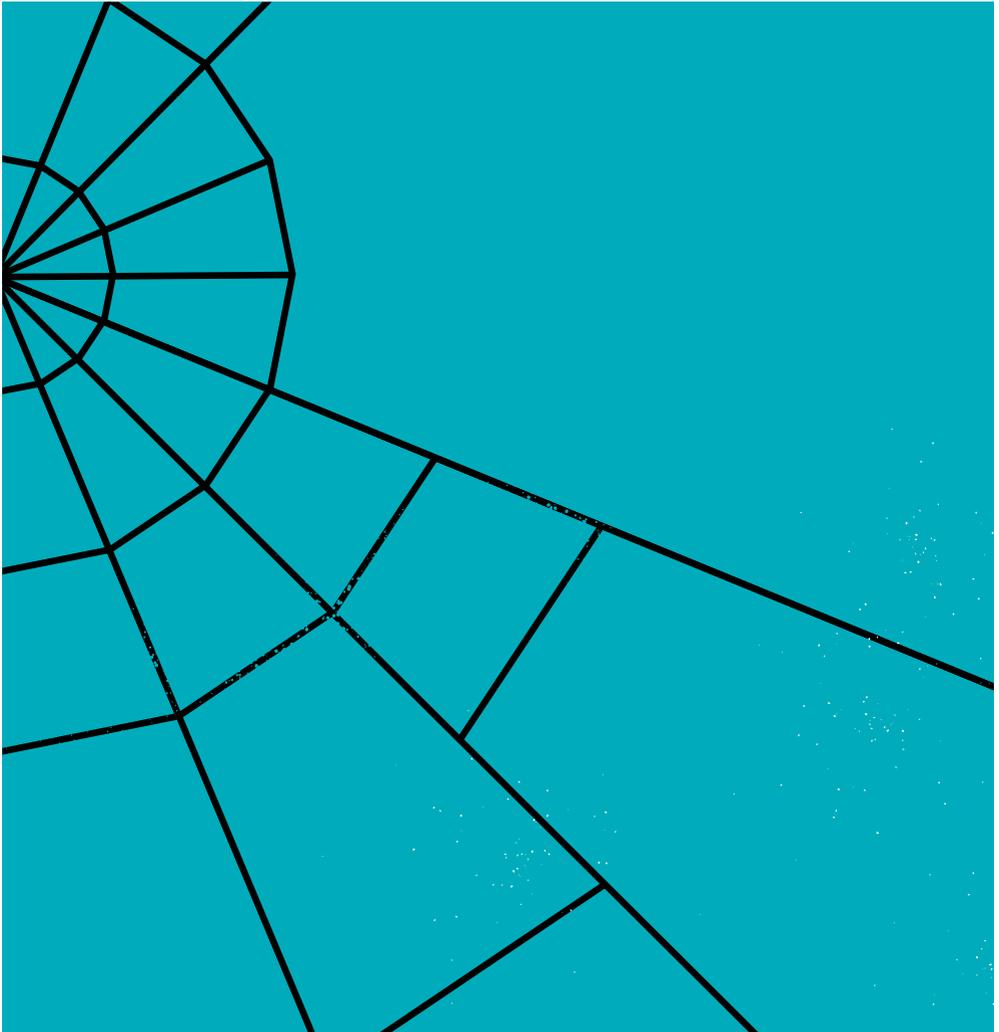


LCH Spider

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

LCH The Markets'
Partner





“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

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. Portfolio margining through LCH Spider provides new opportunities for capital efficiencies across product and the yield curve.

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.

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.



“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

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 built strong partnerships 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. SwapClear is the world's leading OTC interest rate derivatives clearing service, and provides access to the deepest pool of dealer liquidity. Trusted for more than two decades by our members, it is now the clearing service of choice for many of the world's leading buy-side participants. Working together with our stakeholders, SwapClear and the other LCH services 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 LCH Spider — our portfolio margining tool. When combined with an uncompromising commitment to service delivery, it is no surprise that LCH is the natural choice of the world's leading market participants. LCH works across a range of execution venues and is majority-owned by the London Stock Exchange Group (LSEG), a diversified international exchange group that sits at the heart of the world's financial community.

CONTACT US

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