

## Press Release

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### RepoClear celebrates 10 years of reducing risk for the European bond and repo markets

**LCH.Clearnet nets €1.2 quadrillion of government bonds since 1999**

**London, 20 August 2009**

LCH.Clearnet Limited's RepoClear service today celebrates its tenth anniversary. Launched on 20 August 1999, it was the first over-the-counter (OTC) clearing service for multi-market government bonds and repo in Europe.

Since 1999, LCH.Clearnet has cleared and netted OTC fixed income trades with a settlement value of circa €1.2 quadrillion (€1.2x10<sup>15</sup>). During this time, settlement obligations have been reduced by circa €800 trillion through netting, thereby significantly reducing systemic and settlement risk in the European fixed income markets.

John Burke, Director and Head of Fixed Income said: "RepoClear is a highly innovative service, which has led the way in OTC clearing. Its success has fundamentally improved the risk management and post-trading infrastructure of the European government bond and repo markets. Banks have benefitted from being able to expand their businesses by trading anonymously in full confidence of LCH.Clearnet's counterparty risk management, and by maximising balance sheet, credit line and operational efficiencies.

"I would like to thank all fixed income members, the original RepoClear pioneers and all those who have contributed to the success of the service."

Currently, over 50 banks benefit from LCH.Clearnet's centralised clearing service for fixed income.

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LCH.Clearnet is the leading independent clearing house, 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.

As a clearing house, LCH.Clearnet sits in the middle of a trade, assuming the counterparty risk involved when two parties (or members) trade. When the trade is registered with LCH.Clearnet, it becomes the legal counterparty to the trade, ensuring the financial performance; if one of the parties fails, LCH.Clearnet steps in. By assuming the counterparty risk, LCH.Clearnet underpins many important financial markets, facilitating trading and increasing confidence within the market.

Initial and variation margin (or collateral) is collected from LCH.Clearnet members; should they fail, this margin is used to fulfill their obligations. The amount of margin is decided by LCH.Clearnet'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.