



HSBC and J.P. Morgan become OTCDerivNet shareholders, further consolidating support for LCH.Clearnet's SwapClear service

London, 3 February 2009. HSBC and J.P. Morgan have become shareholders of OTCDerivNet, the company which provides strategic direction to LCH.Clearnet's SwapClear service. SwapClear currently clears around 50 per cent of the USD 140 trillion global interbank OTC interest rate market* and its members include many of the world's leading banks.

Stephen O'Connor, Managing Director, Morgan Stanley and Chairman of OTCDerivNet said: "We are very pleased to welcome HSBC and J.P. Morgan to OTCDerivNet at this time. The support of these two key institutions will significantly help the expansion and oversight of the SwapClear service. The clearing of OTC Derivatives through a strong central counterparty is critical to the reduction of systemic risk in the marketplace."

Chris Willcox, Global Head of Rates Trading at J.P. Morgan said "At J.P. Morgan we view the LCH.Clearnet's SwapClear derivatives clearing service as a vital component of the OTC Rates industry. We see the service as a key enabler in supporting greater capacity and improved efficiencies in the Rates market."

Elie El Hayek, Global Head of Rates at HSBC said. "The partnership between OTCDerivNet and LCH.Clearnet has created a significant asset for the industry. HSBC is very pleased to be part of a group committed to developing the SwapClear service."

Roger Liddell, Chief Executive, LCH.Clearnet said: "A key factor in the outstanding success of the SwapClear service, which now accounts for circa 50 per cent of the OTC global inter-bank interest rate swap market, is the close collaboration with the industry through OTCDerivNet. Their input to the service's development and the default management process is invaluable and enabled us to so successfully handle the default on Lehman's OTC interest rate swap book."

- Ends -

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Notes to editors:

*Source: BIS Report, June 2008/LCH.Clearnet

About OTCDeriv Group

OTCDeriv Limited is a company owned by a group of the world's leading banks in the over the counter ("OTC") fixed income derivatives market. OTCDeriv is the parent company of OTCDerivNet Limited which provides strategic direction to LCH.Clearnet Limited for the operation and development of SwapClear, the clearing service for interest rate derivatives made available by LCH.Clearnet Limited. OTCDerivNet's mission is to support a secure, efficient and cost-effective post-trade dated environment for the mutual benefit of the (OTC) derivatives industry in a way which serves to mitigate operational, credit and settlement risks, whilst reducing support costs and regulatory capital requirements.



OTCDerivnet members include: Bank of America, Merrill Lynch, Barclays, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, HSBC, Goldman Sachs, J.P. Morgan, Morgan Stanley, RBS, Société Générale and UBS

www.otcderivnet.com

About LCH.Clearnet

LCH.Clearnet is a leading global independent central counterparty (CCP). It is the global leader in OTC interest rate swap clearing; its SwapClear service clears circa 50% of the global interbank OTC interest rate swap market.

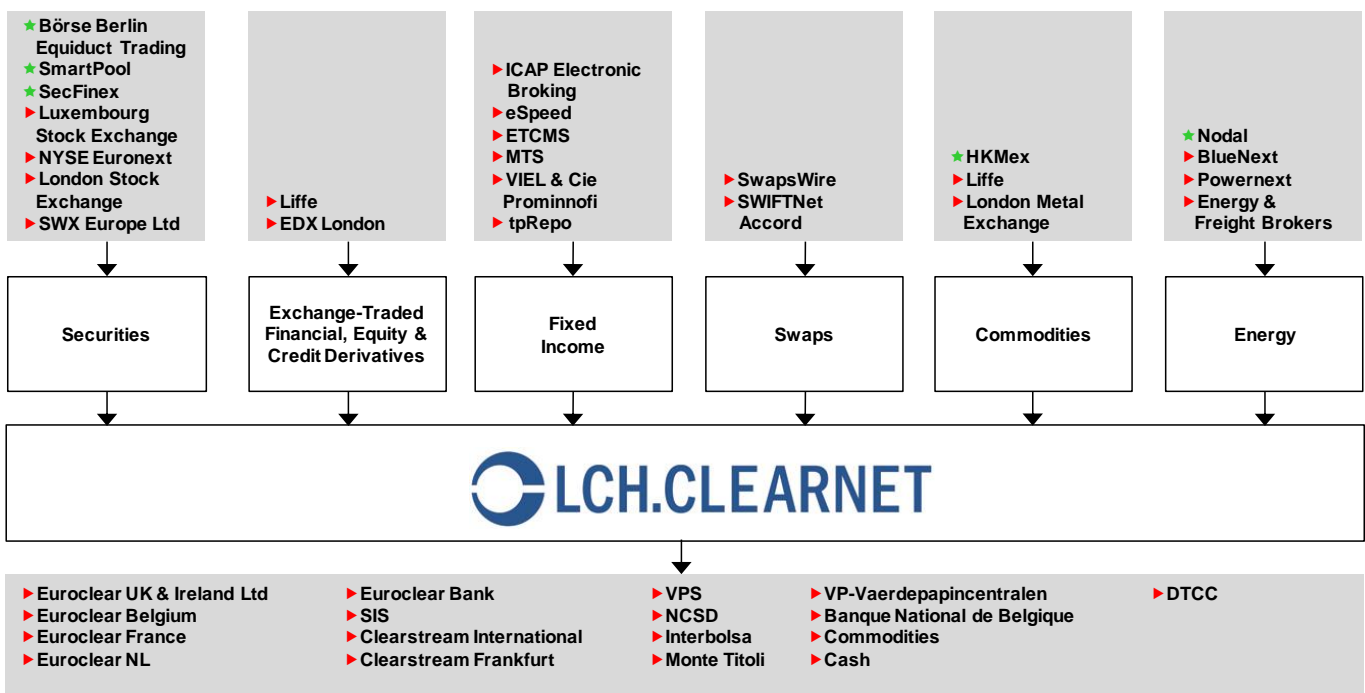
LCH.Clearnet serves major international exchanges and platforms, as well as a range of OTC markets. It clears a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interbank interest rate swaps and euro and sterling denominated bonds and repos; and works 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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