

Press Release

Contact:

Andrea Schlaepfer / Rachael Harper, Corporate Communications:
+44 (0) 20 7426 7463 / 7175

Three new banks join LCH.Clearnet's SwapClear service

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ING Bank NV, Natixis SA and Rabobank NV are the latest banks to join SwapClear, LCH.Clearnet's market leading over-the-counter (OTC) interest rate swap clearing business. All three banks have commenced implementation and are expected to go live later this year.

Established in 1999, SwapClear enables major global swap dealers to reduce the risk and processing costs in the interbank interest rate derivatives market. SwapClear was the world's first OTC clearing service and now clears circa 50% of the global interbank interest rate swap business.

In a unique, industry-led approach, the interest rate swap community have worked with LCH.Clearnet for the last ten years, through OTCDerivNet, to develop and improve the market infrastructure for interest rates.

Joe Reilly, Director of SwapClear, LCH.Clearnet said: "We are delighted to welcome the three banks who all are important participants in the market. As firms increasingly look to minimise counterparty risk, we have seen a heightened awareness of the value of the SwapClear service to the market. With the industry we have built a highly successful OTC clearing model."

Gunter Fluyt, Global Head Rates at ING Bank NV said: "We consider clearing to be the most effective way forward for interbank interest rate derivative trading and expect to benefit greatly from the enhanced credit capacity and risk reduction that it will bring."

Tanguy Loreau, Head of Derivatives Operations, Natixis SA said: "Counterparty risk reduction, with the freeing up of credit lines and resulting reduction of collateral together with more efficient use of our capital are the primary drivers for our decision to join SwapClear."

Henk Rozendaal, Global Head of Interest Rate Derivatives, Rabobank NV said: "SwapClear does what it says on the box: reduces counterparty risk,

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



enhances straight through processing, saves capital and reduces the balance sheet. Joining SwapClear will enable us to develop our interbank swap business further and to benefit from the increasing flows of business with the other SwapClear members.”

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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 the leading independent clearing house 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 clearing house, 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.