

Media Release

6 September 2010

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SIX x-clear and LCH.Clearnet publish complete clearing agreement

SIX x-clear Ltd and LCH.Clearnet Limited (LCH.Clearnet), have today published the complete documentation which covers the existing interoperability arrangement between the clearing houses. This arrangement currently serves the London Stock Exchange (LSE) and SIX Swiss Exchange.

There has been significant interest in the arrangement from both financial institutions and trading venues. The full inter-CCP contract has been published to support the market's understanding of interoperability.

Based upon a proven model which successfully withstood the Lehman default, the document includes:

Integrity of risk management:

- Each CCP retains the authority to determine the eligibility of trades for clearing.
- Margining process preserves the integrity and safeguards of each CCP.

Protection from contagion in the event of a default:

- 'Defaulter pays' model ensures protection for non-defaulting CCP and its members.
- Distinct default funds minimises contagion in the event of a CCP default.

Urs Wieland, Member of the Executive Committee of SIX x-clear, commented:

"The publication of this document is another step in listening and delivering what our clients request. Co-operation and transparency are the way forward in interoperability and we will continue to work with LCH.Clearnet Ltd. to promote and lead this initiative in Europe."

Wayne Eagle, Director of Equity Services, LCH.Clearnet, commented:

“Publishing the full document provides a greater degree of transparency which will promote understanding of the clearing links between LCH.Clearnet and SIX x-clear and how the risk is managed. Together with SIX x-clear we have led the way with clearing house interoperability for a number of years and continue to advocate competitive clearing across the European equities market.”

Further information: <http://www.ccp.sisclear.com/ccp/about/about-publications.htm>

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About SIX x-clear

SIX x-clear Ltd is in charge of risk management within SIX Securities Services. The company primarily acts as the Central Counterparty for SIX Swiss Exchange and the London Stock Exchange. SIX x-clear is licensed as a bank under Swiss law and enjoys the status of a Recognised Overseas Clearing House in the United Kingdom. SIX x-clear offers efficient and cost-effective central counterparty and clearing services in the field of securities settlement.

SIX Securities Services is specialized in post-trade activities. Its services are available both for the domestic Swiss market and for international markets. These services include: Custody (domestic and international), CCP Clearing, Risk Management, Real-time settlement (including real time realignment of holdings), Collateral Management, Share registration services.

SIX Securities Services is part of SIX Group Ltd, the integrated Swiss financial market infrastructure provider

www.six-group.com; www.six-x-clear.com

About LCH.Clearnet

LCH.Clearnet is the leading independent clearing house group, serving major international exchanges and platforms, as well as a range of OTC markets. It clears a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interbank interest rate swaps and euro and sterling denominated bonds and repos; and works closely with market participants and exchanges to identify and develop clearing services for new asset classes.

A clearing house sits in the middle of a trade, assuming the counterparty risk involved when two parties (or members) trade. When the trade is registered with a clearing house, it becomes the legal counterparty to the trade, ensuring the financial performance; if one of the parties fails, the clearing house steps in. By assuming the counterparty risk, the clearing house underpins many important financial markets, facilitating trading and increasing confidence within the market.

Initial and variation margin (or collateral) is collected from clearing members; should they fail, this margin is used to fulfill their obligations. The amount of margin is decided by the clearing house's highly experienced risk management teams, who assess a member's positions and market risk on a daily basis. Both the soundness of the risk management approach and the resilience of its systems have been proven in recent times.

LCH.Clearnet is regulated or overseen by the national securities regulator and/or central bank in each jurisdiction from which it operates.