

From: Siegmund, Thomas <tsiegmun@lehman.com>
Sent: Thursday, April 17, 2008 3:58 AM (GMT)
To: Amin, Kaushik <kamin@lehman.com>
Subject: FW: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Kaushik,

I might need your help on this.
As B/S will be super tight, I need to make sure we make best use of 105:
I want to investigate, whether 105-mechanics can apply to Aussie paper.

An answer like below: "no..will explain when back from vac" is unacceptable in any circumstance and really out of line in the current situation!

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

From: Lin, Annie (FID Asia)
Sent: Thursday, April 17, 2008 12:52 PM
To: Stewart, Marie; Wiener, Todd; Kelly, Martin
Cc: Giblin, Simon; Kashiwabara, Eri; Siegmund, Thomas
Subject: RE: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Marie - pls get in touch with Thomas Siegmund (Head of Asia Pacific Liquid Markets) as he's keen to know why Accounting Policy is saying no.

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

From: Stewart, Marie
Sent: Thursday, April 17, 2008 11:54 AM
To: Lin, Annie (FID Asia); Wiener, Todd; Kelly, Martin
Cc: Giblin, Simon; Kashiwabara, Eri
Subject: Re: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

You cannot do Repo 105 in Australia. We will not approve it even if it technically works. I will explain further when I am back from vacation on 22nd.

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

From: Lin, Annie (FID Asia)
To: Wiener, Todd; Kelly, Martin
Cc: Stewart, Marie; Giblin, Simon; Kashiwabara, Eri
Sent: Wed Apr 16 22:01:27 2008
Subject: RE: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

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

We are currently signing GMRAs between counterparties and LBAU (Lehman Brothers Australia Ltd). Reason for using LBAU is because outright AUD 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.

PS. I've copied in Martin Kelly as got a out of office for Marie Stewart from earlier email.

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

From: Lin, Annie (FID Asia)
Sent: Thursday, April 17, 2008 9:12 AM
To: Wiener, Todd
Cc: Stewart, Marie; Giblin, Simon
Subject: RE: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Ok. Please let me know your thoughts soon as we would like to be able to start trading these Aussie papers but want to also be able to benefit from repo 105 to limit cash capital consumption.

Thanks.

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

From: Wiener, Todd
Sent: Thursday, April 17, 2008 1:12 AM
To: Lin, Annie (FID Asia)
Cc: Stewart, Marie; Giblin, Simon
Subject: RE: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Annie -

We will come back to you on this. All new repo 105 activity needs to be discussed with Marie Stewart and Martin Kelly in New York.

Regards,
Todd Wiener

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

From: Giblin, Simon
Sent: Wednesday, April 16, 2008 2:47 PM
To: Wiener, Todd
Subject: FW: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

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

From: Lin, Annie (FID Asia)
Sent: Wednesday, April 16, 2008 2:47 PM
To: Giblin, Simon
Cc: Kashiwabara, Eri
Subject: Re: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

I already spoke to Eri and she suggested I check with London. Never mind then.

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

From: Giblin, Simon
To: Lin, Annie (FID Asia)
Cc: Kashiwabara, Eri
Sent: Wed Apr 16 20:30:01 2008
Subject: RE: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Annie

It is best if you speak to Eri, who is Accounting Policy in Asia.

Regards

Simon

From: Lin, Annie (FID Asia)
Sent: Wednesday, April 16, 2008 2:29 AM
To: Giblin, Simon
Subject: FW: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Simon - Got your contact details from Simon Murfin. Hope you can help or direct me to the appropriate person.

We are currently building out our Australia FID Liquid Markets business. Sydney traders will be mandated to trade Aussie govt bonds, semi govt bonds, commercial papers and bills. We will hold the inventory under entity LBAU (Lehman Brothers Australia Ltd - a regulated entity). In order to minimise balance sheet impact, we would like to confirm if we can apply repo 105 rule for these papers. I understand that there generally has to be a transfer into LBIE framework for repo 105 to work so would like to understand that process better.

Thanks.

From: Siegmund, Thomas
Sent: Wednesday, April 16, 2008 8:48 AM
To: Lin, Annie (FID Asia)
Cc: Touw, Marten; Morihara, Kosuke
Subject: A\$ Government Bonds / Semi Govt: e.g. NSW T Corp

Annie,
can you please check whether we'll be able to apply 105-mechanics to those underlyings.