

Notes Accompanying CNF_PRC.1xls spreadsheet
outlining Confirmation Process Decision Tree

The conferees on the August 15 call arrived at the following “Results” from the application of the intended confirmation rules. For further detail as to the rules see work papers for August 20th BPS meeting in Boston titled “C97027a1 and C97028a1” on the GISB Homepage under BPS.

Note: Greg Lander acting as fill-in for Chuck Beaver, added the “no change” lines (rows) to the spreadsheet to account for those instances where the parties sought to confirm “no change” (as would be the intention under the “all transactions confirmed all the time” rule passed by the EC on August 13, 1997). Please review the results column for these rows as they may not reflect what was intended. It was Greg’s belief that they did; but, as this addition occurred as an after thought, after the call, it is not the product of the group’s effort.

Note: The parties had what they believe was one unresolved area in the matrix. Namely, what to do when there is no communication by one party when the other party sought an intraday decrease. These cases are identified by a “?” in the “results” column and by the notation in the “notes” column reading “WHAT SHOULD HAPPEN HERE?”

Note: The parties agreed that there was no “by exception process” with respect to intraday and that there was the expectation that it would be replaced by the “explicit process” with respect to intraday confirmations. As the group ran out of time, the determination of whether or not the “auto-confirm” process was available on the intraday was not explicitly addressed. For that reason, the editor, Greg, placed these cases in the matrix and the group should determine whether there is or is not an auto-confirm process available for intraday.

CONFIRMATION DECISION TREE ANALYSIS							
Conference Call Workpapers		August 15th 10am - Noon					
WORKING DEFINITIONS							
EXPLICIT - communication by both parties is expected and there are defaults for what to do when no communication							
CONFIRMATION BY EXCEPTION - only one party communicates regularly and the other agrees to whatever is communicated unless they take exception within prescribed time frames							
AUTO-CONFIRM - only one party communicates with respect to changes, new noms etc., the other accepts all changes, is passive, and cannot take exception to changes while in auto-confirm mode							
NO NOMINATION - means that the applicable party has one of the following: a) a nomination for zero, b) no nomination for the associated transaction for the subject day, or c) the nomination for the transaction has expired (end date passed)							
TIMELY - CASE 1							
EXPLICIT							
CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION	TSP DOWNSTREAM ACTION	RESULT	NOTES	
100	decrease to	50	no nomination	N/A	0	lesser of rule applies	
100	increase to	150	no nomination	N/A	0	lesser of rule applies	
100	no nomination	N/A	increase to	150	0	lesser of rule applies	
100	no nomination	N/A	decrease to	50	0	lesser of rule applies	
100	decrease to	50	no communication	N/A	50	lesser of rule applies	
100	increase to	150	no communication	N/A	100	lesser of rule applies	
100	no communication	N/A	increase to	150	100	lesser of rule applies	
100	no communication	N/A	decrease to	50	50	lesser of rule applies	
100	decrease to	75	decrease to	but up > down	50	50	lesser of rule applies
100	decrease to	50	decrease to	but down > up	75	50	lesser of rule applies
100	increase to	150	increase to	but up > down	125	125	lesser of rule applies
100	increase to	125	increase to	but down > up	150	125	lesser of rule applies
100	no change	100	no nomination	0	0	lesser of rule applies	
100	no change	100	increase to	150	100	lesser of rule applies	
100	no change	100	decrease to	50	50	lesser of rule applies	
100	no change	100	no communication	N/A	100	lesser of rule applies	
100	no nomination	0	no change	100	0	lesser of rule applies	
100	increase to	150	no change	100	100	lesser of rule applies	
100	decrease to	50	no change	100	50	lesser of rule applies	
100	no communication	N/A	no change	100	100	lesser of rule applies	
TIMELY - CASE 2							
CONFIRMATION BY EXCEPTION - UPSTREAM PARTY ACTIVELY CONFIRMS							
CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION	TSP DOWNSTREAM ACTION	RESULT	NOTES	
100	decrease to	50	no action (silent)	N/A	50	active party number rules	
100	increase to	150	no action (silent)	N/A	150	active party number rules	
100	no nomination	N/A	no action (silent)	N/A	0	active party number rules	
100	no change	100	no action (silent)	N/A	100	active party number rules	
100	decrease to	50	no nomination	0	0	by exception party takes exception so lesser of rule applies	
100	increase to	150	no nomination	0	0	by exception party takes exception so lesser of rule applies	
100	no nomination	N/A	increase to	150	0	by exception party takes exception so lesser of rule applies	
100	no nomination	N/A	decrease to	50	0	by exception party takes exception so lesser of rule applies	
100	no communication	N/A	increase to	150	100	by exception party takes exception so lesser of rule applies	
100	no communication	N/A	decrease to	50	50	by exception party takes exception so lesser of rule applies	
100	decrease to	75	decrease to	but up > down	50	50	by exception party takes exception so lesser of rule applies
100	decrease to	50	decrease to	but down > up	75	50	by exception party takes exception so lesser of rule applies
100	increase to	150	increase to	but up > down	125	125	by exception party takes exception so lesser of rule applies
100	increase to	125	increase to	but down > up	150	125	by exception party takes exception so lesser of rule applies
100	no change	100	no nomination	0	0	by exception party takes exception so lesser of rule applies	
100	no change	100	increase to	150	100	by exception party takes exception so lesser of rule applies	
100	no change	100	decrease to	50	50	by exception party takes exception so lesser of rule applies	
100	no nomination	0	no change	100	0	by exception party takes exception so lesser of rule applies	
100	increase to	150	no change	100	100	by exception party takes exception so lesser of rule applies	
100	decrease to	50	no change	100	50	by exception party takes exception so lesser of rule applies	
100	no communication	N/A	no change	100	100	by exception party takes exception so lesser of rule applies	
TIMELY - CASE 3							
CONFIRMATION BY EXCEPTION - DOWNSTREAM PARTY ACTIVELY CONFIRMS							
CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION	TSP DOWNSTREAM ACTION	RESULT	NOTES	
100	no action (silent)	N/A	decrease to	50	50	active party number rules	
100	no action (silent)	N/A	increase to	150	150	active party number rules	
100	no action (silent)	N/A	no nomination	N/A	0	active party number rules	
100	no action (silent)	N/A	no change	100	100	active party number rules	
100	no nomination	0	decrease to	50	0	by exception party takes exception so lesser of rule applies	
100	no nomination	0	increase to	150	0	by exception party takes exception so lesser of rule applies	

	100	no change	100	no action (silent)		N/A	100	active party number rules
INTRADAY TYPE II - CASE 8								
AUTO-CONFIRMATION - DOWNSTREAM PARTY ACTIVELY CONFIRMS AND UPSTREAM PARTY AUTO-CONFIRMS								
	CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION		TSP DOWNSTREAM ACTION	RESULT	
	100	no action (silent)	N/A	decrease to		50	50	active party number rules
	100	no action (silent)	N/A	increase to		150	150	active party number rules
	100	no action (silent)	N/A	no nomination		N/A	0	active party number rules
	100	no action (silent)	N/A	no change		100	100	active party number rules
INTRADAY TYPE I - CASE 9								
EXPLICIT								
	CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION		TSP DOWNSTREAM ACTION	RESULT	NOTES
	100	decrease to	50	no communication		N/A	?	WHAT SHOULD HAPPEN HERE?
	100	increase to	150	no communication		N/A	100	lesser of rule applies
	100	no communication	N/A	increase to		150	100	lesser of rule applies
	100	no communication	N/A	decrease to		50	?	WHAT SHOULD HAPPEN HERE?
	100	decrease to	75	decrease to	but up > down	50	50	lesser of rule applies
	100	decrease to	50	decrease to	but down > up	75	50	lesser of rule applies
	100	increase to	150	increase to	but up > down	125	125	lesser of rule applies
	100	increase to	125	increase to	but down > up	150	125	lesser of rule applies
	100	no change	100	increase to		150	100	lesser of rule applies
	100	no change	100	decrease to		50	50	lesser of rule applies
	100	no change	100	no communication		N/A	100	lesser of rule applies
	100	increase to	150	no change		100	100	lesser of rule applies
	100	decrease to	50	no change		100	50	lesser of rule applies
	100	no communication	N/A	no change		100	100	lesser of rule applies
INTRADAY TYPE I - CASE 10								
AUTO-CONFIRMATION - UPSTREAM PARTY ACTIVELY CONFIRMS AND DOWNSTREAM PARTY AUTO-CONFIRMS								
	CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION		TSP DOWNSTREAM ACTION	RESULT	
	100	decrease to	50	no action (silent)		N/A	50	active party number rules
	100	increase to	150	no action (silent)		N/A	150	active party number rules
	100	no nomination	N/A	no action (silent)		N/A	0	active party number rules
	100	no change	100	no action (silent)		N/A	100	active party number rules
INTRADAY TYPE I - CASE 11								
AUTO-CONFIRMATION - DOWNSTREAM PARTY ACTIVELY CONFIRMS AND UPSTREAM PARTY AUTO-CONFIRMS								
	CURRENT FLOW	SP UPSTREAM ACTION	UPSTREAM ACTION	CSP DOWNSTREAM ACTION		TSP DOWNSTREAM ACTION	RESULT	
	100	no action (silent)	N/A	decrease to		50	50	active party number rules
	100	no action (silent)	N/A	increase to		150	150	active party number rules
	100	no action (silent)	N/A	no nomination		N/A	0	active party number rules
	100	no action (silent)	N/A	no change		100	100	active party number rules