

Press Release

LCH.Clearnet's SwapClear successfully implements Murex technology

20 April 2011

LCH.Clearnet Limited (LCH.Clearnet) has enhanced its market leading interest rate swap (IRS) clearing service, SwapClear, with the successful implementation of Murex's world-class capital markets platform MX.3. The technology, which has been adapted by LCH.Clearnet and Murex, replaces a series of legacy systems and provides enhanced risk management capabilities.

SwapClear has been the world's leading OTC IRS clearing service for the past decade and, as the global regulatory landscape changes, is committed to staying at the forefront of OTC derivatives clearing. This successful customisation of Murex's established derivatives trading and processing platform has provided LCH.Clearnet with the flexibility, scalability and performance to continue to lead the way in bringing further products and services to centralised clearing.

The enhanced solution can handle 25,000 IRS trade sides per hour and a total portfolio of 4 million trade sides, doubling SwapClear's previous capacity. The system has been designed to scale to 10 million trade sides in anticipation of global market developments in centralised clearing.

"This go-live with the most experienced clearing house in the OTC space is a validation of our technical capability and a proof of our strong commitment to assist our client base managing ongoing market shifts", adds Maroun Eddé, CEO of Murex. "We position our platform at the heart of the trade life cycle management and risk management processes of an enterprise, which explains why a native management of OTC clearing is so natural and important to us".

Michael Davie, CEO of SwapClear said: "SwapClear currently offers the most comprehensive range of products to the cleared OTC IRS market. Our customised Murex platform will make it quicker and easier for us to launch new products and services to end-user clients and members. It will facilitate faster and more comprehensive risk management which is critical as OTC markets move to more pervasive adoption of centralised clearing. We'd like to thank Murex for their excellent partnership and look forward to leveraging this investment to provide more and better solutions for clients and members alike".

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About Murex

Building on over 25 years of successful presence in capital markets, Murex has developed an unmatched competence in the design and implementation of integrated trading, risk management and processing solutions for top financial institutions, clearing houses, corporations and utilities located across the globe. Our 200 clients range from leading market makers to large-sized or medium-sized buy-side and sell-side institutions. Over 36,000 users rely on MX.3™, the latest Murex platform, and on our strong market knowledge to support their businesses and keep pace with new practices induced by market evolution and regulatory changes. Implementations powered by the MXpress™ approach leverage the wealth of business content accumulated by Murex over the two decades through pre-packaged components of the platform while offering an accelerated process of delivery.

About LCH.Clearnet

LCH.Clearnet (then The London Produce Clearing House Limited) began clearing commodity futures in 1888. Today it 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, 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, reducing risk, facilitating trading and increasing confidence within the market.

Initial and variation margin (both 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; in IRS, six times intraday. 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.