

**From:** Feraca, John <joferaca@lehman.com>  
**Sent:** Thursday, April 17, 2008 11:42 AM (GMT)  
**To:** McGarvey, Michael <mmcgarve@lehman.com>  
**Subject:** FW: Repo 105

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Mike

Can you put this on your radar screen for Q2? Thanks.

JF

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

From: Feraca, John  
Sent: Thursday, April 17, 2008 7:42 AM  
To: Lin, Annie (FID Asia)  
Subject: RE: Repo 105

You have to get approval from both Finance and Legal locally before you proceed on this. If they need assistance, they can work with their respective counterparts in London and NY.

Effectively you need a true sale legal opinion for the repo agreement and the entity you operate from and affirmation that your counterpart operates in an enforceable legal jurisdiction. Doubt we have one from LBAU. Then you need to get approval from Finance. As such, I know LBIE and the GMRA agreement used by it are ok. You can do back to back repos with LBIE who can in turn repo to third parties. Not ideal though. What does Tokyo use? LBJ? Maybe that is an alternative as well. Finally, I assume these are liquid govt bonds. If not, I don't think you should even proceed at this point.

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

From: Lin, Annie (FID Asia)  
Sent: Wednesday, April 16, 2008 10:16 PM  
To: Feraca, John  
Subject: RE: Repo 105

One more question though. If we want to benefit from repo 105, do we need to use LBIE as booking entity?

We are currently signing GMRA's between counterparties and LBAU (Lehman Brothers Australia Ltd). Reason for using LBAU is because outright AUD govt bond positions are booked into this entity for tax reasons and therefore, we wanted to book the AUD repos in the same entity as well. I heard that for repo 105 to be applied, positions need to be in LBIE, so wondering if its ok for us to then simply do a back to back position transfer between LBAU and LBIE in order to benefit from repo 105 rule. Thanks.

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

From: Lin, Annie (FID Asia)  
Sent: Thursday, April 17, 2008 10:52 AM  
To: Feraca, John  
Subject: RE: Repo 105

Thanks John. Did speak to our JGB repo desk but they weren't sure about Aussie papers being eligible for this.

I guess answer is yes then, as we do have capacity available as well.

Thanks.

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

From: Feraca, John  
Sent: Thursday, April 17, 2008 1:02 AM  
To: Lin, Annie (FID Asia)  
Subject: RE: Repo 105

You can use Repo 105 to the extent the assets are very liquid and in sizable issuance and we have capacity available. I would suggest you speak with the JGB repo desk locally to get more color on both.

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

From: Lin, Annie (FID Asia)  
Sent: Wednesday, April 16, 2008 4:17 AM  
To: Feraca, John  
Subject: FW: Repo 105

John - hope you can help with me question. Asia FID business is looking to start trading AUD cash bonds and we want to know if we can apply repo 105 for these papers, and how to go about doing that.  
Thanks in advance.

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

From: Jawad, Anthony C  
Sent: Wednesday, April 16, 2008 5:15 PM  
To: Lin, Annie (FID Asia)  
Subject: RE: Repo 105

I'm afraid the best person for this is Jon Feraca in NY. He devised the 105 process and knows everything

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

From: Lin, Annie (FID Asia)  
Sent: Wednesday, April 16, 2008 8:53 AM  
To: Patel, Jay; Bhandal, Satbir; Jawad, Anthony C  
Subject: RE: Repo 105

Thanks Jay.

Anthony - can you help confirm what we need to do in order for these Aussie cash bonds to be eligible for repo 105? Is it just a matter of booking them into entity LBIE and making sure our c/p will take Aussie paper? I understand there is a regional allocation of repo 105 benefit but wish to separate that for now and simply understand the mechanics around applying this. Thanks.

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

From: Patel, Jay  
Sent: Wednesday, April 16, 2008 4:07 PM  
To: Lin, Annie (FID Asia); Bhandal, Satbir; Jawad, Anthony C  
Subject: Re: Repo 105

Annie, Joe is the man, he is mr repo 105, will be able to assist

Jay

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

From: Lin, Annie (FID Asia)  
To: Patel, Jay; Bhandal, Satbir  
Sent: Wed Apr 16 07:09:46 2008  
Subject: Repo 105

Do either of you know who's the best person in London Finance to speak to on applying repo 105 rule for govies? We're looking to do AUD govt bonds, semi govt bonds, commercial papers and bills.  
Want to confirm if we can use repo 105 for these Aussie papers so we limit balance sheet / cash capital usage in the region since already quite constrained at the moment. Thanks.

Annie Lin  
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