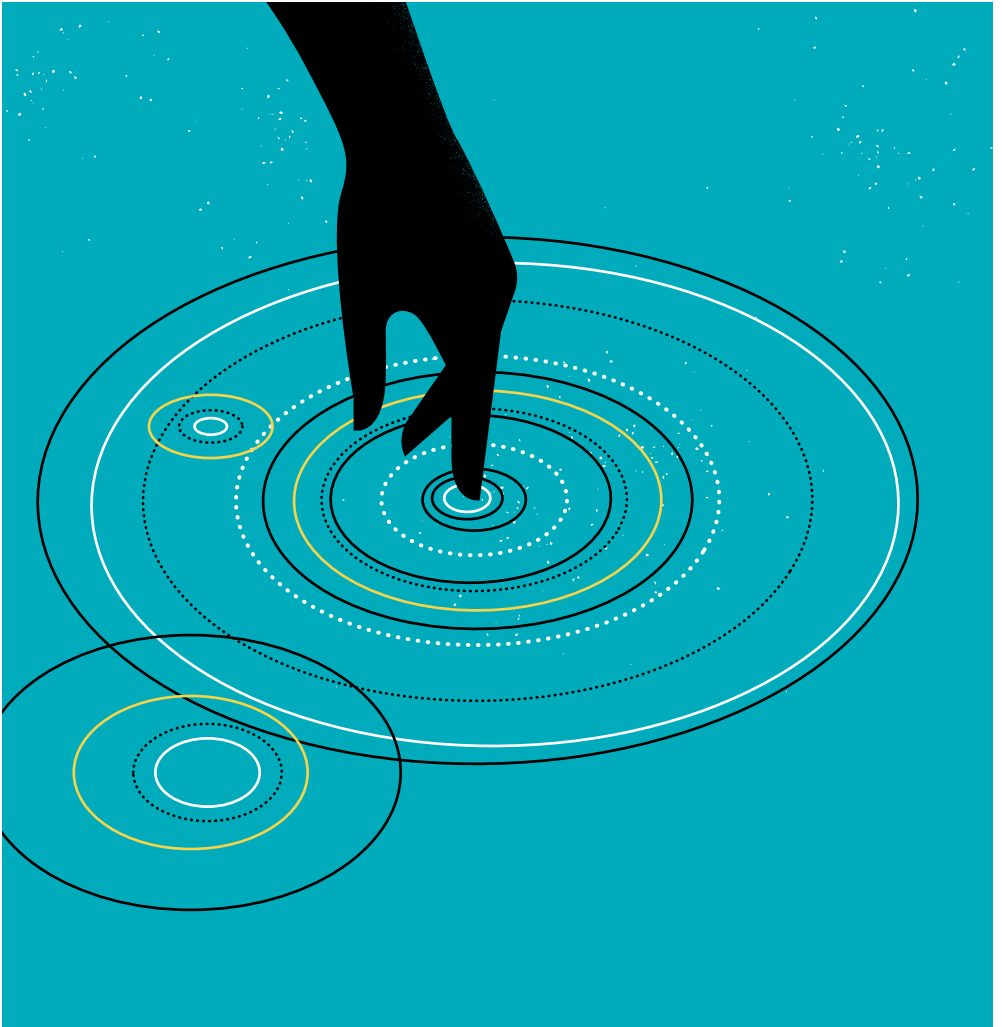


CDSClear

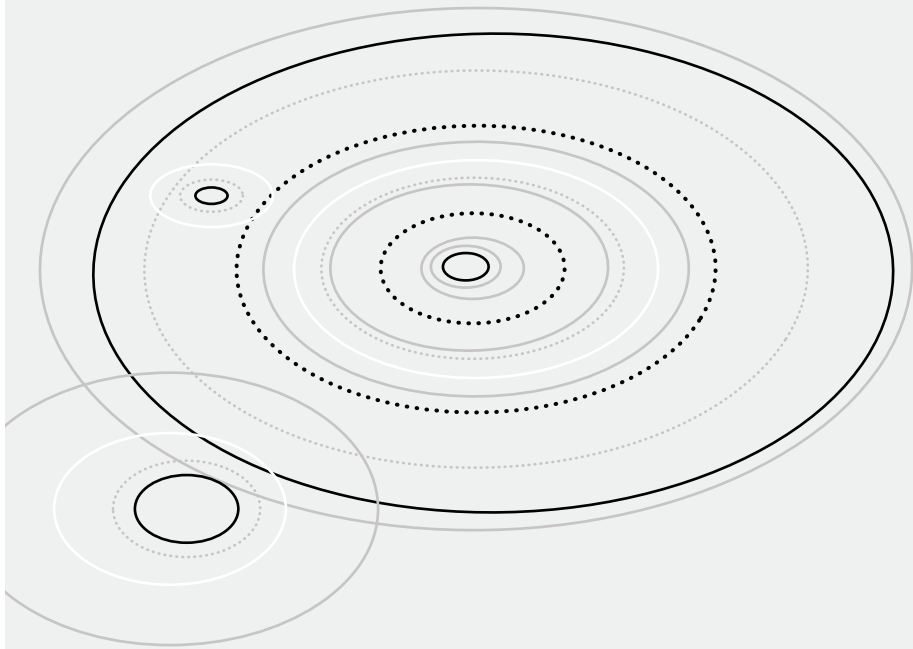
About Our Service

LCH The Markets'
Partner

CDSClear



CDSClear clears more
European and US credit derivatives
than any other CCP.



The Benefits of Partnership

CDSClear volumes and market share have been surging for more than 18 months, demonstrating the growing popularity of a service that truly reflects the needs of both members and their clients.

Built in partnership with the industry, CDSClear is not only the fastest-growing CDS clearing service in the world but also the only European credit CCP that allows you to cross-margin European and US products. And as the only CCP to clear Credit Index Options, we continue to deliver innovative solutions that meet the clearing needs of markets globally.

By helping us develop our products, you are ensuring that CDSClear more effectively meets your daily clearing needs, whether you are a member or a client, while also benefiting from LCH's world-class risk and default management solutions.

So what does that bring to you? With more products than any other clearing service, there are now even greater opportunities for capital efficiency through margin offsets. We also deliver enhanced asset protection and extensive opportunities for portfolio margining, as well as risk-free compression, tailored backloading and rebalancing for all participants — all within a transparent framework.

Why CDSClear?

When you clear with CDSClear, an EMIR-authorized, France-based clearing service of LCH, you benefit from the years of experience and expertise that established SwapClear as the world's leading interest rate swap clearing service. This allows CDSClear to focus on delivering unmatched capital and operational efficiencies, confident that its service is underpinned by a proven, robust and reliable risk management platform.

It's this leadership in risk management, along with our proven willingness to innovate with unique products such as Credit Index Options, that enables us to optimise clearing for participants while addressing all regulatory requirements. So it should be no surprise that total notional cleared at CDSClear had a fourfold increase in 2019 versus 2015.

So What Makes Us Different?

- 01. Industry partnership.** We have a proven commitment to working with our members and their clients to continually enhance the service and drive even greater efficiencies.
- 02. Product breadth.** CDSClear offers the broadest product coverage of any Credit Derivatives clearing service worldwide. It is also the only CCP in Europe to clear European and US Indices, Single Names and Index Options.
- 03. Credit Index Options clearing.** CDSClear is the only global service where you can clear Credit Index Options and take advantage of our new risk management framework.
- 04. Risk management.** Our unique risk management framework captures wrong-way risk associated with clearing senior financial names, including CDS-referencing member banks. As a result, we are the only CCP in Europe to clear all single-name constituents of the Senior Financials Index.
- 05. Trusted default management.** Our loss attribution is based on a robust waterfall and risk neutralisation, with portfolios auctioned among surviving members.
- 06. Risk-free compression.** As a highly flexible risk management service, compression reduces both the number of trades that could be impacted by credit events, as well as the associated capital and operational costs.
- 07. Backloading.** Full customisation allows clearing members and their clients to optimise volumes accepted and margins required on a daily or weekly basis.
- 08. Margin rebalancing.** This enables members to rebalance risk across CCPs and/or to the OTC space.

What We Clear

US PRODUCTS

CDX.NA Indices	US Single Names
CDX.NA.IG indices: from series 14 onward CDX.NA.HY indices: from series 24 onward	Single Names on the reference entities composing the CDX.NA.IG indices (excluding monolines); quarterly IMM maturities up to 10-year
US dollar-denominated	US dollar-denominated
Standard quarterly coupons	100/500bps quarterly coupons
ISDA 2014 Credit definitions	Standard North American Corporate (SNAC) transaction type confirmed under ISDA 2014 Credit definitions

EUROPEAN PRODUCTS

iTraxx Europe Indices	European Single Names
Main, Crossover indices: from series 13 onward Senior Financials indices: 5-year & 10-year tenors from series 11 onward	Single Names on the reference entities composing the iTraxx Europe Main, Crossover, HiVol and Senior Financial indices; quarterly IMM maturities up to 10-year
Euro-denominated	Euro-denominated
Standard quarterly coupons	25/100/300/500bps quarterly coupons
ISDA 2003 & 2014 Credit definitions	European Corporate (EC), Standard European Corporate (SEC) or Standard European Financial Corporate (SEFC) transaction types confirmed under ISDA 2003 and/or 2014 Credit definitions

CDS Clear clears more European and US products than any other CDS clearing service, with over 500 Single Names and over 100 indices. Index Basis packages are eligible for clearing on Main, Crossover, Senior Financials and Subordinated Financials.

OPTIONS

Credit Index Options	
Swaptions Underlying Indices	iTraxx Main 5Y OTR & OTR-1 series iTraxx Crossover 5Y OTR & OTR-1 series
Option Type	Receiver/Payer
Expiries	1M, 2M and 3M expiries
Exercise	Options exercise available on expiry day only Exercise Window: 9 a.m. to 4 p.m. London time on expiry day (iTraxx only) Options clearing service features an innovative Electronic Exercise Platform that facilitates electronic exercise of cleared index options on an anonymous basis
Strikes	iTraxx Main index family: Multiples of 2.5bps iTraxx Crossover index family: Multiples of 12.5bps
Approved Matching Provider	Intraday Clearing service provided by MarkitWire Direct connectivity from other trading venues possible via Clearlink API
Settlement	Physically settled, delivered Index CDS automatically cleared at CDS Clear
Services	Available for both Member and Client flows

CONTACT US

For more information, please contact your sales team representative, email CDSClear@lch.com or visit lch.com.

ABOUT LCH

LCH has always endeavoured to build strong relationships with partners across the global markets to deliver best-in-class risk management. With our accumulated experience and expertise, we are uniquely positioned to help participants increase capital and operational efficiency, while adhering to an expanding and complex set of cross-border regulations. Working together with our stakeholders, we have helped the market transition to central clearing by introducing an array of innovative enhancements.

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