



LCH.Clearnet and TriOptima terminate €3 trillion of EURO interest rate swaps from SwapClear

London, 23 February, 2010

LCH.Clearnet and TriOptima announced that SwapClear members eliminated 31,280 EURO-denominated interest rate swap trades with a notional value of €3 trillion (\$4.55 trillion USD) in the largest triReduce termination cycle conducted to date within SwapClear. Twelve of SwapClear's twenty-five clearing members participated in the cycle.

This initiative is another example of the industry's response to regulatory goals for reducing risk in the OTC derivatives market. Terminating the transactions and eliminating them from LCH.Clearnet's SwapClear service facilitates systems processing and reduces the administrative burden in the event of a default. The average duration remaining for the terminated trades was close to 10 years.

Joe Reilly, LCH.Clearnet director, SwapClear said: "Clearing interest rate swaps through SwapClear greatly reduces counterparty exposure and improves market liquidity. Subsequent compression of the notional value of cleared transactions, using a service like triReduce, creates further efficiencies by reducing operational costs and risks associated with trade count and notional volumes outstanding. Thanks to the commitment of all those involved we were able to terminate 89% of all the matched trades between the participating banks."

"We are pleased to be working with the industry to improve the infrastructure and enhance efficiencies within the interest rate swap market," said Ulf Andersson, global business manager for triReduce. "Beginning with the November termination of GBP swaps in SwapClear, we anticipate that a series of cycles scheduled in 2010 will achieve significant reductions in clearing house exposures."

The termination cycle was assisted by MarkitSERV using its MarkitWire automated link to SwapClear to complete updates to dealer portfolios of cleared trades.

TriOptima and LCH.Clearnet have planned a series of future cycles to terminate additional EUR, GBP, JPY, and USD interest rate swaps in SwapClear.

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About TriOptima

TriOptima, an ICAP Group company, is the award-winning provider of OTC derivatives infrastructure services including triReduce, triResolve, and the OTC Derivatives Interest Rate Trade Reporting Repository.

triReduce, the portfolio compression service for OTC derivative dealers, pioneers technology that eliminates risk and reduces operational and capital costs. Serving over 150 bank and non-bank subscribers worldwide including the major local and global dealers in derivatives, triReduce is a critical tool for maintaining post trade processing efficiency. triReduce offers compression cycles in single name and index CDS swaps worldwide, IRS swaps in 23 currencies and a range of energy derivatives.

triResolve is a network community service for proactive portfolio reconciliation of OTC derivative portfolios. Used by global dealers, regional banks and buy-side firms, triResolve currently handles 5.8 million trades representing over 70% of all non-cleared OTC derivative transactions globally. The service benefits trade control, settlement, documentation, collateral and counterparty credit risk functions. Web-based, interactive, with advanced matching and reporting capabilities, the triResolve service reconciles all OTC derivative products, from plain vanilla to complex structures.

TriOptima maintains offices in London, New York, Singapore, Stockholm, and Tokyo.
[http:// www.trioptima.com](http://www.trioptima.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.

In December 2009, LCH.Clearnet were 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.

LCH.Clearnet is regulated or overseen by the national securities regulator and/or central bank in each jurisdiction from which it operates.