

# Press Release

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## Michael Davie appointed CEO of SwapClear

### LCH.Clearnet signals further commitment to buy-side offering

**London, 19 August 2010**

In order to strengthen its global OTC derivative client clearing offering, LCH.Clearnet Ltd (LCH.Clearnet) has appointed Michael Davie CEO of SwapClear, its market leading interest rate swap (IRS) clearing service. In this new role, Michael will lead the next phase of the development of SwapClear which will focus on ensuring the best possible products and services are delivered to the buy-side. He will report to Roger Liddell, chief executive, LCH.Clearnet.

Roger Liddell, chief executive, LCH.Clearnet commented; "Clients represent a large proportion of the global interest rate swap market. Michael's appointment reflects our commitment to delivering OTC derivative clearing services to the buy side and of ensuring that SwapClear's market leading offering evolves in line with their needs."

Michael Davie, CEO of SwapClear, LCH.Clearnet said; "OTC derivative clearing has never been more important and SwapClear is the global leader in this field. I am greatly looking forward to working with our current and prospective clients to ensure the service is developed in line with their requirements."

The launch of the FCM (Futures Commission Merchant) model for SwapClear later this year\* will increase choice for US based customers, enabling them to clear with the world's leading interest rate swap service within a familiar framework."

Michael has over 20 years experience in financial services and has held a number of senior strategic, trading, marketing and operational positions during this time. He joins LCH.Clearnet from JPMorgan.

In December 2009, LCH.Clearnet was the first clearing house to launch interest rate swap clearing for the buy-side through SwapClear, offering a unique level of security to buy-side clients in the case of a bank default through margin segregation and portability of contracts. SwapClear continues to consolidate its position as the leading global service for IRS, clearing over 40% of the \$342 trillion global market, across 14 currencies.

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\*subject to regulatory approval

## **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, credit default 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.