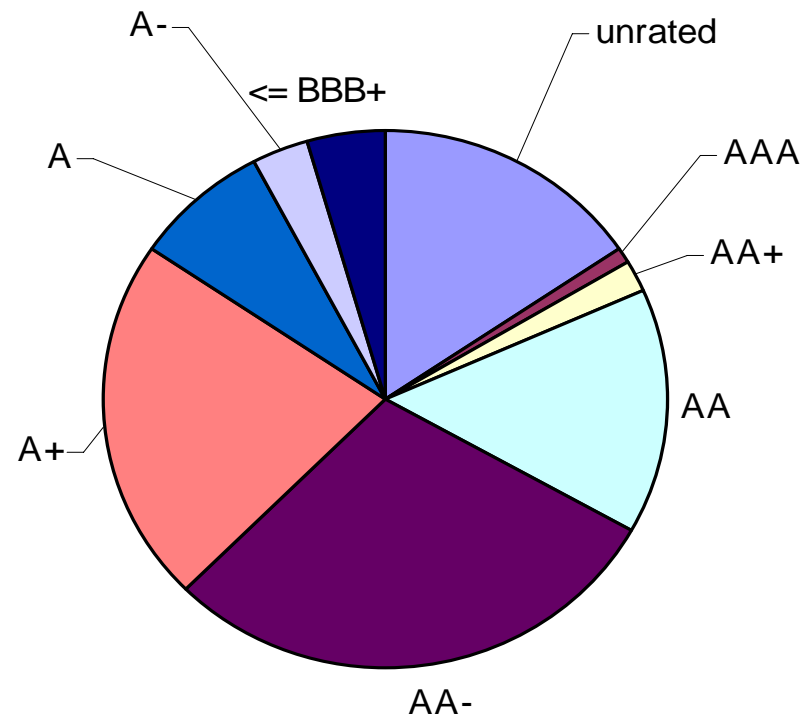


LCH.Clearnet SA Clearing Members, Membership Criteria and Member Monitoring

LCH.Clearnet SA - Members (1)

- Most members belong to financial groups which have a high credit quality:

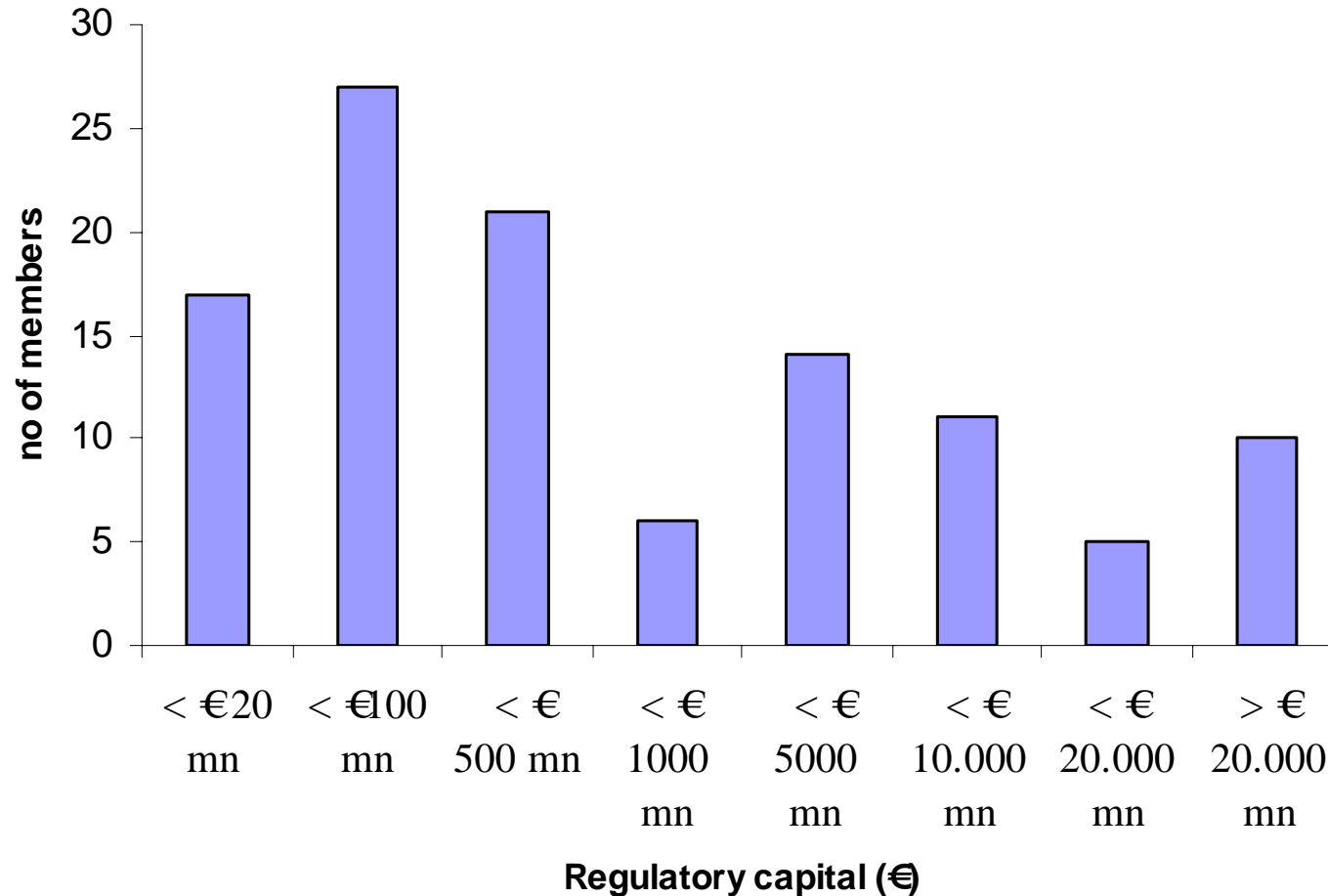
Group ratings of SA clearing members
as of 1 January 2006¹



¹ Chart excludes Powernext members

LCH.Clearnet SA - Members (2)

Members also have large financial resources²



² Financial resources are measured using the regulatory capital as of 1 January 2006

LCH.Clearnet SA - Membership Criteria (1)

⦿ A member should have sufficient regulatory capital

⦿ Euronext markets and LSE

⦿ Individual Clearing Member € 10 mn

⦿ General Clearing Member € 25 – 37.5 mn³

A letter of credit can cover a shortfall if capital is at least €5 mn for ICM and €15 mn for GCM.

⦿ Commodities members \geq € 1.9 mn³

⦿ Designated LCH.Clearnet SA gateways and MTS Italy

⦿ Individual Clearing Member € 100 mn

⦿ General Clearing Member € 400 mn

⦿ Minimum long term group financial rating BBB

A letter of credit can cover a shortfall if capital is at least €50 mn for ICM and €200 mn for GCM.



³ Capital requirement of GCM and commodities member depend on the number of TMF's cleared.

LCH.Clearnet SA - Membership Criteria (2)

- A member must also meet other criteria:
 - Regulatory status
 - Credit institution or investment firm supervised by a competent authority
 - Quality requirements
 - Ensuring appropriate procedures and risk management
 - Organisational requirements
 - Minimum level of expertise for staff and appropriate operational capability
 - Banking arrangements
 - Direct access to central banks or via settlement/payment agent agreement
 - Have technical access to clearing systems
 - Direct access or through a service provider

LCH.Clearnet SA - Membership Criteria (3)

- A member must also comply with the following obligations:
 - Provide financial statements and annual reports on a regular basis;
 - Inform of any changes in organisation, capital holdings and management;
 - Allow on-site audits;
 - Declare Authorised Clearing Operators for risk and operations.

LCH.Clearnet SA - Member Monitoring (1)

- LCH.Clearnet SA monitors its members and their positions in order to detect, as early as possible, events which may threaten the ability of a member to continue to meet its obligations to LCH.Clearnet SA. It does so using various factors:
 - Credit evaluations;
 - Stress testing;
 - Position concentration.

LCH.Clearnet SA - Member Monitoring (2)

- In situations where developments affecting a member, after closer inspection, are considered sufficiently serious, LCH.Clearnet SA has a range of measures at its disposal. It can impose one or more of the following measures:
 - Higher initial margin requirements;
 - Additional financial resource requirements or request of a letter of credit;
 - Position transfers to other Members;
 - Prior authorisation of trades above a certain size;
 - Reduction in positions by trading for liquidation only;
 - Gross margining of client account positions;
 - Declaration of Member default.

Contact Points at LCH.Clearnet SA

🕒 For further information on membership of LCH.Clearnet SA, please contact one of the following:

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