

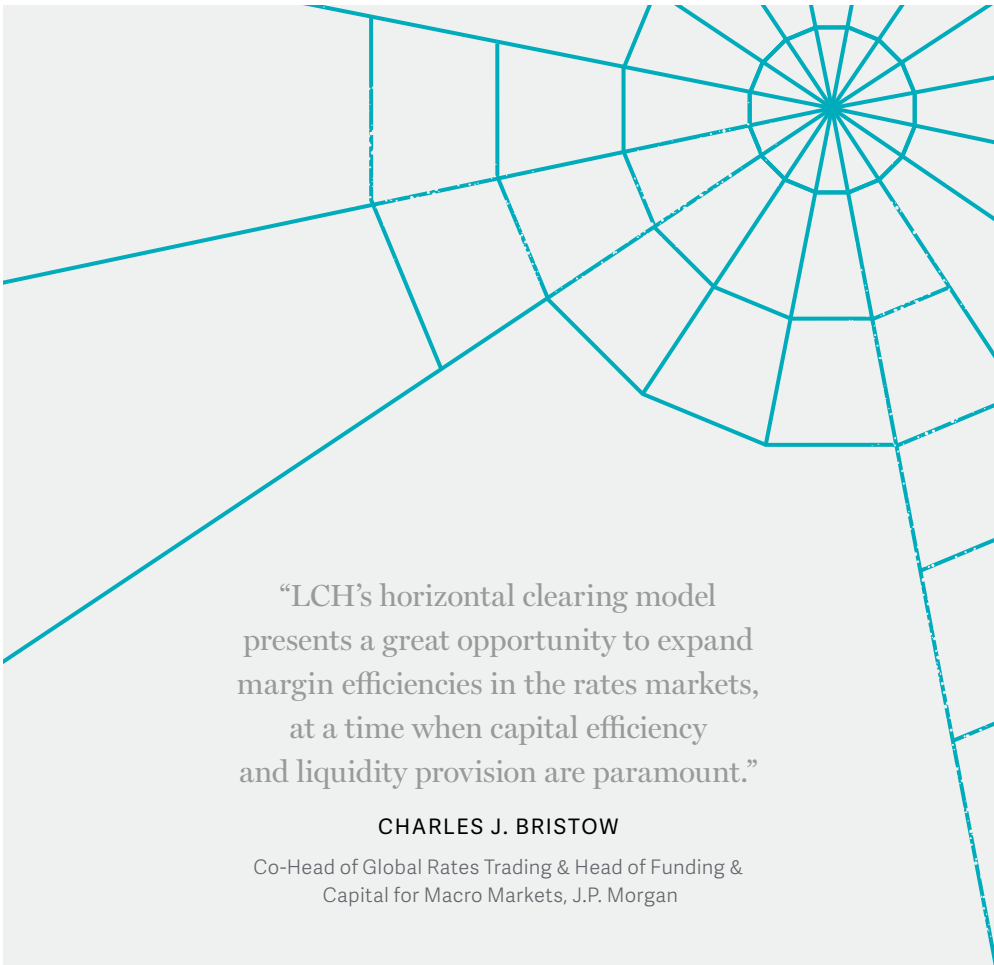
LCH Spider

The Next Step in Portfolio Margining for
OTC and Listed Rates Derivatives

LCH The Markets'
Partner



Now Live
for CurveGlobal
SONIA and
Bond Futures
Contracts



“LCH’s horizontal clearing model presents a great opportunity to expand margin efficiencies in the rates markets, at a time when capital efficiency and liquidity provision are paramount.”

CHARLES J. BRISTOW

Co-Head of Global Rates Trading & Head of Funding & Capital for Macro Markets, J.P. Morgan

“The market’s focus on liquidity costs and capital pressures highlights why such initiatives are so important for the industry.”

BRIAN SHANAHAN

Head of Clearing & Margin Strategy, RBS

LCH spider

A fully automated “no-touch” process that captures every opportunity to reduce risk and increase margin and capital efficiencies

In a world focused on capital optimisation, LCH Spider delivers margin savings that count.

The advanced technology behind the “no-touch” service leverages the world’s deepest pool of cleared swaps liquidity to quickly identify all available margin offsets. LCH Spider is now live for portfolio margining of all CurveGlobal contracts, providing new opportunities for capital efficiencies across product and the yield curve:

- 01. Short Term Interest Rates (STIR) Futures (GBP, LIBOR and EURIBOR)
- 02. Medium to Long Term Bond Futures (Bund, Bobl, Schatz, and Gilt Futures)
- 03. SONIA Futures

So watch Spider weave its magic, delivering savings for buy-side and sell-side participants when compared to stand-alone clearing. What’s more, once you opt in, there are no changes to your execution or clearing processes. LCH Spider does all the work.

Efficiencies like these are even more important in today’s capital-conscious world. That’s why we’ve enabled LSEG-backed CurveGlobal to include their eligible futures contracts on LCH Spider.

How Spider Works

LCH Spider first analyses your listed portfolio for positions that are eligible for offsetting.

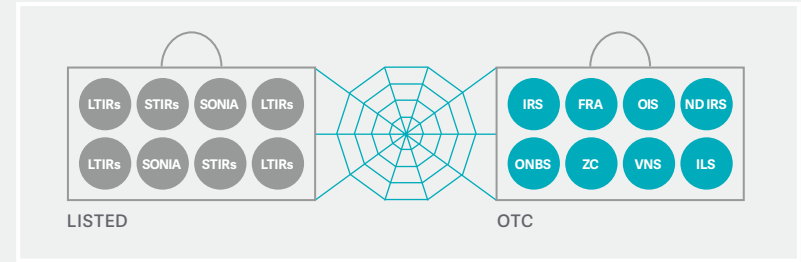
It then runs a patent-pending modified simplex algorithm to pinpoint which eligible positions correlate and provides risk reduction across your aggregate portfolio. These listed positions are then transferred to your OTC portfolio for offsetting. You are notified, and the resulting margin savings are credited to your account.

To get started, you need to be clearing-eligible at LCH for both OTC and listed rates. Buy-side clients will also need to ensure that they are using the same clearing member for both products. It's that simple.

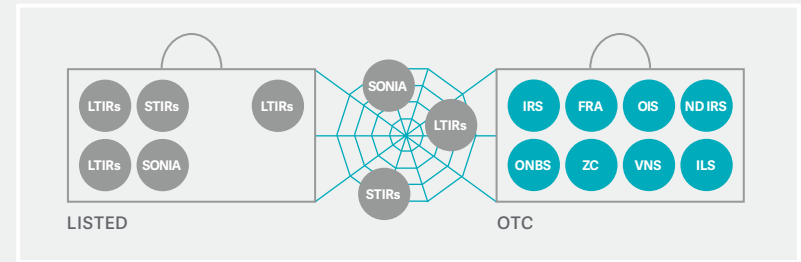
ROBUST RISK MANAGEMENT

A single default fund has been created across the combined portfolio of OTC and listed positions, whilst separate tags for the two product sets are designed to ensure an equitable allocation of losses in a default scenario across the two product types.

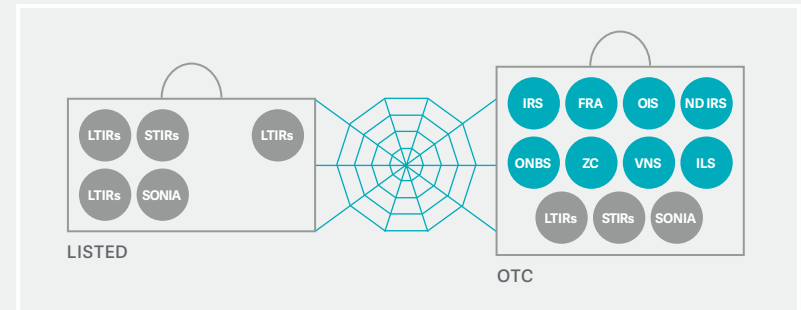
Spider operates under LCH's award-winning PAIRS risk methodology.



01. LCH Spider whizzes through your listed and OTC portfolios to calculate your current initial margin requirements.



02. LCH Spider runs its algorithm to identify the listed positions that correlate with your OTC portfolio.



03. LCH Spider offsets your listed and OTC positions to reduce risk and improve margin efficiency across both portfolios.

Eligible Positions

All CurveGlobal contracts are now available for offset against a full range of OTC instruments.

SMART for Spider

See the savings for yourself.

To calculate the savings on your rates portfolio, use SMART for Spider, an extension of our award-winning margin approximation tool.

SMART for Spider doesn't use mock simulations to create savings; it's a real-time decision-making tool that uses your portfolio and is available to all members and their clients.

To see it in action, log in through the secure membership area on lch.com or contact a member of the team.

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ABOUT LCH AND SWAPCLEAR

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. These include solo compression with blended rate, an expanded set of customer protection options, and the launch of LCH Spider, our portfolio margining tool. When combined with an uncompromising commitment to service delivery, it's no surprise that LCH is the natural choice of the world's leading market participants.

SwapClear, the world's leading OTC interest rates derivatives clearing service, provides access to the deepest pool of dealer liquidity, with more than 225 market makers clearing in 21 currencies across 9 major products. Since the introduction of buy-side clearing, nearly \$840* trillion notional has been cleared using SwapClear, more than four times that of the nearest competitor.

LCH works across a range of execution venues and is majority-owned by London Stock Exchange Group (LSEG), a diversified international exchange group that sits at the heart of the world's financial community.

FOR MORE INFORMATION

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

**As of October 31, 2018*

lch.com