

## Press Release

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### SwapClear passes \$1 trillion in Overnight Index Swap trades in 11 weeks since launch

London, 13 October 2009

LCH.Clearnet Limited's (LCH.Clearnet) market leading SwapClear service has surpassed the US\$1 trillion market in cleared Overnight Index Swaps (OIS) trades in only eleven weeks since OIS clearing was launched.

SwapClear is the leading global interest rate swap clearing service. Launched in 1999, it currently clears circa 64% of the global interbank interest rate swap market and, at 30 September 2009, had US\$ 202 trillion in outstanding notional trade sides.

Further developments are planned for the coming months, including a service tailored for the buy-side and extensions to tenors to up to 50 years in some of the 14 currencies currently cleared.

Alberto Pravettoni, Managing Director, Commercial Services, LCH.Clearnet said: "The success of SwapClear's OIS offering demonstrates the market's appetite for tailored OTC clearing solutions. Dealers have long recognised the operational and risk management benefits of clearing interest rate swaps, as well as the proven effectiveness of the SwapClear default management process."

The resilience of SwapClear's default management process was demonstrated in September 2008 when it successfully handled Lehman's \$9 trillion interest rate swap default. The highly effective default management process ensured that 66,390 trades were hedged and auctioned off to other clearing members in a timely fashion and that the default was managed well within the margin held and with no recourse to the default fund.

LCH.Clearnet Limited is both a Financial Services Authority (FSA) Recognised Clearing House and a Commodity Futures Trading Commission (CFTC) registered Derivatives Clearing Organization (DCO).

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## Notes to editors

An OIS is a fixed/floating interest rate swap with the floating leg tied to a published index of a daily overnight rate reference such as the Sterling Overnight Interbank Average (SONIA) or the Euro Overnight Interbank Average (EONIA®). Providing clearing to the OIS market, which is a major benchmark for short-term interest rate swaps, will increase interbank liquidity by mitigating counterparty risk, increasing trading capacity and reducing settlement costs.

## About LCH.Clearnet

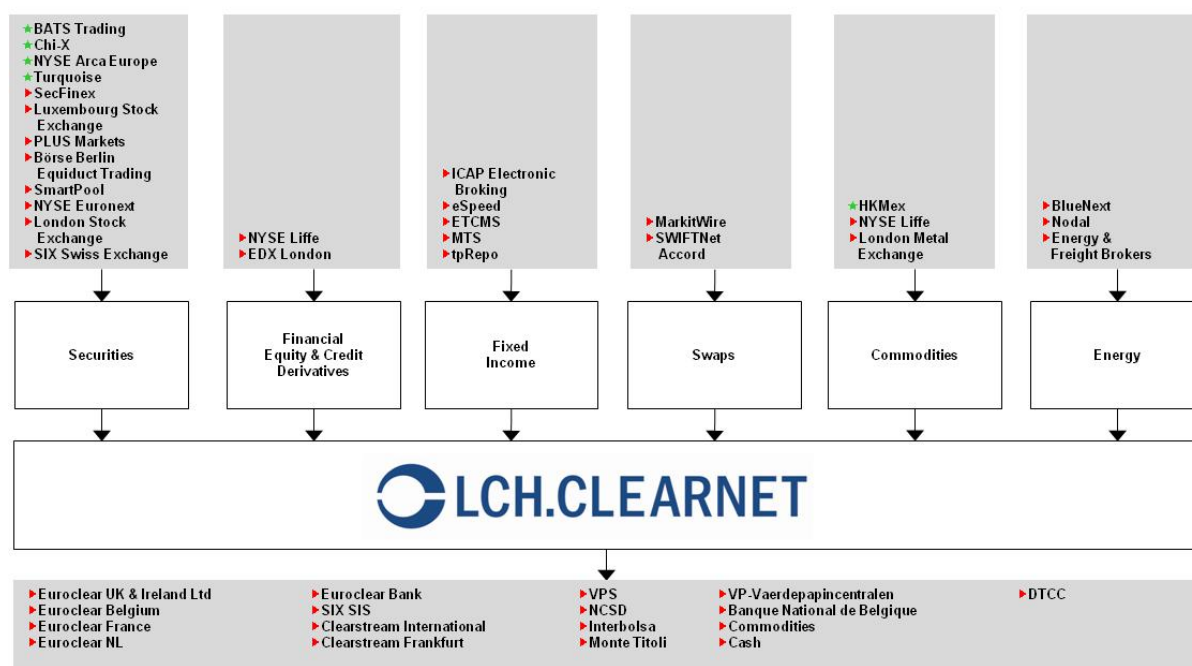
LCH.Clearnet is the leading independent clearing house group, serving major international exchanges and platforms, as well as a range of OTC markets. It clears a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interbank interest rate swaps and euro and 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.

## Markets Served



\* Soon to be launched