

> RepoClear's EuroGC Baskets

> Aiming to commence Member Test Programme from 17 March 2008

The purpose of this communication is to update RepoClear participants on progress relating to the launch of our EuroGC Baskets and also to provide information on the pre-live activities and associated communication timetable going forward.

RepoClear's EuroGC Service is an innovative General Collateral (GC) clearing service that will be launched with a range of cash-led, euro-denominated Government bond baskets, classified by credit rating. Further baskets will be added in due course.

The key features of the product are the *euro* equivalent to those delivered by the successful Sterling GC product, that was launched in the UK Gilt market earlier this year, namely:

- Electronic and bilateral trading of standardised GC baskets;
- Term trades being characterised as a series of linked one-day settlements such that all trades expressed in individual baskets can net against each other, each day, irrespective of term; and,
- Settlement achieved through the use of the auto-allocation tools provided by Euroclear and Clearstream for their respective Tri-party businesses.

Further to Fixed Income Communication # 0048, LCH.Clearnet is pleased to announce that the EuroGC Project is on track for a live date in **Q2 2008** and that the aim is to commence the mandatory member test programme from **17 March 2008**. A Service Description and a Testing and Implementation Guide will be circulated to all identified RepoClear contacts in due course.

The first step of the implementation phase involves LCH.Clearnet communicating directly with RepoClear market participants, in order for them to become familiar with the EuroGC service. This will then enable participants to register their intentions to go live and allow LCH.Clearnet to identify appropriate contact points for the implementation. To date, we have received strong interest from a significant number of market participants expressing their intention to use this service from the launch date.

Please see overleaf the Intended EuroGC Pre-live Activities & Communication Timetable:

Intended EuroGC Pre-live Activities Communication Timetable:

Nov/Dec 2007	Bilateral meetings with participant banks
December 2007	Publication of Service Description
	Publication of Technical Specifications relating to RepoClear Member Reporting
31 December 2007	Deadline for registration for Euro GC Member Test
January 2008	Publication of the plan and approach for the mandatory member test
February 2008	Publication of the detailed/scripted scenarios
Late March/early April	Mandatory EuroGC Member Testing, including connectivity and member testing
Q2 2008	Intended go live – (date to be confirmed)

By now you should have received information relating to EuroGC, however, in the event that you have not, and you wish to register your interest in participating, please contact my colleague Nick Maggs on the details below, in order to receive further information and to organise a meeting at your convenience.

Best regards

John Burke
Director, Fixed Income

For further information on EuroGC, please contact: Nick Maggs, Fixed Income Market Liaison, Tel: +44 207 426 7442, E-mail: nick.maggs@lchclearnet.com

For further information on EuroGC implementation, please contact: Nathalie Parquic, Implementation Team, Tel: +44 207 426 7889, E-mail: nathalie.parquic@lchclearnet.com