

LCH launches new model for buy-side repo clearing

- Sponsored Clearing from RepoClear offers buy-side firms direct access to LCH
- Widens the universe of repo trades eligible for netting
- Insight Investment is the first asset manager to use the service, with NatWest Markets acting as the first clearing agent bank
- Available for repos across 11 government bond markets cleared at LCH Ltd

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LCH, a leading global clearing house, announced today that its RepoClear service has introduced a new model to bring the benefits of clearing repos to the buy side. Insight Investment is the first asset manager to clear a trade, acting for a UK pension fund it manages, as a sponsored member, with NatWest Markets supporting Insight's trade as the agent member. The first trade was executed on Tradeweb Markets.

Buy-side firms such as pension funds are now able to access the service via a sponsorship model, whereby an agent bank provides support to the sponsored member. This support includes facilitating margin payments and providing default fund contributions for transactions made by the sponsored member.

This expansion of LCH's membership to the buy-side increases multilateral netting opportunities for members, increasing capital efficiency and capacity in the market. The model is initially available for the 11 government debt markets cleared by LCH Ltd, with plans to roll out to LCH SA, subject to regulatory approval.

Bruce Kellaway, Global Head of RepoClear, EquityClear and Collateral, LCH, said: "The introduction of this Sponsored Clearing service is an exciting step for the fixed income market. RepoClear already has a comprehensive offering for our clearing members, and we are delighted to extend the benefits of clearing to the buy side, enabling firms to reduce their risk and maximise balance sheet efficiencies."

Mark Stancombe, Head of Corporate and Product Strategy at Insight Investment, said: "Insight is always looking for ways to drive innovation on behalf of our clients, particularly where these benefit the efficient implementation of their investment strategies. This initiative with LCH is ground-breaking for the asset management community. It deepens and diversifies repo liquidity and will benefit our pension fund clients by providing efficiencies for them in comparison to non-cleared repo."

Brian Shanahan, Head of Clearing and Margin Strategy, NatWest Markets, said: "We are delighted that Insight Investment has chosen NatWest Markets as its agent bank for centrally cleared repo trades in both gilts and euro government bonds. NatWest Markets is the first sponsor to offer this service at LCH. Collaborating closely with LCH from day one has enabled us to provide a long-term repo clearing solution for customers. Broadening the number of clearing members in this way maintains the

robustness of CCP risk management, creates the opportunity for greater balance sheet netting, benefits leverage ratio, and increases overall repo market capacity.”

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 clearing services for a range 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 derivatives; CDS; FX derivatives; 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