ICE CLEAR EUROPE LAUNCHES EUROPEAN CDS CLEARING

Released : 20 July 2009

July 20, 2009

Download this Press Release(PDF 11 KB)

LONDON, July 29, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- IntercontinentalExchange((R)) (NYSE: ICE), a leading operator of regulated global futures exchanges, clearing houses and over-the-counter (OTC) markets, announced that ICE Clear Europe((R)) has introduced clearing for European credit default swaps (CDS), beginning with iTraxx contracts, effective this week. ICE's CDS clearing operations are designed to address the operational and risk management needs of the credit market, as well as calls by regulators and policy makers for transparency, standardization and systemic risk reduction. The U.K. Financial Services Authority (FSA) has completed its regulatory review of ICE Clear Europe's CDS clearing operations, risk management and governance.

(Logo: **http://www.newscom.com/cgi-bin/prnh/20090727/CL51999LOGO**)

ICE Clear Europe, which also provides clearing services for ICE's futures and OTC energy markets, has established a separate risk pool for clearing CDS, including guaranty fund and margin accounts, as well as a dedicated risk management system and governance structure. Together with ICE Trust U.S. (ICE Trust(TM)), ICE is bringing a common infrastructure to global CDS market participants within their respective regulatory jurisdictions, while leveraging clearing systems and risk management processes already in use by the industry.

Said Paul Swann, President of ICE Clear Europe: "The launch of CDS clearing today in Europe is an important milestone in the move to increased transparency, standardization and security in the over the counter markets. We have developed a sound risk model that recognises the unique requirements of clearing European CDS instruments. By separating the risk pool from our energy markets and employing a bespoke CDS margining system, we are taking the steps necessary to offer the transparency and security provided by clearing, while containing risk exposure within the CDS markets."

Initial CDS clearing members at ICE Clear Europe include: Bank of America, Barclays, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Morgan Stanley and UBS.

Each clearing member has made a significant contribution to establish the European CDS guaranty fund. The guaranty fund will continue to scale in conjunction with the transfer of CDS positions to ICE Clear Europe. In addition to member contributions, ICE has contributed $10 million toward the ICE Clear Europe CDS guaranty fund, in addition to its $10 million contribution to the ICE Trust guaranty fund to date. ICE remains committed to a guaranty fund contribution of $100 million over a two-year period, which will be split evenly between its U.S. and European CDS clearing houses.

ICE also announced that Suzanne Hubble has joined ICE Clear Europe as Director, CDS Development. Ms. Hubble is responsible for the strategic development of ICE Clear Europe's European CDS clearing business. Prior to joining ICE, Ms. Hubble spent over 10 years at J.P. Morgan where she was most recently responsible for e-Commerce and Strategic Initiatives for the European Credit Trading business.

CDS clearing by ICE follows several successful initiatives already underway within the industry to reduce systemic and operational risks. ICE has played a key role in these initiatives, including involvement in portfolio compression and credit event auctions, which it administers in conjunction with Markit. Credit event auctions have been relied upon by market participants for the orderly settlement of credit derivative instruments referencing more than 70 defaulted entities, including Fannie Mae, Lehman Brothers and General Motors. ICE Trust has cleared $1.6 trillion in North American CDS indexes to date, and is preparing to introduce enhanced protections to support the addition of buy-side participants.

More information, including the ICE Clear Europe CDS rulebook and Frequently Asked Questions, are available at **https://www.theice.com/clear_europe_cds.jhtml**.

About IntercontinentalExchange

IntercontinentalExchange((R)) (NYSE: ICE) operates leading regulated exchanges, trading platforms and clearing houses serving the global markets for agricultural, credit, currency, emissions, energy and equity index markets. ICE Futures Europe((R)) hosts trade in half of the world's crude and refined oil futures. ICE Futures U.S.((R)) and ICE Futures Canada((R)) list agricultural, currency and Russell Index markets. ICE offers trade execution and processing for the credit derivatives markets through Creditex and ICE Link(TM), respectively, and CDS clearing through ICE Trust(TM) . A component of the Russell 1000((R)) and S&P 500 indexes, ICE((R)) serves customers in more than 50 countries and is headquartered in Atlanta, with offices in New York, London, Chicago, Winnipeg, Calgary, Houston and Singapore. **www.theice.com**

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 - Statements in this press release regarding IntercontinentalExchange's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on February 11, 2009.

SOURCE IntercontinentalExchange

http://www.theice.com
Copyright (C) 2009 PR Newswire. All rights reserved