

LCH SwapAgent completes first trades

- Citi and Deutsche Bank execute first trades via LCH SwapAgent
- Service is latest innovation from LCH, introducing new efficiencies for the non-cleared derivatives market
- Designed to standardise and streamline OTC market infrastructure
- Plans to expand offering to include cross-currency swaps in Q4 2017
- 14 dealers have confirmed support for the service

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LCH SwapAgent, a service for the non-cleared derivatives market, announced today that it has processed its first trades. Citi and Deutsche Bank were the counterparties to the Swiss Franc-denominated interest rate swap and Euro-denominated inflation swap. The trades were processed through MarkitSERV.

LCH SwapAgent is available for market participants trading non-cleared OTC interest rate derivatives. Acting as an independent calculation agent, LCH SwapAgent calculates and enables customers to exchange bilateral margin and settlement payments, without the need for a central counterparty. By using LCH SwapAgent, customers can benefit from LCH's experience in servicing the derivatives market as well as realising capital and operational efficiencies resulting from a simplified and standardised trade process.

Nathan Ondyak, Global Head of LCH SwapAgent, said: "We are pleased that LCH SwapAgent is now live. We have received significant support from the market for the new service and are delighted that Citi and Deutsche Bank have completed the first trades. Through LCH SwapAgent we can extend the efficiencies of centralised clearing to the non-cleared market and we look forward to expanding this offering to include products such as cross-currency swaps in due course."

Stuart Bancroft, Managing Director, CVA trading, Citi, said: "As the non-cleared market for interest rate derivatives becomes increasingly complex, we welcome innovative solutions like LCH SwapAgent that help simplify the bilateral margining process, while enabling market participants to comply with the uncleared margin rules."

14 dealers have confirmed their support for LCH SwapAgent including: Bank of America Merrill Lynch, Barclays, BNP Paribas, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley, Nomura and RBS. LCH also plans to supply risk calculation data to the AcadiaSoft Hub to further streamline the margining process for the banks already using The Hub to comply with the non-cleared margin rules.

LCH SwapAgent's members are able to benefit from services including CSA standardisation, end-to-end trade life cycle management, independent valuation and risk calculation, dispute elimination, payment netting and in due course compression. The service is due to expand to encompass cross-currency swaps from Q4 2017.

For further information

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About LCH

LCH is a group of leading multi-asset clearing houses that provides proven risk management capabilities across a range of asset classes. As demand for robust clearing services continues to grow, LCH is committed to maintaining the highest standards of risk management across all our services.

As the markets' partner, LCH operates an open access model, offering a choice of execution venues, delivering unprecedented choice and efficiencies to the marketplace.

LCH operates clearing houses around the world, with clearing houses incorporated in the UK, France and the United States with additional offices in the Asia Pacific region. It offers clearing services across asset classes including OTC and listed rates; CDS and FX; fixed income; commodities; cash equities and equity derivatives. LCH also serves the non-cleared derivatives market through LCH SwapAgent, a new service which extends the efficiencies and infrastructure of clearing to the market, without acting as a central counterparty.

LCH is majority owned by London Stock Exchange Group (LSE.L), an international markets infrastructure business that sits at the heart of the world's financial community.

Further information on LCH can be found at www.lch.com