

## Press Release

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### LCH.Clearnet sees record Fixed Income volumes in Q4 - volumes reach €28 trillion

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The total nominal value of trades across LCH.Clearnet's European fixed income business reached circa €28 trillion in the fourth quarter of 2008, a 14% increase on the same period in 2007.

LCH.Clearnet saw an increase in both Euro and Sterling volumes as, in the aftermath of Lehman's, banks sought to minimise their counterparty risk through a cleared repo solution; using LCH.Clearnet's fixed income service as a key vehicle for inter-bank lending. The increase in Sterling GC volumes was particularly marked. Sterling GC is a standardised basket of cash led repo trades which enables users to benefit from deep trading liquidity and the efficiencies of a standard process for addressing their sterling funding needs.

John Burke, director of fixed income, said "Minimising counterparty risk has been the priority of many banks over the last few turbulent months. The growth in our volumes reflects the success of our fixed income service as an important tool which underpins inter-bank lending in the Euro and Sterling markets.

"We anticipate an ongoing need for innovative, risk mitigating clearing solutions and we shall continue to work closely with our member banks to design secure and efficient liquidity solutions."

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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

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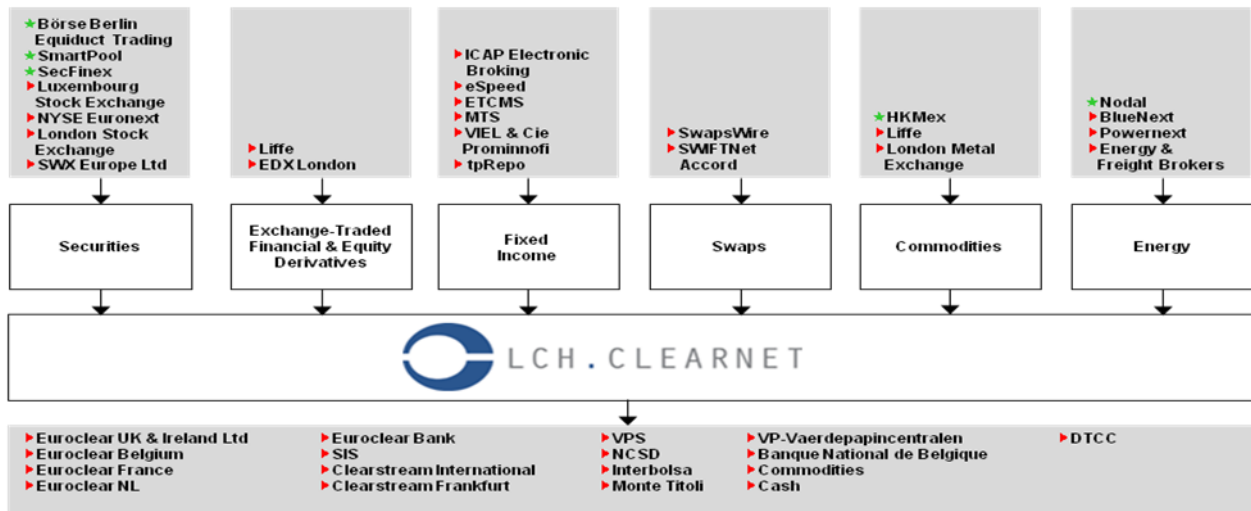
broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interbank interest rate swaps and euro and sterling denominated bonds and repos; and works closely with market participants and exchanges to identify and develop clearing services for new asset classes.

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.

### LCH.Clearnet: Markets Served



★ Soon to be launched

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