

LCH SA and Euronext N.V. to sign binding terms for continued provision of derivatives clearing services

- New 10-year long-term derivatives clearing agreement for listed financial and commodity derivatives
- Improved value proposition for customers, including reduced clearing fees and providing continuity of service
- Improved operational flexibility and economic returns for LCH SA
- Euronext to swap current 2.3% stake in LCH Group for an 11.1% minority stake in LCH SA
- LCH SA to implement MillenniumIT for listed derivatives enhancing resiliency and efficiency for the Group
- Agreement expected to be signed in Q4 2017

8 August 2017

LCH, a leading global clearing house, is delighted to announce that it has signed binding terms with Euronext N.V. (“Euronext”) for the continued provision of clearing services for listed financial and commodity derivatives with LCH SA, the Group’s continental European operating subsidiary. The agreement is expected to be finalised in Q4 2017.

The new long-term agreement covers the clearing of financial derivatives and commodity derivatives for a period of 10 years. It provides continuity of best in class clearing services for members, saving the cost and disruption associated with a migration at a time where client bandwidth is stretched due to MiFID2 implementation and Brexit planning. Euronext and LCH SA will work together to develop new products for the benefit of clearing members and market participants, and to focus on providing a lower cost service for members. The new agreement also provides improved operational flexibility and economic terms for LCH SA, with consequent benefit for shareholders in LCH Group and LSEG.

LCH SA and Euronext will also work together to achieve a targeted range of reduction in clearing fees of 5% to 15% with effect from January 2019, depending on each specific product and service. The precise quantum of the reduction for allocation to each derivative product line will be refined in consultation with customers.

To allow Euronext to align its shareholdings with its commercial interests in LCH, the parties have agreed to an exchange of Euronext’s 2.3% shareholding in LCH Group for a 11.1% minority shareholding in LCH SA, subject to regulatory approvals and other customary conditions. Euronext will remain on the Board of LCH SA following the exchange. Euronext will also nominate one

representative to the LCH SA Audit Committee and will continue to be represented at the LCH SA Risk Committee. Euronext will step down from the Board of LCH Group on completion of the exchange.

The parties have agreed that Euronext will have certain limited minority protection rights connected with its new shareholding in LCH SA, including a pre-emption right in circumstances where LCH Group decides to sell more than 50% of the shares of LCH SA. The pre-emption right involves a right of first offer and subject to certain conditions, a matching right. In addition, LCH Group has a pre-emption right over a transfer of shares by Euronext and the ability to buy back Euronext's shares in certain circumstances where the derivatives agreement is terminated. LCH Group and London Stock Exchange Group ("LSEG") confirm that LCH SA is a core strategic asset and neither LCH Group or LSEG have any intention to sell it.

LCH SA is also pleased to confirm that it will implement MillenniumIT clearing technology for listed derivatives. Based on advanced technology, the clearing engine will consolidate all of LCH's post trade cash equities and derivatives platforms, reducing risk for clients and delivering operational efficiencies for the Group.

Suneel Bakhshi, CEO of LCH Group said: "Announcing this agreement is a significant achievement for the Group and highlights the spirit of strong partnership with Euronext. We are delighted to be able to offer continuity of services for clearing members and clients while also delivering best in class service and robust risk management across a range of cash and derivatives markets, in line with our open access principles. The implementation of MillenniumIT's clearing technology will deliver a common technology and integrated solution for our clearing members and venue partners, enhancing resiliency and efficiency for the Group."

Christophe Hemon, CEO of LCH SA said: "We are delighted to have reached agreement to continue providing clearing services to Euronext and its customers. Euronext's transfer of its shareholding in LCH Group to LCH SA will also further deepen our long-standing relationship. The agreement will provide certainty for existing clearing members and clients and we look forward to working with Euronext and other trading venues to develop LCH's clearing franchise, developing new products and reinforcing the diversified range of products cleared across asset classes including equities, CDS and repos."

For further information

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About LCH

LCH is a group of leading multi-asset clearing houses that provides proven risk management capabilities across a range of asset classes. As demand for robust clearing services continues to grow, LCH is committed to maintaining the highest standards of risk management across all our services.

As the markets' partner, LCH operates an open access model, offering a choice of execution venues, delivering unprecedented choice and efficiencies to the marketplace.

LCH operates clearing houses around the world, with clearing houses incorporated in the UK, France and the United States with additional offices in the Asia Pacific region. It offers clearing services across asset classes including OTC and listed rates; CDS and FX; fixed income; commodities; cash equities and equity derivatives.

LCH is majority owned by London Stock Exchange Group (LSE.L), an international markets infrastructure business that sits at the heart of the world's financial community.

Further information on LCH can be found at www.lch.com

About LCH SA

LCH SA is authorised as a central counterparty to offer services and activities in the European Union in accordance with the European Markets Infrastructure Regulation (EMIR). It acts as the clearing house for regulated markets in France, the Netherlands, Belgium and Portugal and offers clearing services for a diverse range of asset classes including CDS; repos and fixed income; cash equities and listed derivatives on commodities and equities.

LCH SA is regulated as a Credit Institution and Clearing House by the French Authorities, L'Autorité des Marchés Financiers (AMF), L'Autorité de Contrôle Prudentiel et de Résolution (ACPR), and Banque de France. It is also designated as a Securities and Settlement System by the French Authorities and is registered as a Derivatives Clearing Organization with the Commodity Futures Trading Commission (CFTC), and registered as a Clearing Agency with the Securities and Exchange Commission (SEC) in the USA. LCH SA has been granted recognition as a foreign central counterpart firm by the Swiss Financial Markets Supervisory Authority (FINMA).