



## **JOINT NEWS RELEASE**

### **Chi-East to Appoint LCH.Clearnet as Central Clearing Facility**

LONDON and SINGAPORE – 18 November 2009 – Chi-East, a joint venture of Chi-X<sup>®</sup> Global Inc. and Singapore Exchange Limited (SGX), and LCH.Clearnet Limited (LCH.Clearnet) announced today that Chi-East will appoint LCH.Clearnet as the central clearing facility for its pan-Asian non-displayed trading platform, scheduled to launch in mid-2010.

Subject to agreeing to terms with Chi-East and the requisite regulatory approvals, LCH.Clearnet's EquityClear service will clear the Australia, Hong Kong and Japan-listed securities available for trading on Chi-East. SGX-listed stocks will be cleared and settled through The Central Depository (Pte) Limited (CDP), SGX's securities clearing house and depository, via SGX's securities clearing members.

“Providing a centralised clearing facility for our trading participants is an integral part of our overall business strategy. After a rigorous due diligence process we are confident that LCH.Clearnet will be an ideal partner to assist us in helping to lower the overall frictional cost of trading within the region. This relationship ensures Chi-East will have robust, reliable and integrated architecture through all stages of the trade,” said John Lowrey, a Director of Chi-East.

Wayne Eagle, Director, Equity Services, LCH.Clearnet, said, “We are delighted to be a part of such an innovative venture. Asian markets are developing rapidly and we are pleased to expand our offering in the region at such an exciting time. Our appointment demonstrates recognition of the effectiveness and flexibility of our market-leading EquityClear service and the overall quality of LCH.Clearnet's offering.”

In August 2009, Chi-X Global joined forces with SGX to develop and launch the first exchange-backed non-displayed trading platform in Asia, starting with select securities listed in Australia, Hong Kong, Japan and Singapore. The non-displayed trading platform will operate with the appropriate regulatory approvals and controls, reporting, settlement systems and compliance standards. The name Chi-East was chosen to leverage Chi-X Global's strong global brand, while at the same time emphasizing the venture's commitment to, and focus on, Asia.

Chi-East will act as an independent liquidity aggregator for the sell side and offer another execution option in the form of a non-displayed venue that will expand the range of available solutions for conducting block transactions with price improvement. Chi-Tech, the technology subsidiary of Chi-X Global, will provide the technology for the new trading platform.

“The response from potential users of Chi-East has been extremely positive, as we have made good progress towards launching this highly efficient, independent non-displayed liquidity venue by mid-2010,” added Lowrey.

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### **About Chi-X<sup>®</sup> Global**

A subsidiary of electronic trading pioneer Instinet, Chi-X Global Inc. is a global provider of market infrastructure technologies and trading venues. Its Chi-X trading platforms aim to provide investors around the world with the most efficient markets possible through their high-speed, low-cost, intelligent trading models. Chi-X believes that truly competitive, technology-driven markets benefit all participants in the trading process – investors, brokers and the primary exchanges – by making the market more attractive to the global trading community, which ultimately helps to increase overall market volumes and improve investor performance.

As the technology services unit of Chi-X Global, Chi-X Global Technology, LLC (Chi-Tech) provides cost effective, high-performance, end-to-end trading technology, infrastructure and related services. The company's proven, innovative solutions are designed for exchanges and alternative trading venues, as well as brokers, banks and other market participants. Chi-Tech's focus is delivering outcome-oriented technology that enables the world's marketplaces and their participants to lower costs, reduce risk and maximize competitive advantage.

For more information, please visit Chi-X website: [www.chi-x.com](http://www.chi-x.com)

### **About Singapore Exchange Limited**

Singapore Exchange (SGX) was inaugurated on 1 December 1999, following the merger of two established and well-respected financial institutions - the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX). SGX is Asia-Pacific's first demutualised and integrated securities and derivatives exchange and is listed on its own bourse. The exchange's stock is a component of benchmark indices such as the MSCI Singapore's Free Index and the Straits Times Index (STI).

SGX aims to offer a highly trusted, comprehensive and efficient securities and derivatives marketplace for raising capital, risk transfer, trading, clearing and settlement. SGX facilitates the trading and clearing of commodity futures and over-the-counter (OTC) derivatives such as forward freight agreements and oil swaps. Through strategic alliances and partnerships with other exchanges around the world, SGX is firmly positioned as an Asian Gateway.

For more information, please visit SGX website: [www.sgx.com](http://www.sgx.com)

### **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.

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