on the lending of securities, rather than on the cash collateral reinvestment. Cash needs to be kept very safe and accessible. As economic conditions improve over time, the push for additional basis points through cash reinvestment may lead once again to more flexible investments, but it is unlikely they will ever reach pre-2009 proportions and composition. Today, agent lenders are looking to keep their clients comfortable, and are focusing on lending hot stocks rather than on cash reinvestment. Additional reporting and the ability to explain much more about their programs to the clients will be key.



Hedge Funds: Focusing on Talent and Transparency

Hedge funds need to be in-tune with the business, yet historically there had been a fundamental lack of information within hedge fund community about how securities lending worked, the meaning of 'real availability,' and how it fitted in with the overall business picture. This has changed dramatically as hedge funds, recognizing their shortcomings in this area, have begun recruiting talent, usually from the shrinking broker dealer space, to set up their own securities lending and borrowing desks, while others have employed consultants to advise them on how to position themselves better moving forward. Hedge funds are also seeking greater transparency on the sourcing of securities as they see the benefits and occasional strategic ideas being generated from securities lending information.

So What Happen Next in Securities Finance?

What was true before in securities lending remains valid today and should not be forgotten despite the market turmoil and public interest and even occasional censure. Lending securities can help all stakeholders in the process maximize revenues or earn incremental income. Participants need to have an in-house skill set to manage their programs. The time may be right for the introduction of a central counterparty providing another alternative rather than a replacement, where participants can have greater access to information and stock availability. Firms are now positioning themselves for 2010. Whether the New Year's financial markets' performance will be described with a J-curve, W-curve, or straightline increase, firms will want to hit the ground running on January 1. It is probably fair to assert that with the additional safeguards, technological tools, better understanding of risk (admittedly after a dramatic 'learning moment'), there is the potential and the impetus to provide better market transparency for each of the players, greater monitoring of the real value of securities lending, and the ability to cope with new regulatory requirements as they arise.

FEATURE

That was a year that was! (Looking back over 09 and forward to 2010)

2009 is a year that many folks will be pleased to see the back of. It has been a year of continued financial market turbulence, uncertainty over levels of business, with the resultant impact on employment. Although less in the public spotlight than in 2008, through the association of securities lending with short selling, the call for increased regulation is still out there, and it is unlikely that securities finance will escape entirely. Increased awareness of risk and lack of understanding on the part of beneficial owners has meant that some supply is still 'out of the market', but this has not been an issue due to the parallel subdued demand. As the year comes to an end, it appears that there are 'green shoots' and we look forward to 2010 as a year of innovation and growth that can often follow in the footsteps of such a period of change.

On the systems side, we have seen increased focus on risk, transparency and automation in order to reduce costs and gain efficiencies. Consolidation of solutions across the more traditional 'silos' of securities lending and repo has been of particular interest, in order to gain the benefits of transparency and efficiency that this brings. The launch of Apex, our global cross product solution for front, middle and back office processing, was timely and has been well received by the market. We are pleased that Nomura has become the fourth customer to go live with Apex joining a rapidly expanding customer based. We anticipate adding more names to this list very soon. We are also delighted with the increase in business in the Asian markets, adding some well recognised names to the Apex customer list. Our customers using Apex benefit from its ease of integration and extensibility, in addition to the breadth and depth of functionality.

With the additional focus on risk and the importance of Collateral Management, not only as a risk mitigation tool but also as a way of optimally managing a firm's inventory or assets, we are continuing to develop ideas to enhance our collateral management offering.



We have already delivered benefits to customers in the linking up with tri-party agents to enable details of the securities received or given as collateral to be seamlessly integrated into their securities lending solution.

Asset optimization and increased trading efficiency are available to users of the Global One Lenders module through the new Lender Trading Grid. This offers greater flexibility to allow the user to tailor their own workspace, and provides forward projected availability in addition to tools for automated upload and checking of borrow requests, resulting in the creation of trades with minimal intervention.

In the US Domestic market, already ahead of the rest of the world in terms of regulation, further functionality to support Rule 204 is being added to Loanet, and the Locates Browser allows Brokers to process and record Locate request authorizations on behalf of their clients who wish to process short sales. The opportunity to take advantage of the counterparty risk reduction offered by the introduction of the central counterparty in the US market is supported by Loanet through close integration with Quadriserv AQS and OCC. In addition to these regulatory issues, there is good news for US Brokers with client margin accounts as they can now use real time functionality to carry out margin account optimization to free up hard-to-borrow stocks, so allowing additional revenue to be generated. The customers who have implemented this solution have reported phenomenal increases in revenue as a result of their ability to recalculate intra-day, as opposed to end of day as was originally the case.

The availability, and uptake, of Agency Lending Disclosure to fulfil the European capital adequacy reporting requirement is something that has continued to build throughout the year, and we are seeing an acceleration of this as the January 2010 deadline approaches. Market participants who wish to have the benefits of single file delivery to and from the hub, along with auto-collateral-allocation for Lenders and reconciliation for Brokers can use the Loanet ALD.

Increased transparency, through the availability of market data analytics and benchmarking, is provided by our Astec solutions. The ability to submit data

for Astec Analytics is fully supported by our other Securities Finance applications, as is the ability to access context sensitive data within the trade entry routines of each solution.

So much for the past, looking forward 2010 looks to be another exciting year in the world of SunGard securities finance solutions. In addition to the securities finance specific initiatives, there are a number of corporate 'OneSunGard' initiatives that will bring additional functionality and extended delivery capabilities and support to our securities finance solutions. These include SaaS, BPM (business process management) and a variety of consulting services.

From the securities finance solutions perspective the Apex development still continues apace with further extensions planned in the agency lending space. Ongoing development to Global One and Martini will focus on supporting and developing our existing customers' relationships, in addition to responding to new regulatory and market practice changes. In the US, and globally, there will be additional regulation, and we will continue to expand and leverage the strengths of Loanet in addressing these needs. Close integration between Loanet and Apex will mean that the best of both solutions can be employed in order to address the US regulatory and market specifics in addition to the challenges of managing a real-time global securities financing business. Demands for enhanced risk management, greater transparency and further automation play very well to the strengths of the Loanet services (reconciliations, automated marks, etc.) and these services will extend their reach further in 2010. Our support for the choice of trading venues and the option for central counterparty risk mitigation will also be extended, along with the additional trader support provided by new Astec analytics services.

One thing is for certain, with all this going on you should ensure that you are signed up for our information alerts in order to make certain that you are aware of new functionality and services as they are introduced.

[Join our Mailing List](#)



MARKET NEWS

Just as things were getting comfortable, as markets were reaching their highs for the year, as profits were being locked in and everyone was sitting down to enjoy their Thanksgiving dinner...wham!...an all too unpleasant memory resurfaced to send tremors around the world. The emerging market of Dubai was asking for a six month moratorium on payments due on \$60 billion of debt. The silver lining was that the news broke over the Thanksgiving holiday which gave the markets the opportunity to realize that this was relatively insignificant. The downside's that there remains a great deal of uncertainty that will keep markets volatile.

Volatility is a good thing for securities lending and that was apparent in the short interest numbers reported for the period ending November 13. NYSE short interest increased 2.32% to approximately 13.2 billion shares and Nasdaq short interest rose 2.10% to 6.5 billion shares.

Securities lending activity as reported by SunGard Astec Analytics for the month of November was down

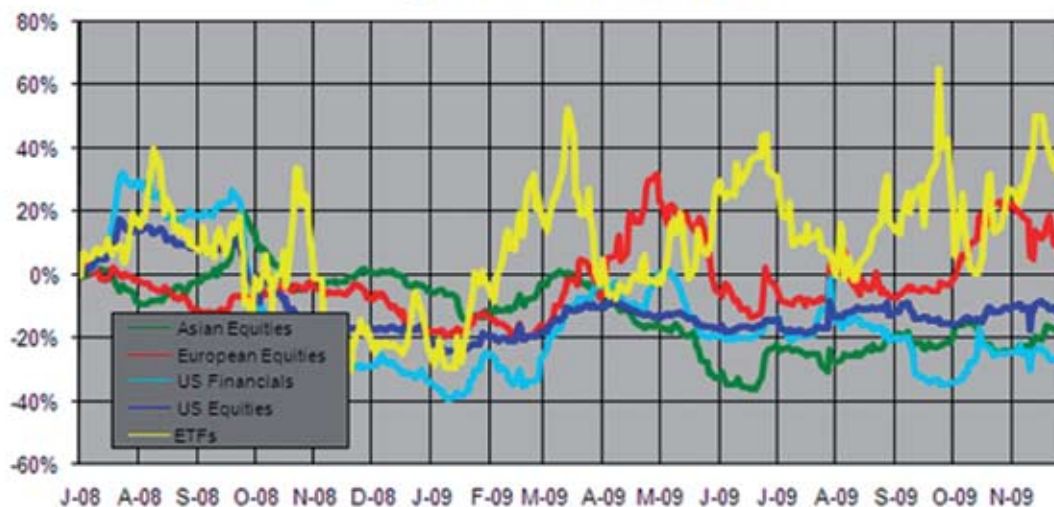
slightly for US equities. After an up-month for European equities in October, borrowing activity declined for European equities in November.

Comments from the Street:

Trading volume has been light. Certainly hedge funds and trading desks are protecting their profits. It would be foolhardy to take additional risk this late in the year. Most traders are anticipating a modest economic recovery in 2010 and the primary focus will be on earnings. We don't anticipate securities lending volume to increase until markets reach their 2007 levels. Therefore, demand could remain weak for some time.

On the supply side, beyond the rancor of lawsuits, most public pension funds, endowments and insurance companies appear to be committed to securities lending going forward. That does not seem to be the case with mutual funds. Never a big fan of securities lending to begin with, portfolio managers now have the perfect excuse to either exit lending or remain on the sidelines. Most of the mutual fund's independent directors would not dispute that point.

Change in Shares Borrowed



Source: SunGard Astec Analytics

| Symbol | Name | Industry | Shares Borrowed 10/30 | Cost-to-Borrow 10/30 | Cost-to-Borrow 10/1 | Change in CTB (bps) |
|--------|------------------------------------|------------------|--------------------------|-------------------------|------------------------|---------------------|
| BKS | Barnes & Noble | Specialty Retail | 7,051,816 | 64.85% | 19.00% | 4,586 |
| PARD | Poniard Pharma | Biotech | 4,851,202 | 28.91% | 1.24% | 1,345 |

Stocks of Interest

Barnes & Noble (BKS) sells books (in case you didn't know). BKS' share price increased from \$18 to \$24 over the past 30 days. Shares borrowed in the stock loan market did not increase markedly over the past month (and neither did lenders' overall utilization rate since it was already 90% on November 2), but borrowing costs increased from an average of 88 bps on November 2 to 2,900 bps on November 30. Short sellers evidently disagree with the rise in the share price and believe BKS will decline back to its consensus target price of \$18 in the near future. If PMs hold onto their long positions, securities lenders and borrowers will be able to cash in on BKS' volatility.

Poniard Pharmaceuticals (PARD) is a biopharmaceutical company that develops cancer therapy products. PARD's share price dropped off a cliff from \$8 to \$2 when it opened on November 16 because it was announced that its potential lung cancer treatment didn't fare well in a clinical trial. On Lending Pit, however, it was evident that short sellers were borrowing shares in the weeks prior to November 16. Borrowing costs also spiked the week before November 16. Did Lending Pit foreshadow the drop in PARD's share price? Please log onto Lending Pit or ShortSide to obtain a more in-depth view.



PRESS RELEASES

Nomura Selects SunGard's Apex Securities Finance Solution for Full Front-to-Back-Office Management

London– October 8 2009 SunGard announced today that Nomura International Plc (Nomura), the pre-eminent Asian investment bank, has chosen to upgrade its securities finance technology infrastructure to Apex, SunGard's recently launched* consolidated securities finance solution, to support its equity and fixed income securities lending and repo trading operations. The solution will help Nomura to manage its repo business worldwide, including across operations in London, New York, Tokyo and Sydney.

Nomura was seeking to consolidate its many front-, middle- and back-office solutions in order to help it improve internal procedures, help increase productivity and reduce potential for operational risk. Nomura's recent acquisition of Lehman Brothers' operations in Asia and its investment banking and equities operations in EMEA also meant it needed the technology to help it manage increasing trade volumes.

SunGard's Apex is designed to help increase efficiency and bring more transparency to securities lending activities. The solution will help Nomura to manage a 24-hour global book and thereby help gain maximum use of cash/security positions. Its open and flexible architecture also means it can handle large volumes of trades, while providing Nomura with a global view for all aspects of the trade lifecycle.

Craig Costigan, executive vice president and general manager, securities finance, for SunGard's capital markets and investment banking business, commented: "Nomura's selection of SunGard's Apex is a demonstration of the solution's relevance and technology strength. Our development teams have worked tirelessly to produce a truly consolidated solution on advanced technology that can support and enhance the business of large global institutions such as Nomura. We look forward to working with Nomura as a strategic partner for many years to come."

QUADRISERV, INC. and SunGard Report Key Milestone in Joint Securities Lending Initiative

Industry to Benefit From Straight-Through Processing, Centralized Clearing and Settlement Capabilities and Post-Transaction Contract Maintenance

Quadrivers, Inc., and SunGard today reported progress with respect to their joint initiative previously announced in May of this year. Specifically, the integration of Quadrivers's AQS securities lending platform and SunGard's Loanet securities lending processing technology now supports straight-through processing of price discovery, central counterparty ("CCP") clearing, settlement and open loan contract maintenance in a regulated, centralized trading environment. AQS is a fully electronic securities lending platform operated by Automated Equity Finance Markets, Inc., a wholly owned subsidiary of Quadrivers. These implementation steps represent a critical milestone in both organizations' efforts to provide productivity tools that deliver automation to the stock loan industry commonly found in other areas of capital markets, while enhancing securities lending portfolio management through new market data and analytical capabilities.



"Quadrivers and SunGard have collaborated quickly and effectively to deliver straight-through processing of transactions executed in the AQS marketplace," commented Thomas J. Perna, Chairman and CEO of Quadrivers. "We look forward to continued collaboration with SunGard to ensure optimal integration with our AQS platform, which brings improved automation, transparency, access and settlement efficiency through a CCP to the securities lending market."

John Grimaldi, executive vice president and general manager of SunGard's Loanet business unit, commented, "A key goal from the outset was to enable SunGard's Loanet and AQS customers to benefit from cross-platform data accessibility, allowing users to seamlessly manage open loan positions. We are pleased to have delivered on this important objective in just a few months time, and believe it gives us a proven platform to continue integration efforts that help enhance transparency, efficiency, and analytical capabilities for our mutual customers."

17 out of the world's top 20 banks use one or more products from SunGard's suite of solutions for Securities Finance



THE VOICE OF OUR CUSTOMERS

Michel Semaan, head of Credit and EM Repo Trading for Nomura:

"Our acquisition of Lehman further fuelled our requirement for a consolidated, streamlined solution to handle our expanded business. The time has come to implement a new solution that incorporates the functionality of the disparate systems that we use. Apex will give us increased efficiency through greater automation using a single platform. This will allow us to adapt to the requirements of our business as it evolves."

Bradley Katinas, Senior Vice President, of Jefferies

"Jefferies' good and long-standing relationship with SunGard's Global One solution began in 2006, and we've decided to continue our commitment by renewing our contract for another three years. We are very pleased that we have been able to work with the SunGard team to configure our solution to support specific roles and business needs by licensing Global One and its affiliated modules. SunGard's Global One product delivers us an advantage in today's marketplace and we are confident that Global One still is the best choice to support our securities lending business."

UPCOMING EVENTS

Mark your calendars for the following upcoming events:

| | | |
|-----------------------|----------------------------------|-----------|
| December 15, 2009 | Client Forum | New York |
| December 16, 2009 | Client Forum Webcast | US |
| January 7, 2010 | Client Forum | London |
| January 28, 2010 | Nordic Securities Lending Summit | Stockholm |
| February 7 - 10, 2010 | IMN Beneficial Owners' Summit | San Diego |

Visit our website www.sungard.com/securitiesfinance to register to any of our upcoming events and schedule a meeting with one of our securities finance experts.

For more information on SunGard hosted events please contact:

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About SunGard Securities Finance

SunGard is one of the world's leading software and IT services companies. SunGard serves more than 25,000 customers in more than 70 countries, including the world's 25 largest financial services companies.

SunGard provides software and processing solutions for financial services, higher education and the public sector. SunGard also provides disaster recovery services, managed IT services, information availability consulting services and business continuity management software.

With annual revenue exceeding \$5 billion, SunGard is ranked 472 on the Fortune 500 and is the largest privately held business software and services company on the Forbes list of private businesses. Based on information compiled by Datamonitor*, SunGard is the third largest provider of business applications software after Oracle and SAP. Continuity, Insurance & Risk has recognized SunGard as service provider of the year an unprecedented five times.

For more information, please visit SunGard at www.sungard.com.

For more information about SunGard Securities Finance, visit www.sungard.com/securitiesfinance.

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