

Leading the Way in USD Swaps Clearing

Supporting Rates Markets Globally

LCH The Markets' Partner

SwapClear

LCH SwapClear continues to be the CCP of choice for delivering access to global OTC rates markets. Our US client base forms an important part of our global service and contributes to LCH SwapClear's deep pools of interest rate swap (IRS) activity.

In 2022, a record number of clients cleared USD, which remains the largest currency by clearing volume at SwapClear. Whether a client trades only USD, or has a global multi-currency portfolio, LCH SwapClear caters for a range of OTC clearing needs.

KEY BENEFITS

01. Access deep IRS liquidity in USD and **26** other currencies, across the swaps curve
02. Manage a smooth transition from USD LIBOR to SOFR
03. Increase stability and predictability with proven risk management and robust, reliable margin models
04. Achieve margin, capital and operational efficiencies

TRUSTED PARTNER FOR USD CLEARING

>97%*

share of total cleared USD notional market in FY 2022

486%

year-on-year growth in SOFR notional registered at SwapClear

>700

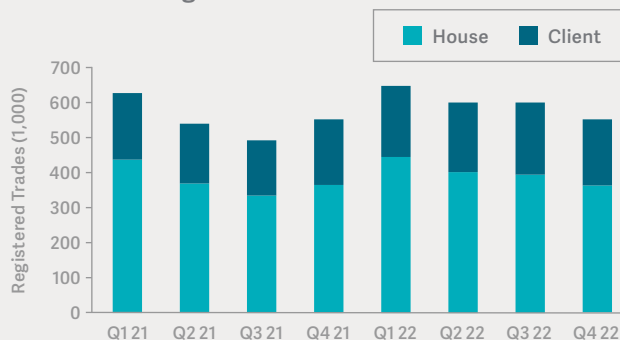
clients registered a USD swap in 2022, a service record

73%

of SwapClear's active clients in 2022 cleared USD swaps

USD trade count remains strong and continues to grow year-on-year, with 2022 trade count **9%** higher than in 2021

USD Trades Registered



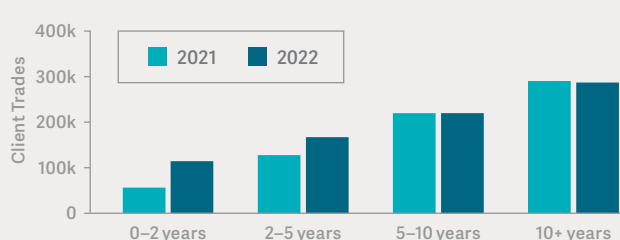
DEEPLY LIQUID AND DIVERSE MARKETS

Liquidity Along the USD Curve

LCH connects clients to a truly diverse, global pool of buy-side and sell-side firms, delivering exceptional clearing depth along the USD curve.

In 2022, SwapClear witnessed particularly strong growth in short-dated USD swaps activity, as clients continued to invest in the USD Rates market and clear at LCH.

USD Client Trade Count



*USD Market share according to Clarus Financial Technology: 2022 CCP Volumes and Market Share in IRD | (clarusft.com)

USD CLEARING – SPOTLIGHT ON SOFR

USD LIBOR Conversion

LCH plans to convert each outstanding USD LIBOR contract into a standard SOFR OIS, on a cash-compensated basis, in mandatory events conducted shortly before USD LIBOR cessation in June 2023.

LCH's margin models now use SOFR as their baseline risk factor, with USD LIBOR risk attracting additional (basis) margin. This creates the ideal platform for LCH's cleared swap conversion events scheduled for Q2 2023, and it allows the market to focus on negotiations to convert bilateral portfolios.

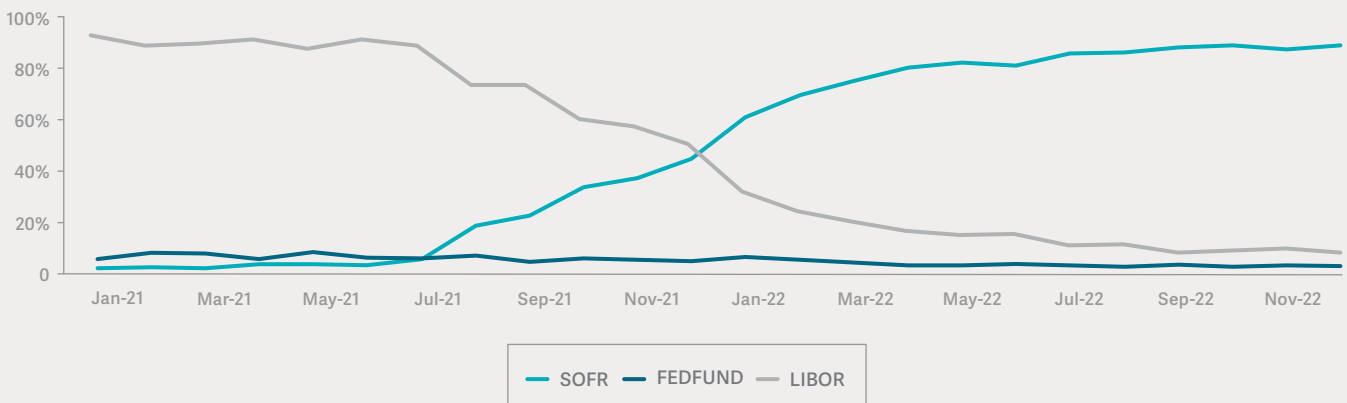
Key Dates in 2023	Event
24 February	External Dress Rehearsal #1
31 March	External Dress Rehearsal #2
21 April	Production: Tranche 1 USD LIBOR Conversion (VNS, ZCS, Basis)
19 May	Production: Tranche 2 USD LIBOR Conversion (IRS)

SOFR VOLUMES

LCH was the first CCP to offer clearing of USD IRS referencing SOFR, the recommended alternative to USD LIBOR, and volumes have continued to gain momentum since launch.

Members and clients benefit from access to an expanding pool of deep SOFR liquidity – in all market conditions. In 2022, \$51.6 bn SOFR DV01 risk was registered, an increase of over **400% year-on-year**, with SOFR DV01 risk accounting for approximately 80% of total USD cleared activity in 2022.

USD RELATIVE REGISTRATION DV01 VOLUMES



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