ICE TO DELIVER TRADE DATE CLEARING WITH LAUNCH OF SEGREGATED FUNDS SOLUTION; DEVELOPED IN CONSULTATION WITH BUY-SIDE

Released : 08 September 2009

NEW YORK, Sept. 8 /PRNewswire-FirstCall/ -- *IntercontinentalExchange*(R) (NYSE: ICE), a leading operator of regulated global futures exchanges, clearing houses and over-the-counter (OTC) markets, today announced that it will deliver trade date clearing, concurrent with the launch of its segregated funds credit derivatives clearing solution for CDX, followed by segregated funds and trade date clearing for iTraxx. Trade date clearing enables positions to be cleared on the same day the trade occurred, which significantly reduces the time that a buy-side firm has counterparty exposure to a clearing member, and will simplify operational processes and overhead associated with CDS trading. Together with margin segregation and portability, trade date clearing is a key buy-side requirement for CDS clearing.

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

Credit derivative trades between a buy-side firm and an executing dealer are typically executed and legally confirmed on a bilateral basis. This requires buy-side customers to have ISDA documentation in place with each executing dealer and to take counterparty risk to executing dealers when conducting CDS transactions. Trade date clearing eliminates the need for this documentation between buy-side firms and executing dealers. Instead, a buy-side firm may trade with any executing dealer who is a clearing member, and may clear the trade at ICE through their designated "derivative clearing member" or DCM. This process consolidates the buy-side firm's counterparty risk to designated DCMs, who are in turn participants in the financial guarantees and risk management framework contained within ICE's clearing solution.

ICE has developed a robust framework to protect customer positions and collateral in the event of a clearing member default. These customer protections, combined with ICE's rigorous CDS risk model and the largest clearing house guarantee fund across any product, offer unparalleled security for buy-side market participants.

Said Jeffrey C. Sprecher, ICE Chairman and CEO: "ICE has helped lead the transformation of the CDS markets with a particular focus on ensuring the requirements of the buy-side are met. Over the past year, we've established well-capitalized clearing houses, market-based end-of-day pricing and protected positions and collateral -- all within a framework that supports existing trading relationships and multiple execution venues. With trade date clearing, we are rounding out the risk management services to the buy-side to ensure the most secure clearing services available. We want to acknowledge the significant contributions that the buy-side and clearing members have made toward developing the segregated funds structure and the trade date clearing standard."

Said James Wallin, Senior Vice President at AllianceBernstein: "The expansion of clearing to the buy-side in October allows all firms to participate in the dramatic change that has taken place in the CDS market in 2009, even in advance of legislative or regulatory requirements."

Said Ted MacDonald of the D. E. Shaw Group: "Our firm supports the development of clearing solutions which address the primary concerns of the investor community, namely the reduction of counterparty risk and development of regulatory regimes that protect customer margin and allow for trade portability following a dealer default. In this regard, we welcome the ability of our dealer counterparties to clear CDS transactions through a clearinghouse with both significant capital backing up trades and dedicated reserves which could be accessed by the other dealers should a clearing member default."

Said David Rubenstein, CFO of BlueMountain: "We appreciate the leadership of the central clearing community in addressing the issues that face the buy-side. We believe that the continued expansion of clearing will both improve market liquidity and reduce systemic risk."

ICE's buy-side solution also addresses systemic risk by supporting both new trades and the existing backlog of outstanding OTC CDS contracts at the DTCC Trade Information Warehouse (TIW). ICE's offering accelerates time-to-market by utilizing existing market infrastructure and incorporating existing International Swaps and Derivatives Association (ISDA) agreements -- eliminating the need for lengthy renegotiation -- and supports existing connectivity to all dealers, more than 400 buy-side firms and the TIW through the ICE Link(TM) platform.

In addition to benefiting from the largest cleared pools of liquidity in the CDS markets and an unprecedented segregated funds model, buy-side participants will benefit from the largest pool of capital dedicated to CDS contracts globally, with over $2.3 billion in cash in guaranty fund deposits as of August 31, 2009. ICE has established separate CDS risk pools for ICE Trust and ICE Clear Europe(R), including separate guaranty funds and margin accounts. Separate guaranty funds ensure that customers and clearing firms in its commodity markets are protected from the risks associated with the CDS markets. ICE also offers a CDS-centric risk management system designed specifically for CDS and an independent governance structure.

ICE Trust(TM) has cleared over $1.9 trillion notional across nearly 23,000 transactions in North American CDS indexes since March. Since its launch on July 29, ICE Clear Europe has cleared nearly euro 300 billion ($430 billion) in notional value across nearly 6,000 European CDS index transactions.

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) and ICE Clear Europe(R). 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.
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SOURCE IntercontinentalExchange