

# Compression Watch

## REACHING NEW HEIGHTS

**\$2.7 quadrillion!** That's the total notional compressed at SwapClear — and a key reason why we remain a market leader. But we're not stopping there. With more frequent compression runs offered by an Approved Compression Service Provider (ACSP) and innovative enhancements to our blended rate and multi compression offerings, SwapClear is now delivering even greater benefits to participants.

## COMPRESSION-OMETER

**\$2,656 trn\***

Notional compressed

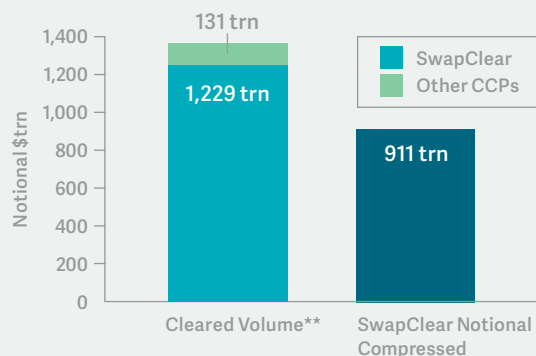
**15,834,255\***

Number of trades compressed

\*From January 2016 to December 2019

**74%**

In 2019, SwapClear compressed away the equivalent of 74% of the total notional it cleared

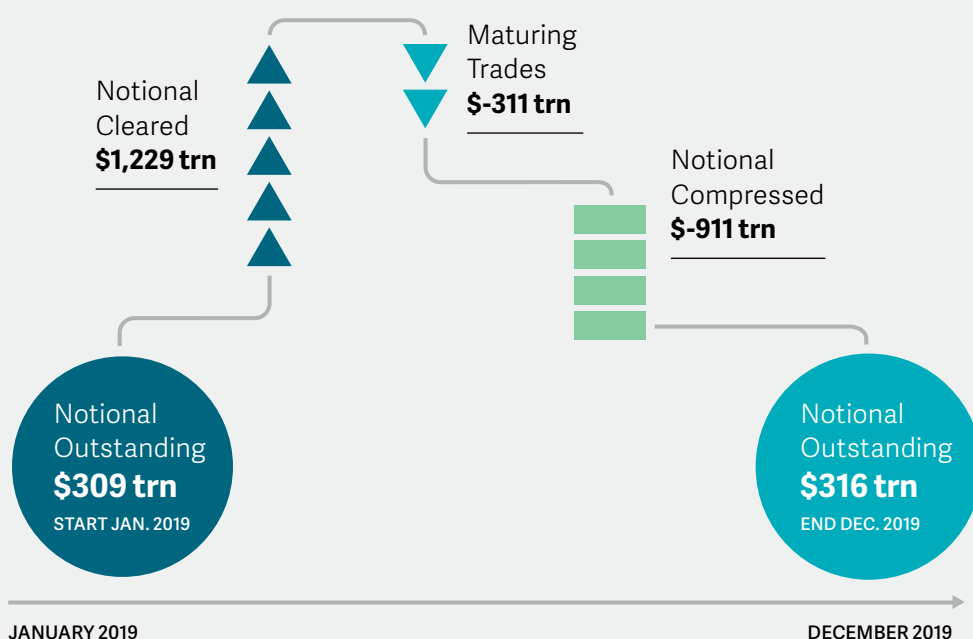


\*\*Source: Clarus Financial Technology — excluding swaptions and cross currency swaps

## EFFECT OF COMPRESSION ON NOTIONAL OUTSTANDING

**Only \$7trn**

Increase in Notional Outstanding Due to Over **\$1 Quadrillion** in Combined Reductions



## LOWERING YOUR CAPITAL REQUIREMENT

Reducing your capital burden has become even more important with the proposed introduction of the leverage ratio. This provides a clear incentive for financial institutions to optimize their capital requirement through the use of compression services.

Notional Outstanding	\$1,000,000,000,000	
Tenor	1-5 Yrs	5 Yrs+
CEM Netting Limit	x 40%	
CEM-Required PFE	x 0.5%	x 1.5%
Resulting Exposure	\$2,000 mn	\$6,000 mn
Minimal Capital Requirement	\$60 mn	\$180 mn

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Capital Measure

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Exposure Measure

>3%

## THE BENEFITS OF COMPRESSION

Compression enables participants to reduce the overall number of line items while maintaining the same level of market risk.

### Optimizes Capital

The level of capital needed by financial institutions to support their derivatives exposure to the clearinghouse is based on notional outstanding, which can be significantly reduced through compression.

### Reduces Operational Risk

Eliminating line items lowers the administrative burden by reducing the number of reconciliations needed, as well as streamlining portfolio management.

### Streamlines Porting

Increases the likelihood and ease of porting by creating more efficient portfolio transfers in the ordinary course of business and default scenarios.

## SWAPCLEAR'S SUITE OF COMPRESSION OFFERINGS

SwapClear provides a broad range of proprietary compression offerings, as well as access to third-party ACSPs.

Solo	Solo with Blended Rate	Duo	Multi
Available for members and clients to terminate their own offsetting trades, regardless of counterparties. Eligible products: IRS, OIS, Basis, FRAs, VNS and Inflation.	Available for members and clients to compress any trade with the same remaining cash flow dates. Eligible products: IRS, OIS, Basis, FRAs and Inflation.	Provides a matching service identifying mutual compression opportunities between a pair of members. This enables them to trade out the opportunities and replicate the original risk in a more notional-efficient way.	Provides multilateral compression to members and clients through its proprietary offering or through an ACSP.

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