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## For Immediate Release

# IDCG Launches Clearinghouse for OTC Interest Rate Swaps

## *First OTC Derivatives Player to Launch Central Counterparty Clearing*

**NEW YORK, January 6, 2009** – International Derivatives Clearing Group, LLC (IDCG), a majority owned, independently operated, subsidiary of The NASDAQ OMX Group, Inc.<sup>SM</sup>, today announced the official launch of its clearinghouse. IDCG began accepting US Dollar denominated Interest Rate Swap (IRS) Futures contracts for clearing and settlement on December 29, 2008. These IRS Futures contracts have been cleared by IDCG's wholly owned, Commodity Futures Trading Commission (CFTC) regulated clearinghouse, International Derivatives Clearinghouse (IDCH). IDCH was granted a derivatives clearing organization license (DCO) by the CFTC on December 22<sup>nd</sup>, 2008.

“By completing its first trade in 2008, IDCG has become the clear leader in delivering central counterparty clearing to the massive Over-the-Counter derivatives market. IDCG has delivered a sophisticated private sector solution to help mitigate credit risk in a truly unprecedented time. We are proud to have participated in IDCG's successful launch of its interest rate swap futures clearing offering,” said Bob Greifeld, CEO of NASDAQ OMX.

“We have the right product, the right technology, the right partner with NASDAQ OMX, and most importantly, we have launched this unique clearing solution at exactly the right time,” said Vincent Viola, IDCG Founder and Chairman.

The OTC interest rate market is the largest derivative asset class in the world, with an estimated \$460 trillion dollars in notional principal outstanding as of June 2008 according to the Bank for International Settlements. It is also estimated that over a trillion dollars in notional principal trades every day. Because interest rate swaps are traded over the counter, the structure of this market is largely opaque, and participants bear substantial counterparty credit risk. The use of a centrally cleared platform for OTC IRS contracts provides an alternative to these problems.

“The marketplace for interest rates swaps is evolving and centralized clearing will be part of the new landscape. We believe other market participants will embrace this as we have,” said Matt Gelber, CEO of TradeLink, an IDCG market participant.

“We built our systems and operations, filed our CFTC application, collected customer commitments, received regulatory approval and began clearing IRS contracts all in 2008. This expedited timeline reflects the absolute commitment our team has as well as the market demand for a private sector solution to the current credit market turmoil,” said Chris Edmonds, IDCG CEO.

NASDAQ OMX Group<sup>SM</sup> subsidiary, the Philadelphia Board of Trade (PBOT), is the designated contract market (DCM) licensed to list the futures contracts cleared by IDCH. IRS futures may be traded either through an Exchange of Futures for Swaps (EFS) process via Swapdrop.com for

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existing interest rate swaps, or by entering orders into the IDEX XT matching platform. The two trading modalities provide significant advantages for market participants.

Market participants who use the EFS process to convert their OTC interest rate swaps to cleared IRS futures through IDCH reduce bilateral counterparty credit risk and simplify the ongoing processes required to manage such relationships. The substitution of bilateral counterparty credit risk with a regulated clearinghouse enables a much greater number of market participants to interact with one another with greater confidence.

Additional potential benefits to centrally clearing IRS futures contracts through IDCH include:

- Standardized valuations for cleared IRS futures contracts
- Contracts are margined in a transparent, standardized process
- IDCH cleared contracts may qualify for 60/40 tax treatment, similar to other futures contracts
- Reduction to capital reserves required for bilaterally settled OTC derivative contracts, synthetically increasing market participants' available free capital

IDCH is offering clearing services for new and existing OTC IRS contracts after conversion to IRS futures contracts with maturities up to 30 years.

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## About the International Derivatives Clearing Group

The International Derivatives Clearing Group (IDCG) is an independently operated subsidiary of NASDAQ OMX Group. IDCG will operate International Derivatives Clearinghouse (IDCH), a CFTC regulated clearinghouse that will be a central counterparty to interest rate swap futures contracts and other fixed income derivatives. IDCH, in conjunction with IT&e's Razor technology, will utilize NASDAQ OMX Click XT matching and NASDAQ OMX SECUR clearing technology to provide an efficient and transparent forum to clear and settle futures products. For more information about IDCG and IDCH, visit [www.IDCG.com](http://www.IDCG.com).

The NASDAQ OMX Group, Inc. is the world's largest exchange company. It delivers trading, exchange technology and public company services across six continents, with over 3,900 companies. NASDAQ OMX offers multiple capital raising solutions to companies around the globe, including its U.S. listings market; the OMX Nordic Exchange, including First North; and the 144A PORTAL Market. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and ETFs. NASDAQ OMX technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries. OMX Nordic Exchange is not a legal entity but describes the common offering from NASDAQ OMX exchanges in Helsinki, Copenhagen, Stockholm, Iceland, Tallinn, Riga, and Vilnius. For more information about NASDAQ OMX, visit [www.nasdaqomx.com](http://www.nasdaqomx.com).

### *Cautionary Note Regarding Forward-Looking Statements*

*The matters described herein contain forward-looking statements that are made under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about IDCH, PBOT, NASDAQ OMX and their products and services. Actual results may differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements involve a number of risks, uncertainties or other factors beyond IDCH's, PBOT's and NASDAQ OMX's control. These factors include but are not limited to factors detailed in NASDAQ OMX group annual report on form 10-k and periodic reports filed with the Securities and Exchange Commission. We undertake no obligation to release any revisions to any forward-looking statements.*

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