



Clearing & Settlement

Bourse de Luxembourg



Presentation to members of
Bourse de Luxembourg

9 October 2007

Agenda

- Eligible criteria for clearing services of LCH.Clearnet
- Principles of BdL post-trade model
- Instruments with full CCP services

BdL

- Structures and organisations
- Macro road-map
- External testing
- Legal & membership road map

LCH.Clearnet

- Questions & answers

BdL & LCH.Clearnet

Eligible criteria for clearing services of LCH.Clearnet

Shares and Bond instruments which will be cleared and settled through LCH.Clearnet will be selected on the basis of the following criteria:

Technical & Operational criteria

- Eligibility of the **trading currency** in Clearing and Settlement systems (16 currencies)
- Eligibility of instrument in **Euroclear Bank, Clearstream Bank Luxembourg** and **bridge**
- Eligibility based on **LCH.Clearnet** Risk Department criteria

Market criteria

- Presence of **market makers** (see Trading manual)
- **Sufficient volume** of trades (Min. 2000 trades / year)

Principles of the Luxembourg Stock Exchange post-trade model

Financial instruments will remain allocated to trading groups. This allocation will consider the following principles:

- LCH.Clearnet will provide clearing services on Shares and Bond instruments
- Continuous trading and CCP services for liquid instruments
- Fixing and No CCP services for instruments with low liquidity

Instruments	Liquidity	Trading groups	Clearing services	Estimated number of instruments
Shares	High	Continuous trading	CCP Services	10
Bonds				5 000
Shares	Low	Fixing	Pass Through Settlement	300
Bonds				24 000
Warrants	Low	Fixing	Bilateral Settlement	5 200
Investment Funds				7 200
Bonds*				1 000

* Bond instruments not eligible in LCH.Clearnet or Euroclear Bank

Financial instruments allocation to trading groups will be reviewed on a regular basis in order to promote the overall market liquidity on the Luxembourg Stock Exchange.

At starting date on 2008 March 14, full CCP services will be offered on the following financial instruments:

- 11 Shares from the continuous trading groups:
LuxX Index shares : RTLGroup, Cegedel, Luxempar, SES, Dexia, BIP, Foyer, Arcelor, Fortis, KBCGroup, Arcelor Mittal
- 55 Bonds from the continuous trading groups, currently traded by a Market Maker. Bonds issuers are : ABN AMRO, EIB, CITIGroup, ING Bank, SNS Bank, Siemens etc...

Trading Groups						
Bourse de Luxembourg	Obligation	Shares	Continuous Trading	12 securities	C-ACTC	(E) Liquid Shares
		Corporate, non convertible, non refundable	Continuous Trading	50 securities	C-MR	(E) Liquid corporate Bonds
		Non corporate or convertible or refundable	Continuous Trading	5 securities	LC-MR	(E) Liquid Non-corporate Bonds
EURO-MTF	Obligation	Corporate, non convertible, non refundable	Continuous Trading		C-MTF	(L) Liquid Corporate Bonds
		Non corporate or convertible ou refundable	Continuous Trading		LC-MTF	(L) Liquid Non-corporate Bonds