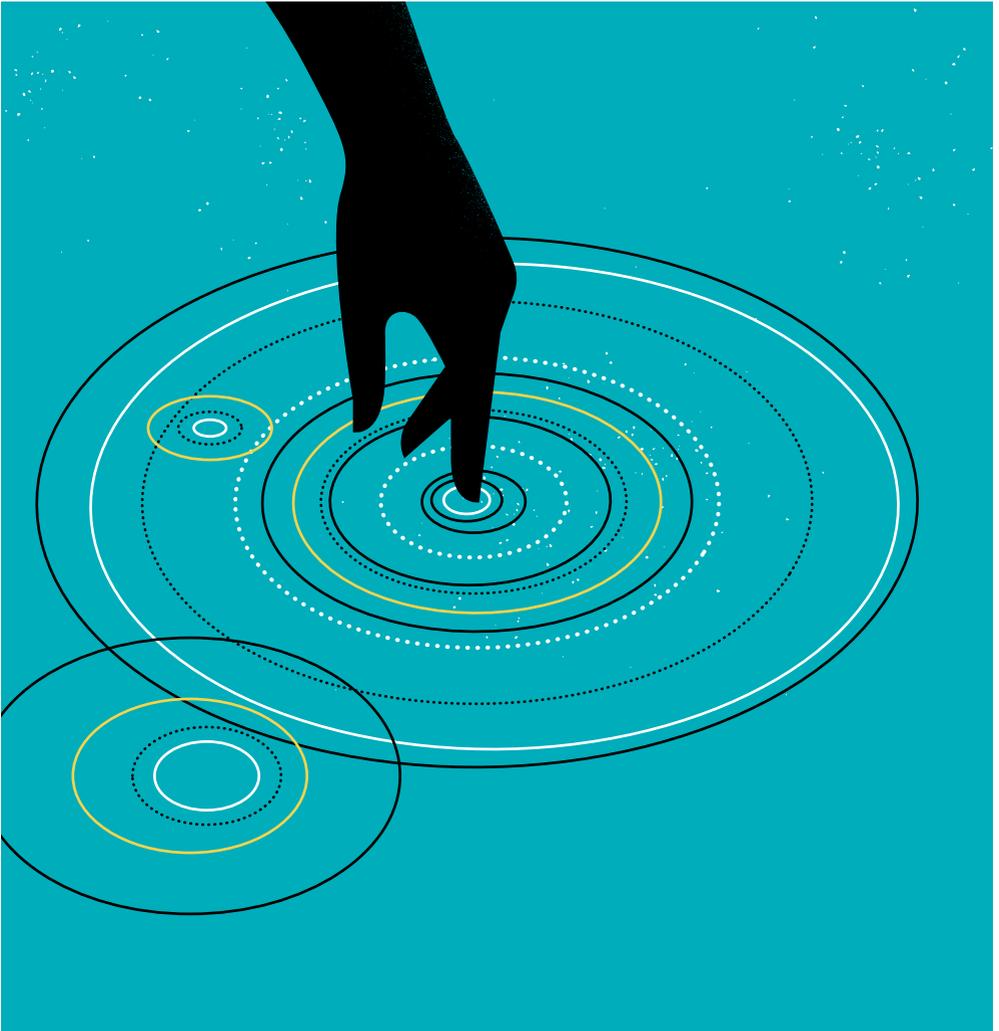


# CDSClear

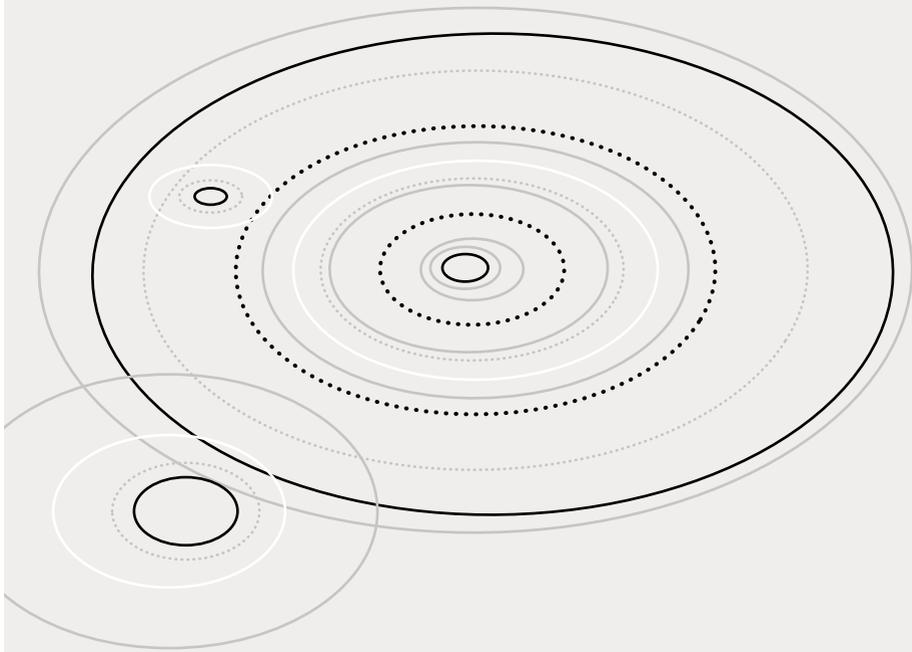
Clearing Innovation for Unmatched Capital  
and Operational Efficiencies

**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.

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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?

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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 What Makes Us Different?

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- 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

CDSClear 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	<b>iTraxx Europe Indices</b> <ul style="list-style-type: none"> <li>iTraxx Main 5Y OTR and OTR -1 Series</li> <li>iTraxx Crossover 5Y OTR and OTR -1 Series</li> </ul>	<b>CDX.NA Indices</b> <ul style="list-style-type: none"> <li>CDX.IG 5YR OTR and OTR-1 Series</li> <li>CDX.HY 5YR OTR and OTR-1 Series</li> </ul>
Option Type	Receiver/Payer	
Expiries	1M, 2M and 3M expiries	
Exercise	<ul style="list-style-type: none"> <li>Options exercise available on expiry day only</li> <li>Exercise window:                             <ul style="list-style-type: none"> <li>- 9 a.m. to 4 p.m. London time on expiry day (iTraxx only)</li> <li>- 9 a.m. to 11 a.m. ET on expiry day (CDX only)</li> </ul> </li> <li>Options clearing service features an innovative Electronic Exercise Platform that facilitates electronic exercise of cleared index options on an anonymous basis</li> </ul>	
Strikes	<b>iTraxx Europe Indices</b> <ul style="list-style-type: none"> <li>iTraxx Main index family: Multiples of 2.5bps</li> <li>iTraxx Crossover index family: Multiples of 12.5bps</li> </ul>	<b>CDX.NA Indices</b> <ul style="list-style-type: none"> <li>CDX IG family: Multiples of 2.5bps</li> <li>CDX HY family: Multiples of 0.5 cents</li> </ul>
Approved Matching Provider	<ul style="list-style-type: none"> <li>Intraday Clearing service provided by MarkitWire</li> <li>Direct connectivity from other trading venues possible via Clearlink API</li> </ul>	
Settlement	Physically settled, delivered Index CDS automatically cleared at CDSClear	
Services	Available for both member and client flows	

## CONTACT US

For more information, please contact your sales team representative, email [CDSClear@lch.com](mailto:CDSClear@lch.com) or visit [lch.com](http://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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