

Press Release

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Record emissions volumes for LCH.Clearnet in February

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LCH.Clearnet Limited (LCH.Clearnet) posted record volumes in its Emissions Allowances (EUA) clearing service last month, totalling 16,500 lots. This represents a share of over 10% of the OTC cleared EUA market and includes a daily record of 2.975 million tonnes on February 25.

These figures have resulted in the open interest rising to their highest levels of 12.85 million tonnes, an increase of over 50% on January.

Isabella Kurek-Smith, director energy and freight, said: "These encouraging volumes indicate that our competitively priced, high-quality emissions clearing offering is growing strongly and capturing increased market share. The service has been very well received by the trading and broking community since it was launched in July last year and our recent tariff reduction for spot EUA and CER contracts, down to €2.50 per lot, makes our service the most cost-effective in the marketplace."

Garth Edward, head of emissions markets, Citi said: "LCH.Clearnet brings much needed competition in terms of transaction costs and quality of service. The result is a more efficient market, a better price signal, and more capital flowing to technologies and activities that reduce emissions."

John Molloy, head of environmental products, Tradition said: "The direct flow of transactions via configured broker trading screens to LCH.Clearnet has proved hugely advantageous to market participants in ensuring markedly improved standards for clearing, efficiency and processing. We view the uptake of interest in LCH.Clearnet as adding to a well functioning hybrid broking model in terms of transparency, disclosure and price discovery."

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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.