

Press Release

Contact: Andrea Schlaepfer/ Rachael Harper, Corporate Communications
Tel: + 44 (0) 20 7426 7463

LCH.Clearnet goes live with clearing services for PLUS markets

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LCH.Clearnet Ltd (LCH.Clearnet) has today successfully launched clearing services for PLUS Markets Group (PMG), London's leading small and mid-cap stock exchange.

LCH.Clearnet supports the PLUS-pool, a "dark liquidity pool" for small & mid-cap securities. PLUS-pool provides a venue for the efficient electronic trading of large institutional block orders, reducing market impact and costs. It complements PLUS' market maker offering and RSP business.

Offered through LCH.Clearnet's EquityClear® service, clearing initially encompasses a range of UK securities, with the intention to extend to pan-European securities in the near future.

PMG has seen a steady growth in market share, and in January, accounted for almost seven per cent of UK equity trading.

Wayne Eagle, Director Equity Services, LCH.Clearnet commented: "With PMG's established reputation in trading small and mid-cap stocks and our long history of clearing a wide range of equities, the advantages of this offering such as margin offsets and collateral efficiencies will be significant. Additional volumes generated by the new service would result in substantial cost reductions for our members."

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London

Aldgate House
33 Aldgate High Street
London EC3N 1EA

Paris

18, rue du Quatre Septembre
75002 Paris

Amsterdam

P.O. Box 15 913
1001 NK Amsterdam

Brussels

Palais de la Bourse
B-1000 Brussels

Lisbon

Av. da Boavista, 3433
4149-017 Porto

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 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.

