

New Jersey Division of Local Government Services
**Application For Approval As A Nationally Recognized
Electronic Securities Bidding Service
Proposal Submission Cover Sheet**

I. Contact information

Name of Organization: i-Deal LLC
Contact person: Cheryl A. Horowitz, Managing Director
Address: 40 West 23rd Street – 5th Floor,
New York City, NY, 10010
Phone: Voice: 212-812-0675 Fax: 212-812-4450
E-mail: Cheryl.horowitz@i-deal.com

Certification: I, Cheryl Horowitz hereby certify that I am authorized by the organization submitted this proposal to submit this application:

Name: Cheryl A. Horowitz

Signature:



Title: Managing Director

Date: 2/6/04

Include a file version of this form as part of the submission, and provide a printed copy with signature.

File the application via e-mail to: Mpfeiffer@dca.state.nj.us. Fax submissions to 609-292-9073. Submit any paper submissions to Marc Pfeiffer, Deputy Director, Division of Local Government Services, PO Box 803, Trenton, NJ 08625. Delivery address is 101 South Broad Street, Trenton, NJ. 08625.

II. Application Contents:

List the documents that are submitted in support of the application. Provide file names as appropriate.

Bid Service Cover (pg1 this pdf) & NJRFP0204 (pgs 2-12 this pdf)
[Exhibit A.ppt](#) [Exhibit B.ppt](#)
[Exhibit C.ppt](#) [Exhibit D.ppt](#)
[Exhibit E.ppt](#) [Exhibit F.ppt](#)
[Exhibit G.xls](#) [Exhibit H.pdf](#)
[Exhibit I.ppt](#)

**PROPOSAL TO
NEW JERSEY DIVISION OF LOCAL GOVERNMENT SERVICES
FOR
*ELECTRONIC SECURITIES BIDDING SERVICES***



i-Deal LLC (“i-Deal”) is proud to be able to submit the enclosed proposal for electronic bidding services to the New Jersey Division of Local Government Services. Dalcomp, the creator of PARITY and BiDCOMP, is a division of i-Deal. i-Deal is a financial services software company that uses innovative technology to build workflow solution across the global new issuance markets including corporate fixed income, equity and municipals.

Section A

For each type of auction system provided, open or closed, describe how bidders submit bids for each auction model. Include for each auction type and option as appropriate:

1. Bidding Process

i-Deal does not provide open auction services, instead, our System allows underwriters who would like to bid on a competitive sale to electronically submit sealed bids.

The entire methodology for electronic bidding through the i-Deal System is described below.

The issuer - working with its financial advisor and bond counsel - sets the terms of the issue, prepares the POS and NOS, and sends the information to the Bond Research Group at i-Deal. These documents will include language that provides an option for the issuer to receive bids via *PARITY*. The recommended language is as follows:

“Sealed and electronic proposals will be received, in the case of sealed proposals, by the [officer] of the [issuer] at [location], and, in the case of electronic proposals, via **PARITY**, in the manner described below, until [sale date and time].

Bids must be submitted either:

(a) In a sealed envelope to the [officer of the issuer] as described above; or

(b) Electronically via **PARITY** in accordance with this Notice of Sale, until [sale time], but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact the financial advisor to the City or i-Deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102.”

Upon receipt of the NOS and POS, the Bond Research Group will enter the bid parameters, structure and other terms of the sale into its database. This information will then be made available to *The Bond Buyer* (See Exhibit A), the Thomson Worksheets (See Exhibit B), BiDCOMP users (discussed below), *PARITY* users (discussed below) and to TM3 (See Exhibit C). If requested by the issuer, the POS and NOS can be posted on our document website. www.i-dealprospectus.com for easy download (See

Exhibit D). i-Deal will, at that time, issue passwords and user ID's to the issuer and its financial advisor to gain access to the *PARITY* site.

Prior to an actual sale, we will provide the financial advisor and the issuer passwords to enter into *PARITY* to review the data to ensure its accuracy. Any changes made prior to sale time should be communicated to Bond Research at (212) 404-8103 immediately upon availability. These changes will be made to the database upon receipt and will be immediately available to BiDCOMP, *PARITY* and worksheets users.

On the sale date, the underwriters will use BiDCOMP, to compute their bid. BiDCOMP automatically checks for any violations to the bid parameters set forth in the Notice of Sale and alerts the underwriter to such violations. The system is linked directly into Dalcomp's Municipal Bookrunning and Wire System so that underwriters may distribute potential scales to their syndicates and sales people, providing a quick and efficient method for gathering additional market information used to calculate their bid.

Exhibit E provides a view of the screens used within BiDCOMP.

As described in the screen shots, once the underwriter has completely calculated their bid they click a single button to deliver the bid in a secure and private manner. Bidders may refine a bid to reflect up-to-the-minute market conditions and submit subsequent bids until sale time, with only their final bid recorded. If a bidder receives a last minute presale order for bonds that can result in a better bid, a new bid may be calculated and sent within seconds. Each bid, when submitted is given a time stamp. Once the bidder receives the time stamp, the bid has been saved in the database and is available to *PARITY*.

At the same time, the issuer and its advisors, either from the same location or multiple locations, access *PARITY* via www.newissuehome.i-deal.com.

Exhibit F provides a view of the screens used within the *PARITY* System.

2. Information Available to bidders during the Auction

As the i-Deal Electronic Bidding System is not an auction system, no information regarding any other bidder or bid information is provided to a bidder prior to the expiration of the sale time. Each bidder receives feedback from the System regarding any parameters that are violated by the current bid. Once the sale time has expired, the bidders may see a summary of all the bids submitted using the BiDCOMP/*Parity* system and where that bidder ranks in that summary.

The results stated below show only the final bids marked by BiDCOMP users.

Firm Name	City	State	Final Bid	NC	TIC
Dalcomp, Inc	Jersey City	NJ	<input checked="" type="checkbox"/>	3.039964	3.045803
Test 1	Test City	NV	<input checked="" type="checkbox"/>	3.369229	3.399827

Print Close

However, because PARITY is a non-exclusive system (i.e., hand delivery, fax, phone and other electronic systems may be used in conjunction with PARITY), the bids shown in this summary may provide only a partial summary of the bids received by the issuer.

3. Information Available to the Issuer During the Auction

As outlined in the Parity screen shots, the issuer may view the deal parameters prior to, or during the sale. Additionally, the issuer will be able to see who has submitted a bid via Parity (i.e., what firm) and what time that bid was submitted. No other information about the bids can be seen prior to the expiration of the sale.

4. Maturity and Pricing Models Allowed

For Bond Deals, Parity and BiDCOMP solely support All or None transactions. For Note deals, bidders may submit multiple bids at different prices for portions of the issue. We currently do not support Maturity-by-Maturity bidding.

5. Provisions for bidders to “practice” bidding prior to the bid

A bidder may “practice” setting up bids for a deal as far in advance as they would like, providing the deal is already in the database. Deals are entered into the database as soon as i-Deal receives the POS/NOS from the issuer. Each bidder may create as many bids for a deal as they wish, ultimately choosing which bid they would like to submit. Additionally, a bidder may submit alternate bids. This will result in the previous bid being thrown out and the new bid taking its place. The bidder may do this an unlimited number of times prior to the expiration of the sale time. Only the last bid submitted will be seen by the issuer.

6. Help Desk support for bidders

The **PARITY/BiDCOMP** client services group is responsible for all activities required to support use of **PARITY/BiDCOMP** by the issuer, the Financial Advisor and bidding underwriters on a sale. These activities include:

- Assigning user passwords and providing system access
- Training on application use
- Answering user questions
- Acting as liaison between users and i-Deal operations concerning access or communications issues
- Acting as liaisons between system users and i-Deal technology staff in the communication and implementation of system enhancements

Our client support desk is open from 8 am EST through 6 pm EST. However, out of hours support may be arranged via a request to the desk.

In addition to these two groups, **PARITY**, **BiDCOMP** and **BRS** are supported by a technical staff of 11 developers and 20 operations staff.

7. Technological Requirements bidders must meet to participate

The underwriting community computes and submits their bids using BiDCOMP over a private network that is accessed either through a leased line connection or through a direct dialup. Therefore, in order to use the BiDCOMP system, the bidder must have a private connection to i-Deal. Additionally, a bidder needs to have Citrix Software available on their computer. Citrix requires a minimum of 128K of RAM, 30 megabytes of free disk space on the users hard drive, and the user must be using either (a) Windows NT 4.0; (b) Windows 2000; or (c) Windows XP.

The only item needed by the issuer or the financial advisor to access PARITY is internet access. iDeal will assign the appropriate passwords and ID's necessary to get into PARITY. PARITY is supported by the following operating system and browser types:

Operating System	Windows 95/NT/2000/XP
Browser	Internet Explorer 5.5 or higher

8. Costs and how they are allocated

There is no cost to the issuer for use of PARITY. The bidder pays a per deal fee based on the size of a deal and whether the bidder wins or loses. The current fee chart is outlined below:

Note deals bid on and won: \$50/Deal

Bond deals bid on and won:

\$0 - \$10 MM	\$100/Deal
\$10.01-\$25 MM	\$150/Deal
\$25.01-\$50 MM	\$250/Deal
\$50.01-\$100 MM	\$350/Deal
\$100.01+ MM	\$500/Deal

Bond deals bid on and not won:

\$0 - \$10 MM	\$25
\$10.01-\$25 MM	\$25
\$25.01-\$50 MM	\$25
\$50.01-\$100 MM	\$25
\$100.01+ MM	\$25

Deals bid on and not won are subject to an annual cap of \$2,500 per year. Once the cap is reached, the user will not pay for deals they don't win.

9. Other Features, such as Bid Calculation Technology

The iDeal System has BiDCOMP as its Bid Calculation System. See the complete description of BiDCOMP in Section 1.

Section B

Describe in general terms the technology used to support the auction. Include:

- 1) Communications Protocol**
- 2) General Description of Host System**
- 3) Backup and Failure Support**

General Description

BiDCOMP is a 2-tier application that was built using Powerbuilder and runs in a Windows 2000 and NT 3.5.1 environment. The application is accessed via MetaFrame servers (Citrix infrastructure access products). The application runs on top of a Sybase database where the data is stored.

The Parity system is a web-based application that runs on top of Windows 2000 Advanced Server with Internet Information Services 5.0 ("IIS"). Active Server Pages ("ASP") manage the user interface and the data is stored in the Sybase database.

Hosting

The BiDCOMP application is maintained on servers located in two Data Centers, one in New York and the other in New Jersey. The NY Data Center has individual UPS (Uninterrupted Power Supply- 4 hour power reserves) per server, backup power generators and climate control monitoring. The NJ data center also has UPS, backup power generators and climate control monitoring. Both Data Centers have a 24/7 operations staff.

In the event of a major disaster, each Data Center serves as a backup data center for the other. Every customer database is duplicated on a partner server at the other data center. The partner databases are refreshed nightly through the use of MSM Transaction Journaling (AIJ).

Servers and Data Integrity

Full backups and read verification are done Monday through Friday nights. Mid-month and End of month backups are done and stored in the NY Data Center and a second copy is stored at an off-site facility. End of Month backups are retained indefinitely, and mid-month tapes are on a 1-year rotation. These backups are stored in the data center, and a secondary copy is stored off site. As part of our procedures, we regularly restore the database from backup to enable customers to review archived data. Through journal management we have the ability to restore data back to any time.

Database integrity is protected by use of MSM Before Image Journaling. After a system crash, BIJ does an automatic rollback of transactions. This prevents the possibility of database degradation.

Hardware

All BiDCOMP servers are built and QA tested, adhering to strict and uniform standards. All of our Compaq servers are covered under Compaq technical support. Each data

center has two spare servers racked, on the network and fully functional. In the event of a hardware failure, one of the spare servers would be swapped in place of the faulty server allowing the fastest possible turn around time for users to log back into the system. This server swap procedure should take no more than 30 minutes to complete. Hardware troubleshooting then can be done off line.

All of the servers use Raid 1 Disk Mirroring on Windows NT. If a drive is lost due to hardware failure, the system would continue to run uninterrupted. These drives are hot swappable.

Disaster Recovery and Communications Fail Over

In the event of a major disaster, where as one data center was lost, customers would have access to their data via the backup data center. At a high level, the following steps would need to be taken:

- Customer's IP addresses re-routed through alternate firewall to allow access to backup server. New customer network IP would be assigned. This would require firewall updates on both i-Deal and the customer firewalls.
- Alternate access may include a secondary circuit, ISDN line or modem access.
- Journal records for current day posted to bring data up to present day.

Section C

Security Practices – describe in primarily non-technical terms

1. How are authorized bidders authenticated.

Bidders receive a user ID and a Password when they are set up as a BiDCOMP user. Each User ID and password combination is mapped to a firm. Therefore, when a user submits a bid in we can identify the person and the firm that submitted the bid.

2. Describe how the System is protected from hacking or interference during a bid

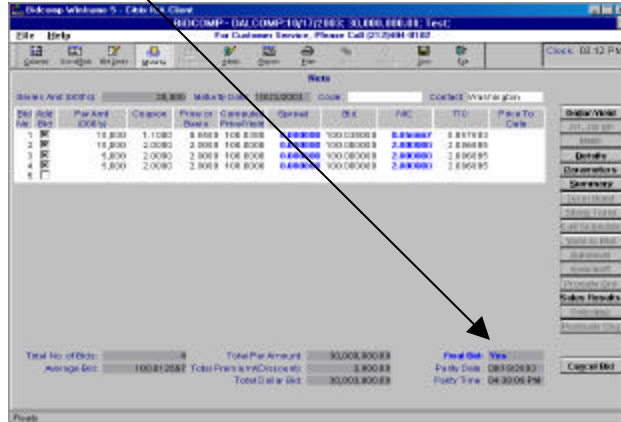
i-Deal employs a “defense in depth” strategy, which provides multiple levels of protection. Each site is protected by a redundant, high capacity firewall system that provides discriminate access to a limited number of network services. All sensitive communication between servers and the client is encrypted using 128-bit SSL. As stated earlier the BIDCOMP application is served to end users using Citrix Metaframe technology. After the initial authentication conducted over the SSL using a Web browser, another SSL-encrypted connection is being opened through the Citrix Secure Gateway Server, and the connectivity to the back-end application servers is being tunneled over this connection. This architecture allows connection with the application server without opening any non-standard ports, such as TCP 1494 normally required by Citrix. Only TCP port 443 (HTTPS) needs to be opened through a client firewall. This also protects the application servers from unauthorized access, because client never connects to them directly.

This connectivity is not available over the Internet, only over a third-party extranet provider (Radianz), or over private lines or dial-up. The Citrix environment is

redundant and distributed between two data centers in separate physical locations.

3. Assurance that bidder's bids are received by the System.

When a bidder submits a bid through BiDCOMP to Parity, they receive a date/time stamp back.



This date/time stamp is the indicator to the bidder that their bid has been saved.

4. Provisions for security of bids from viewing by other bidders.

As mentioned earlier, BiDCOMP users must have a user ID and password to get into the system. In addition, this login must be mapped to a specific customer/firm id. This mapping ensures that users only see their firm's information/bids. They cannot view other bids from other firms.

5. Provisions for observers, including issuer to observe the bidding.

As outlined in the description of Parity in Section 1, the issuer/financial advisor will have a unique password to Parity. The issuer will only be able to see his issues and the financial advisor will be able to see the issues for all of the issuers for whom he is acting as financial advisor. As many people, in as many locations as the issuer chooses may view the bidding via Parity. However, since Parity is not an auction system, no specific information about the bids can be seen until after the expiration of sale time.

Section D

Describe the requirements (including restrictions) bidders must meet in order to submit bids.

Bidders must have entered into an Agreement with i-Deal prior to being able to use the BiDCOMP Bid Calculation Software, which will allow them to submit bids electronically. A draft of this agreement is included as [Exhibit H](#).

BiDCOMP does not prevent any bid from being submitted (except if sale time has expired), even if the bid has violations. It is i-Deal's policy that it is the issuer's responsibility to decide to throw out a bid, not ours.

Section E

Describe the service's experience in conducting electronic auctions of bonds.

BiDCOMP and Parity have had tremendous experience running a wide variety of transactions. Our entire experience is outlined in [Exhibit G](#).

Section F

The following are references for PARITY and BiDCOMP

Frank Hoadley
Director of Capital Finance
State of Wisconsin
101 East Wilson Street
10th Floor
Madison, WI 53707-7864
(608) 266-2305

Mr. Hoadley is an issuer who has done 40 deals through PARITY since 1998.

Mr. Dave Anderson
Managing Director
Merrill Lynch
World Financial Center
9th Floor
New York, NY 10285
(212) 449-5095

Mr. Anderson is a long time user of i-Deal's municipal products including BiDCOMP. He has submitted bids via PARITY on a number of transactions.

Mr. Michael Bartolotta
Managing Director
First Southwest Company
1021 Main Street
Suite 2200
Houston, TX 77002
(713) 651-9361

Mr. Bartolotta and his firm have served as the financial advisor for 1282 transactions accomplished using PARITY since 1998.

Section IV

A. Availability of Documents

i-Deal offers electronic document delivery and posting services. This service is called i-Deal Prospectus and allows the issuer to (a) post their Preliminary Official Statement and Notice of Sale on a public website at www.i-dealprospectus.com, (b) allow users of the Thomson Worksheets, TM3 news as well as through PARITY, to gain access to the document from those web pages, (c) distribute the document electronically to a list of potential bidders/investors provided to i-Deal by the issuer, and (d) will distribute the document electronically to i-Deal's "Competitive List" which is a compilation put together by i-Deal of the entire universe of potential bidding underwriters. The process of sending a document electronically through i-Deal Prospectus is described in the following screen shots. Once the POS and NOS are posted on the public website, there is no limitations on public access.

[Exhibit I](#) provides screen shots that outline the functionality of i-Deal Prospectus.

B. What other Features for issuers and bidders are available

In addition to the functionality provided by i-dealprospectus, issuers have the ability to download each bid to excel in order for them to independently check the calculations in a calculation package that is separate from the one used in BiDCOMP/PARITY.

For bidders, the system is linked directly into Dalcomp's Municipal Bookrunning and Wire System so that underwriters may distribute potential scales to their syndicates and sales people quickly and efficiently, gathering additional market information which is then fed back to BiDCOMP, electronically, and then can be used to aid an underwriter in calculating their bid.

C. Describe the procedure for accepting bid deposits, including financial surety bonds

Neither BiDCOMP nor PARITY provides the ability to alert the issuer that the bidder has registered with a financial surety. However, both BiDCOMP and PARITY will alert the user as to whether the transaction is a Surebid transaction, however, it is the bidder's responsibility to let the issuer know that they registered with Surebid.

Section V

A. Name of Organization

i-Deal LLC

B. Contact Person

Cheryl Horowitz, Managing Director

C. Address

40 West 23rd Street
5th Floor
New York, NY 10010

D. Phone

212-812-0675 – Phone
212-812-4450 – Fax

E. E-mail

Cheryl.horowitz@i-deal.com