



## Media release

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### **virt-x, LCH and SIS x-clear launch first pan-European CCP structure**

virt-x Exchange, the London Clearing House (LCH) and SIS x-clear, the Swiss central counterparty (CCP), today announced the successful launch of Europe's first truly pan-European CCP structure. The structure, which supports two interlinked CCPs provided by LCH and x-clear, went live on Monday 5 May and at the market close 28,164 trades had been cleared for settlement on Thursday 8 May.

virt-x and its members now benefit from the risk management, optional settlement netting and post trade anonymity provided by the CCP service. The pan-European CCP structure will also add significantly to the reduction in cross border trading and settlement costs offered by the virt-x model.

Settlement of virt-x trades is offered by CRESTCo, Euroclear Bank and SIS.

Commenting on the announcement Peter Keller, virt-x's CEO, said:

*"The launch of the first pan-European CCP structure completes virt-x's integrated trading, clearing and settlement model. The integrated straight through processing environment further simplifies the process of trading securities cross border and will deliver real operational, risk and cost benefits to members."*

David Hardy, LCH Chief Executive, said

*"LCH is delighted to participate in this further development of the virt-x market. This is another central counterparty service to be launched by LCH EquityClear®, and further highlights the demand for a value adding CCP model for equities, that delivers anonymity, reduces operational risks and costs, provides greater security and, through netting, minimises the number and value of settlements. In addition to these wellunderstood benefits, our members will begin to enjoy the very considerable benefits of dealing through a single counterparty in a highly automated and increasingly homogenised manner for both cross-border and domestic trades."*

Heinz Haerberli, CEO of the SIS Group, said:

*"The establishment of SIS x-clear as a CCP for virt-x marks an important milestone in the further development of the Swiss-based European Value Chain, which is designed and committed to offering low-cost but highly sophisticated and automated clearing and settlement services to its domestic and international members, and providing to market participants a unique structure of free choice both for clearing and for settlement ."*

## Notes to Editors:

### About virt-x

virt-x Exchange Limited, a part of the SWX Group, is a Recognised Investment Exchange supervised by the Financial Services Authority and is a regulated market under the Investment Services Directive.

The virt-x market is based on an integrated trading, clearing and settlement model which not only simplifies the process of trading pan-European blue chips but also significantly reduces the costs associated with trading cross border at every stage of the process.

For further information please visit <http://www.virt-x.com>.



### About LCH

LCH's overall objective is to provide secure and efficient clearing and central counterparty services to its members, protecting the integrity of the financial markets for both exchange-traded and over-the-counter transactions. Independent of any trading platform or settlement organisation, LCH is the leading central counterparty in the European time zone.

LCH acts as central counterparty to trades executed by its members:

In futures and options contracts on Euronext.liffe, the London Metal Exchange (LME) and the International Petroleum Exchange (IPE), and, through LCH EnClear®, in globally traded OTC energy swaps contracts on the US-based IntercontinentalExchange;

- In certain classes of over-the-counter (OTC) products, specifically interbank interest rate swaps through LCH SwapClear® and repos and cash bonds through LCH RepoClear®;

- Through LCH EquityClear®, for equities traded on the London Stock Exchange's SETS system, with trades on virt-x, the new pan-European exchange, to be handled from May 2003.

Owned by its members and LIFFE, LME and IPE, 75% and 25% respectively, in 2002 LCH cleared 370 million contracts.

LCH's primary protection in the event of default by a member is the initial margin collected from that firm. As protection against the insufficiency of initial margin,

