

Press Release

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LCH.Clearnet and LIFFE agree new clearing arrangement

London, 31 October 2008

LCH.Clearnet Ltd (“LCH.Clearnet”) has signed a new clearing arrangement with LIFFE, the international derivatives market of NYSE Euronext (NYX), further to LIFFE’s announcement of 25th March 2008.

Subject to regulatory approval, from March 2009 LIFFE will become the central counterparty for London-based LIFFE contracts. LCH.Clearnet will provide LIFFE with its proven risk management services and the existing clearing guarantee; and will continue to run the normal day to day operational clearing processes. In the event of a default, LCH.Clearnet will become the counterparty and will be fully responsible for the management of the default.

Members will continue to benefit from access to LCH.Clearnet’s risk management expertise and diversified default fund. Furthermore, LCH.Clearnet will continue to use LIFFE-owned clearing technology and the operational changes required by members should therefore be minimal.

Roger Liddell, Chief Executive, LCH.Clearnet said: “We are happy that this arrangement leaves our risk management processes intact. Members will continue to benefit from our services with the minimum of disruption. We enjoy a good working relationship with LIFFE and we shall continue to work with them on new initiatives, including credit default swaps.”

As part of the termination of the current clearing arrangements, LCH.Clearnet will receive a one-off payment of €260 million from NYSE Euronext.

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Editors Notes

LCH.Clearnet is the leading independent central counterparty group (CCP) in Europe, serving major international exchanges and platforms, as well as a range of OTC markets. It clears a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interbank

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interest rate swaps and euro and sterling denominated bonds and repos; and works closely with market participants and exchanges to identify and develop clearing services for new asset classes.

As a CCP, LCH.Clearnet sits in the middle of a trade, assuming the counterparty risk involved when two parties (or members) trade. When the trade is registered with LCH.Clearnet, it becomes the legal counterparty to the trade, ensuring the financial performance; if one of the parties fails, LCH.Clearnet steps in. By assuming the counterparty risk, LCH.Clearnet underpins many important financial markets, facilitating trading and increasing confidence within the market.

Initial and variation margin (or collateral) is collected from LCH.Clearnet members; should they fail, this margin is used to fulfill their obligations. The amount of margin is decided by LCH.Clearnet's highly experienced risk management teams, who assess a member's positions and market risk on a daily basis. Both the soundness of the risk management approach and the resilience of its systems have been proven in recent times.

LCH.Clearnet is regulated or overseen by the national securities regulator and/or central bank in each jurisdiction from which it operates.

