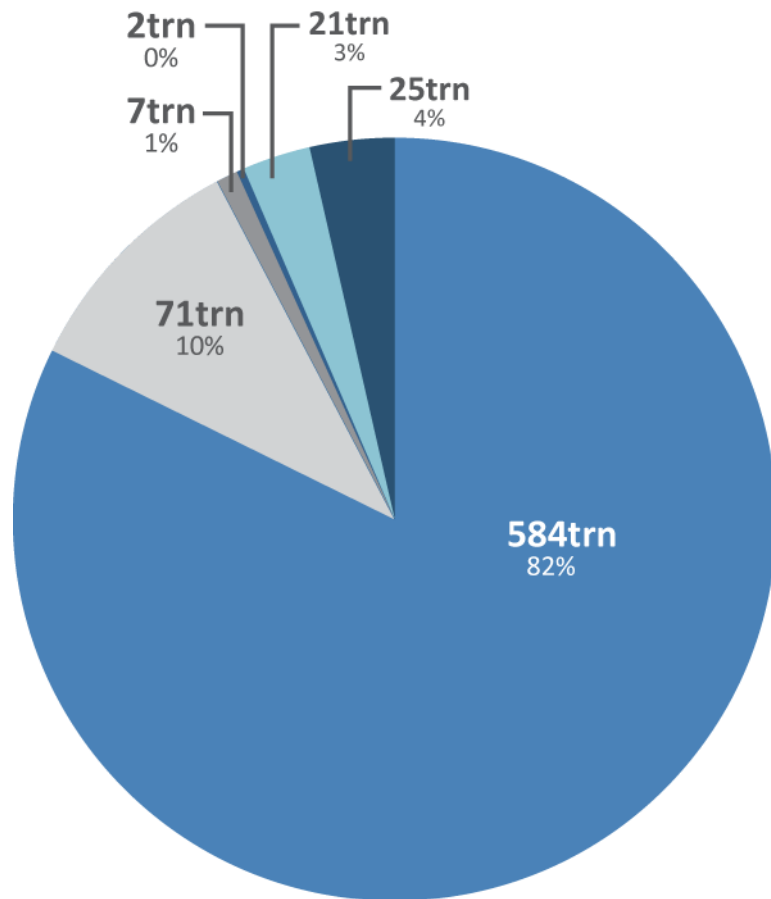


OTC DERIVATIVES - CURRENT STATE OF PLAY

Monday May 19, 2014

 LCH.CLEARNET

The OTC Derivatives Market



\$710trn OTC notional outstanding

2.3trn average daily turnover

82% of volume from IRD

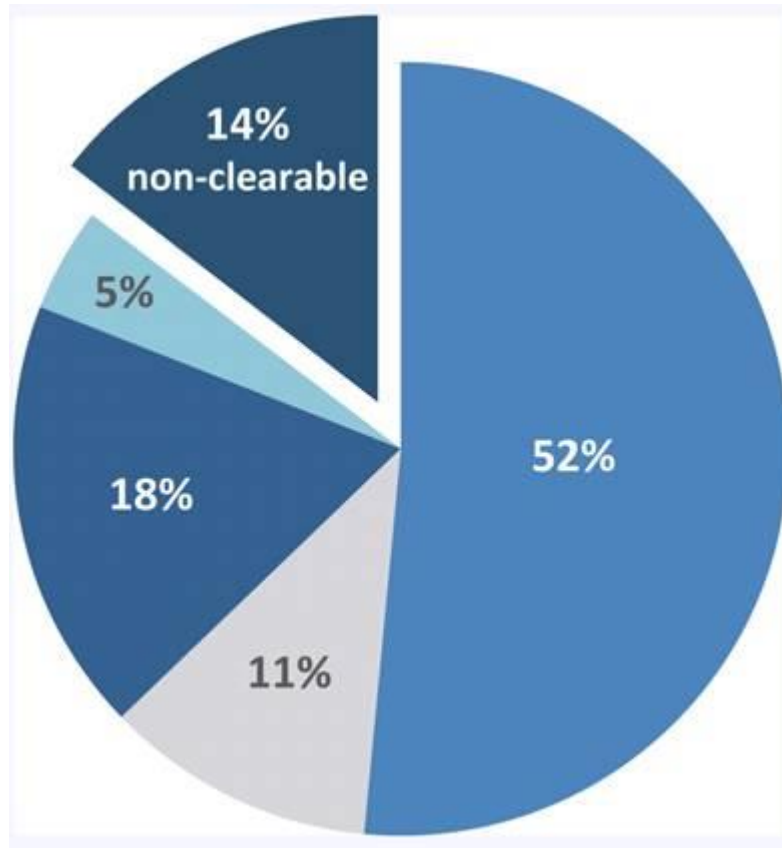
- RATES
- FX
- EQUITY
- COMMODITY
- CDS
- UNALLOCATED

Sources:

¹ Bank for International Settlements, Derivatives Statistics- May 09, 2014 and May 09, 2013

² DTCC Global Trade Repository - May 02, 2014

86% of the IRD Market is Clearable



CLEARABLE PRODUCTS: 86%

NON CLEARABLE PRODUCTS: 14%

- IRS SWAP
- OIS
- FRA
- Basis Swap
- X-CCY IRS, Swap Exotic, Inflation Swap, Callable Swap, X-CCU IRS Exotic, Swaption and Caps/Floors

Sources:

¹ Bank for International Settlements, Derivatives Statistics- May 09, 2014

² DTCC Global Trade Repository - May 02, 2014

Non Clearable Products

SWAPTIONS



\$32 TRN
NOTIONAL
OUTSTANDING

CROSS-CURRENCY



\$31 TRN
NOTIONAL
OUTSTANDING

OPTIONS



\$12 TRN
NOTIONAL
OUTSTANDING

INFLATION



\$4 TRN
NOTIONAL
OUTSTANDING

OTHER (EXOTIC)



\$4 TRN
NOTIONAL
OUTSTANDING

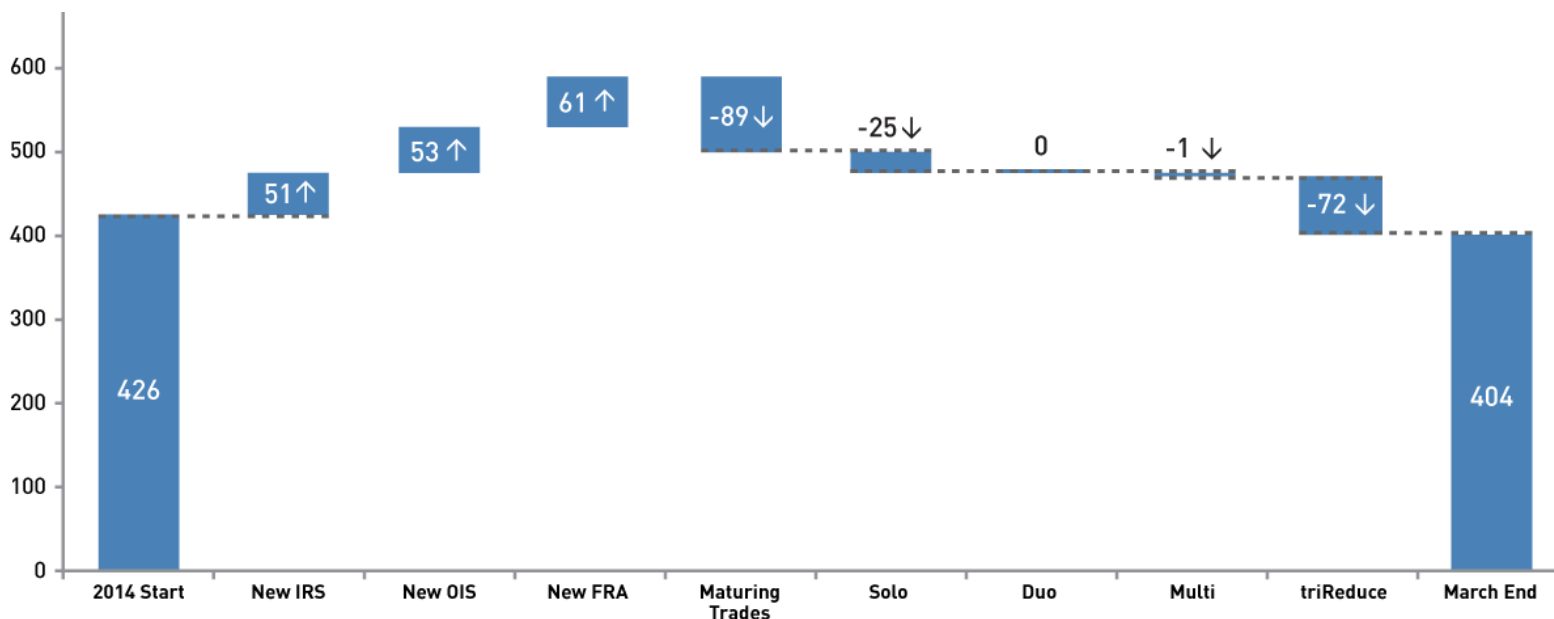
Where Are We Today?

Client clearing activity accelerating...

- Average daily volume has doubled in the last 6 months
 - over \$500bn/day in April
- Over \$100 trn of client notional cleared

Renewed focus on efficiency

- 2013: \$83trn of notional compressed
- 2014: SwapClear aims to compress \$250 trillion – 3x more than last year



Area of Focus

- Customer protection – DF vs EMIR
- Pension funds exemption - EMIR
- FMI recovery and resolution – European Commission proposals expected in Q4 2014
- Capital concerns – requirements and cost
- ‘Skin in the Game’

Areas of focus: Skin in the Game

