


From: Alexa S Arias
Sent: Thursday, July 10, 2008 11:10 AM
To: Manjira SEN-GOSAIN
Cc: Joseph Travaglione; Paul Lopez; Stephen H Grant
Subject: Re: Markets Documentation
Attach: 

Please see attached.

Manjira,

I am finishing updating them now. I will be sending you separate spreadsheets for each client. Highlighted line items in yellow on the Cat B tabs, have been identified as having a CSA. Your comments on any discrepancies are appreciated.

Will send the spreadsheets to you hopefully by your COB.

Best,

Alexa

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Manjira SEN-GOSAIN/HGHQ/HSBC@HSBC
07/10/2008 10:15 AM

To
Paul Lopez/HBUS/HSBC@HSBC02
cc
Alexa S Arias/HBUS/HSBC@HSBC, Joseph Travaglione/HBUS/HSBC@HSBC, Stephen H Grant/HBUS/HSBC@HSBC
Subject
Re: Markets Documentation

Alexa

Are you able to send me the CSA spreadsheet please

regards

Manjira SEN-GOSAIN
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Paul Lopez/HBUS/HSBC@HSBC02
10/07/2008 10:50
Mail Size: 11107

To
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cc
Alexa S Arias/HBUS/HSBC@HSBC, Joseph Travaglione/HBUS/HSBC@HSBC, Stephen H
Grant/HBUS/HSBC@HSBC
Subject
Re: Markets Documentation
Entity
HSBC Bank plc - HBEU

Can you have your CDU forward to us a copy of [REDACTED] ISDA & CSA,
which I believe recently executed for our files.

We can discuss spreadsheet (& CSAs) on call this am.

Thanks
Paul

----- Original Message -----

From: Manjira SEN-GOSAIN
Sent: 07/10/2008 10:20 AM GDT
To: Alexa S Arias
Cc: Joseph Travaglione; Paul Lopez
Subject: Fw: Markets Documentation

Hi Alexa

For the ■BDs, would you have a detailed spreadsheet providing all info on Cat B types and what is covered by a CSA etc globally ?

Regards

----- Forwarded by Manjira SEN-GOSAIN/HGHQ/HSBC on 10/07/2008 10:02 -----

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09/07/2008 09:23
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To

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Subject

Markets Documentation
Entity
HSBC Bank plc - HBEU

I am aware that through the exercise commenced by Catherine Brett and my discussions with a number of you that you have been working on the exercise to improve our Markets documentation coverage as part of the ongoing requirement for increased credit discipline and mitigation. Many of your clients have had additional scrutiny from Global FIG Management and Risk Review Committee.

One of the things we need to continue to improve is the proportion of CAT B lines and products that are covered by CSA's. The first cut of the numbers reveals that only around half of the CAT B lines for the Top 25 clients are covered by CSA's (see below), although in some cases further investigation has shown that this is an over optimistic figure.

Accordingly I need you to continue to improve the CSA coverage of the lines to the major counterparties. There are a number of ways that the CSA coverage can be improved:

- (a) In countries & entities that are CSA capable we should vigorously pursue this documentation with a sense of urgency - hopefully this is already well in motion and should be the first priority.
- (b) For client entities that are not CSA capable - you should review the extent of the lines and seek to trim lines - in particular where the balance of risk/reward is not favourable. Clearly liaison with local RM's and Markets teams will be important in determining limit requirements, but counterparty business/limits must be preferred with CSA-capable counterparties.
- (c) For non-CSA capable HSBC countries/entities we should also look more critically at the size of limits made available and seek to trim lines that are surplus or not justifiable. Again liaison with local RM and Markets/entities will be important to understand the use/requirements.

Whilst CSA coverage is around half of CAT B lines we should be seeking to move this up materially in the next weeks and months. In particular the end column should be moving to 100%.

Existing CSA - at the same time we need to continue to review the coverage of our existing CSA's to ensure that as many products are covered as possible. For instance certain products may have been excluded from the CSA either because those products were not traded at the time or because either party did not have the collateral management capabilities at the time. Please look to extend these. The database built by CDU now has this information populated and available for review.

I append below the summary of the Top 25 exposures and would be grateful if you would update this by the end of next week (18th July) and send back to me. I have added 2 additional columns which should add up to the "Total CAT B limits to non CSA centres". The first additional column is to recognise those limits that are to countries which HSBC has not approved as a CSA eligible jurisdiction; the second reflects those countries where the jurisdiction is acceptable but the HSBC entity does not have systems in place to cope with the the operation of a CSA.

Although for data collection purposes I have focussed on the Top 25, the above principles need to be applied across all your relationships. Please keep me updated on progress, and copy Anna Kouzi.

Thanks

Martin

[attachment "Top 25 CSA breakdown.xls" deleted by Paul Lopez/HBUS/HSBC]