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TriOptima and LCH.Clearnet Ltd terminate SwapClear GBP interest rate swaps with notional of \$500 billion

LCH.Clearnet Ltd and TriOptima announced that SwapClear members had torn up \$500 billion notional in GBP-denominated interest rate swaps in a triReduce termination cycle, thereby eliminating them from LCH.Clearnet Ltd's SwapClear service.

Twelve of SwapClear's 25 members took part in the process. The elimination of superfluous trades facilitates systems processing and reduces the administrative burden in the event of a default. The average duration remaining for the terminated trades was 11 years.

MarkitSERV, a recently formed company which combined DTCC and Markit's electronic trade confirmation and workflow platforms, assisted the process by using its MarkitWire automated link to SwapClear to complete updates to dealer portfolios of cleared trades in the available three-hour window.

"This initiative highlights that the Rates industry is being pro-active in driving down both the notional and number of outstanding derivative transactions," said Andy Powell, Global Rates Business Manager at J.P.Morgan. "Managing the number of transactions in the clearinghouse is vital in a business where the maturity of the transactions can be very long dated. Using a proven tool like the triReduce service to run compressions significantly reduces our execution risk."

"We are pleased to have the opportunity to work with LCH.Clearnet Ltd and SwapClear members in their efforts to complement the efficiency of SwapClear," said Mireille Dyrberg, CEO of TriOptima EMEA. "We look forward to additional termination events in other currencies."

Alberto Pravettoni, Managing Director, Commercial Services, LCH.Clearnet said: "The successful run of triReduce has proved the effectiveness of the trade architecture in the rates market. Eliminating trades further enhances efficiencies within SwapClear and frees up capacity, facilitating the further expansion of this successful service."

This is one in a series of cooperative efforts between TriOptima, LCH.Clearnet Ltd and MarkitSERV to reduce the interest rate swaps maintained within SwapClear across the full range of currencies.

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About TriOptima

TriOptima is the award-winning supplier of post trade processing services including triReduce and triResolve.

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 21 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 5.5 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.

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