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CME Group Announces Clearing of First Interest Rate Swaptions Trade

CHICAGO, April 12, 2016 /PRNewswire/ -- CME Group, the world's leading and most diverse derivatives marketplace, today announced it has cleared its first interest rate swaptions trade yesterday, April 11. CME Group is the first clearing house to offer swaptions clearing.

Five clearing members are approved to clear swaptions, including Barclays, BNP Paribas, Citi and RBS plc. Several additional firms are working through the process to become approved swaptions clearing members.

"This groundbreaking solution is designed to help transform the interest rate swaps landscape for CME Group's customers by offering greater capital efficiencies and helping mitigate counterparty risk," said Sunil Cutinho, President of CME Clearing. "Delivering innovative products and services that meet our customers' evolving needs is at the core of CME Group's business, and we're proud to lead the way for the industry on swaptions clearing."

"Barclays is proud to collaborate with CME Group as one of the banks to execute the first cleared swaptions trade," said Sabri El Jailani, Global Head of Rates Options Trading for [Barclays](#). "Clearing through CME will allow both Barclays as well as our clients to significantly improve the capital consumption and risk management of our swaptions portfolios."

"As the cleared swap market evolves and new innovations come to market, we at One River Asset Management want to be at the forefront of improving the clearing landscape," said Ian Malloch, Chief Risk Officer at [One River Asset Management](#). "Clearing swaptions will allow us the opportunities to streamline operational processes, mitigate risk and actively manage margin exposure along with our existing portfolio of cleared swaps."

"RBS plc is excited to be part of the first swaptions trade cleared at CME Group," said Alan Mittleman, Head of Rates Trading, Americas at [RBS plc](#). "With the cost of margin for non-cleared derivatives coming later this year, we see voluntary swaptions clearing as a prudent way to reduce risks and increase efficiencies in the swaptions market."

"We are excited to work with CME Group and liquidity providers to facilitate automated execution of cleared swaptions," says Shawn Bernardo, CEO of [Tullett Prebon's](#) Swap Execution Facility. "Our customers will greatly benefit from having the ability to provide liquidity for cleared swaptions, which will provide for greater capital efficiencies in the marketplace."

"36 South is excited to see CME Group offering a cleared solution for swaptions," said Neale Jackson, Senior Portfolio Manager at [36 South](#). "Credit Support Annex pricing discrepancies have increased the costs and limited the potential counterparties in bilateral swaptions trading, and the clearing of swaptions should bring additional liquidity, trading flexibility and processing benefits to the global marketplace. Furthermore, swaptions -- being an interest rate product associated with sovereign risk -- can experience large volatility at a time when counterparty risk may be a relevant concern. Clearing has obvious advantages in this regard."

The initial product scope includes U.S. Dollar denominated swaptions with European-style exercise, a maximum two-year option expiry, and a maximum underlying swap tenor of 30 years.

For more information on swaption clearing at CME Group, please visit www.cmegroup.com/swaptions.

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) is where the world comes to manage risk. CME Group exchanges offer the widest range of global benchmark products across all major asset classes, including futures and options based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). Around the world, CME Group brings buyers and sellers together through its [CME Globex®](#) electronic trading platform and its exchanges based in Chicago, New York and London. CME Group also operates one of the world's leading central counterparty clearing providers through [CME Clearing](#) and [CME Clearing Europe](#), which offer clearing and settlement services across asset classes for exchange-traded and over-the-counter derivatives. CME Group's products and services ensure that businesses around the world can effectively manage risk and achieve growth.

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