ICE TRUST BEGINS CLEARING CDS, ADDRESSING SYSTEMIC AND OPERATIONAL RISKS; GLOBAL BANKS BEGIN TRANSFERRING EXISTING BILATERAL TRADES TO ICE TRUST

Released : 10 March 2009

March 10, 2009

Download this Press Release(PDF 10 KB)

NEW YORK, March 10, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- IntercontinentalExchange(R) (NYSE: ICE), a leading operator of regulated global futures exchanges and over-the-counter (OTC) markets, announced today that it began operation of ICE Trust(TM), a central counterparty clearing house for credit default swaps (CDS), on March 9. ICE Trust is designed to address the operational and risk management needs of the credit derivatives market, as well as calls by regulators and policy makers for systemic risk reduction. The clearing house has been approved for operation by the Federal Reserve Board of Governors, the New York State Banking Department and the U.S. Securities and Exchange Commission.

Founding clearing member participants of ICE Trust have begun the transfer of bilateral CDS trades to the clearing house for processing and clearing as of March 9. The process resulting in novation to ICE Trust is underway for outstanding bilateral trading positions that settle on North American Markit CDX indices currently listed for clearing by ICE Trust. Completion of the first clearing process is expected to occur March 16. ICE Trust expects to process and clear additional positions over several, one-week novation cycles.

Each member has made a significant contribution to establish the ICE Trust guaranty fund. The ICE Trust guaranty fund will continue to scale in conjunction with the transfer of CDS positions into the clearing house. In addition to clearing member contributions, ICE also contributed an initial $10 million toward the establishment of the guaranty fund. Over a two year period, ICE will increase its guaranty fund commitment to $100 million.

ICE has assembled a comprehensive CDS infrastructure with its recent acquisitions of Creditex, a leading CDS trade execution venue; T-Zero, a CDS trade processing platform; and The Clearing Corporation, a derivatives clearing house. ICE utilized select infrastructure, domain knowledge and personnel from each entity to establish ICE Trust. In addition to utilizing in-house resources, ICE Trust has also entered into an agreement with Markit to produce daily settlement prices required for mark-to-market pricing, margining and clearing.

CDS clearing by ICE Trust follows several successful initiatives already underway within the industry to reduce systemic and operational risks. ICE has played a key role in certain of these initiatives, including involvement in portfolio compression efforts and credit event auctions, which it administers in conjunction with Markit. Compression runs have reduced over $2 trillion in notional outstanding for single-name CDS in recent months, and credit event auctions have been relied upon by market participants for the orderly settlement of credit derivative trades referencing 43 defaulted entities, including Fannie Mae and Lehman.

More information, including the ICE Trust rulebook and Frequently Asked Questions, are available at **www.theice.com**.

About IntercontinentalExchange

IntercontinentalExchange(R) (NYSE: ICE) operates regulated global futures exchanges and over-the-counter (OTC) markets for agricultural, energy, equity index and currency contracts, as well as credit derivatives. ICE(R) offers these markets to participants around the world through its technology infrastructure and trading platform, together with clearing, market data and risk management services. ICE Futures Europe(R) is ICE's regulated energy futures exchange. ICE's regulated North American exchanges, ICE Futures U.S.(R) and ICE Futures Canada(TM), offer markets for agricultural and financial contracts. Creditex, a market leader in trade execution and processing for credit derivatives, is also a wholly-owned subsidiary of ICE. A member of the Russell 1000(R) and S&P 500 indices, ICE 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