



**August 04, 2011**

**TriOptima and LCH.Clearnet terminate SwapClear USD interest rate swaps with notional principal value of \$7.1 trillion**

***Represents the largest USD interest rate swap tear-up to date for SwapClear***

LCH.Clearnet Limited (LCH.Clearnet) and TriOptima announce that SwapClear members have torn up \$7.1 trillion notional principal in SwapClear-cleared USD-denominated interest rate swaps (IRS) in a triReduce termination cycle, thereby eliminating them from LCH.Clearnet's SwapClear service.

Twelve SwapClear members took part in the process which represents the largest notional reduction of USD IRS trades from SwapClear to date. The elimination of these trades streamlines systems processing and reduces operational and administrative burdens in the event of a default. The average duration remaining for the terminated trades was 9.1 years.

"The compression cycles that we run in cooperation with LCH.Clearnet and SwapClear achieve significant reductions in both the notional and number of transactions outstanding which enhance efficiency and eliminate risk," said Peter Weibel, CEO of triReduce. "This is a natural extension of the triReduce service into the clearinghouse environment, enabling us to support the industry in its efforts to create a leaner, more robust marketplace. We look forward to delivering a regular schedule of compression cycles."

Michael Davie, CEO, SwapClear at LCH.Clearnet said: "Given that the maturity of OTC IRS trades can be very long-dated, using triReduce to compress the notional value of cleared transactions is vital as it frees up capacity and reduces the operational costs. We are pleased to be working with the industry on initiatives such as this to continually enhance efficiencies within the OTC IRS market."

This is one in a series of cycles planned by TriOptima and LCH.Clearnet to reduce the interest rate swaps maintained within SwapClear across the full range of currencies. Overall, SwapClear and TriOptima have torn up \$66.3 trillion in notional principal using triReduce.

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## **About TriOptima Compression**

Compression services are offered through TriOptima's triReduce service. Utilizing triReduce, participants are able to tear up their existing trades at their own mid mark-to-market valuations avoiding the difficult negotiation process of bilateral termination. Multilateral terminations leverage off the expanded number of participants and result in increased numbers of terminated trades. Eliminating trades eliminates costs, credit and operational risk and reduces capital requirements.

## **About TriOptima**

TriOptima, an ICAP Group company, is the award-winning provider of OTC derivatives infrastructure services including triReduce, triResolve, and the Global OTC Derivatives Interest Rate Trade Reporting Repository (the Rates Repository).

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 23 currencies and a range of energy derivatives.

triResolve is a network community service that provides counterparty exposure management services including proactive portfolio reconciliation of OTC derivative portfolios, margin call management, and dispute resolution. Used by global dealers, regional banks and buy-side firms, triResolve currently handles 6 million trades representing over 75% of all non-cleared OTC derivative transactions globally. The service benefits trade control, settlement, documentation, collateral and counterparty credit risk functions.

TriOptima maintains offices in London, New York, Singapore, Stockholm, and Tokyo.  
<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.