



## **LCH.Clearnet and EMCF set to interoperate by November 2009**

**London, 30 September 2009**

LCH.Clearnet Ltd (LCH.Clearnet) and the European Multilateral Clearing Facility (EMCF) have signed a master link agreement to achieve interoperability by November 2009.

In November trading participants on Chi-X and BATS Europe will be able to choose where their UK and Swiss equity trades are cleared, maximising value to users whilst continuing to ensure the highest standards of risk management.

Interoperability will bring significant advantages to the European equities environment, delivering greater efficiency, reduced costs and a wider choice of clearer for the trading community.

Wayne Eagle, Director, Equity services at LCH.Clearnet said: "We have made excellent progress since we first announced our plans to interoperate with EMCF only four months ago. Our aim is to deliver the benefits of clearing interoperability as soon as possible and in signing this agreement, we are another step closer."

Jan Booij, Chief Executive of EMCF said: "Clearing interoperability will create a more open and transparent clearing process, and offer much greater choice for clients. This is an important step for the industry. "

The arrangement between LCH.Clearnet and EMCF is in line with the Access and Interoperability Guidelines within the European Code of Conduct and is subject to regulatory approval.

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## **About LCH.Clearnet**

LCH.Clearnet is the leading independent clearing house group, 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.

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

Initial and variation margin (or collateral) is collected from clearing members; should they fail, this margin is used to fulfill their obligations. The amount of margin is decided by the clearing house'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.

## **About European Multilateral Clearing Facility**

EMCF provides competitive central counterparty clearing services for the rapidly growing MTF market. Established in March 2007 EMCF provides CCP services for BATS Europe, Chi-X Europe, Nasdaq OMX Europe and QUOTE MFT as well as Nasdaq OMX Nordic. Clearing volumes exceed 1.8 million transactions per day, representing around 26% of total European equity volumes, ranking it Europe's second cash equities CCP.

EMCF is the most competitive European CCP, providing tangible savings for the industry. EMCF offers clearing participants a transparent fee schedule, charging only a low fixed fee across markets.

EMCF's main shareholders are Fortis Bank Nederland N.V. and Nasdaq OMX Nordic Group Inc. The activities of EMCF are regulated by the Dutch central bank, De Nederlandsche Bank (DNB), the Dutch Authority for the Financial Markets (AFM) and the UK Financial Services Authority (FSA).