

For immediate release
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Euroclear Bank arranges new Greek government debt swap

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Brussels, 9 November 2011 – Euroclear Bank, which recently orchestrated the first swap of Greek government bonds between a number of consenting primary dealers in such securities, will run a second swap in such debt instruments next week.

Today, clients acting as Greek debt primary dealers are faced with the fact that the anticipated move by the Greek Debt Office (PDMA) to exchange sovereign paper (as part of the private sector involvement (PSI) scheme) only targets long positions. As liquidity providers, primary dealers generally have long positions in some Greek sovereign paper, while also off-setting short positions in other Greek debt.

To address the issue, Euroclear Bank created a model which enables primary dealers to close out positions, both long and short, in a highly secure and electronic manner. In what is known as the ‘Swapbox’, Euroclear’s customised algorithms pair off short risk positions with long settled positions within buckets of securities of the same economic value between consenting Euroclear Bank participants. While the clients’ net exposure to such sovereign debt remains the same, Euroclear’s tailor-made service reduces the actual volumes of short positions in such Greek government paper. Furthermore, by reducing the short positions via this swap, a number of other bilateral transactions in the local market have also been successfully completed.

The initial swap, conducted on 26 October 2011, covered an aggregate volume in Greek government bonds worth EUR 33 million comprising approximately 70 different tranches of Greek government debt.

Ivan Nicora, Director and Head of Fixed Income Product Management at Euroclear, stated: “In general, primary dealers have to run long and short positions in order to offer liquidity to the market. In this instance, liquidity in the traditional inter-bank market became increasingly scarce. Euroclear Bank, as a seasoned infrastructure service provider, has responded by setting up a solution which minimizes respective short positions while also further contributing to the orderly management of bond positions ahead of the Greek PSI exchange.”

(continued)



Media Release

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Sander Schol, representative of AFME/Primary Dealers, commented: “We are delighted to work with Euroclear Bank in assisting our stakeholders unwind their long and short positions in Greek sovereign paper. Euroclear has provided an innovative solution - in record time - to unblock liquidity.”

Note to editors

About AFME

AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu

About Euroclear

Euroclear is the world's largest provider of domestic and cross-border settlement and related services for bond, equity, derivatives and fund transactions. User owned and user governed, the Euroclear group comprises the international central securities depository Euroclear Bank, based in Brussels, as well as the national central securities depositories Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & Ireland. Euroclear also owns Xtrakter, operator of the TRAX trade matching and reporting system.

In 2010, the Euroclear group settled more than EUR 526 trillion in securities transactions, representing 150 million domestic and cross-border transactions, and held nearly EUR 22 trillion in assets for clients. Euroclear Bank is rated AA+ by Standard & Poor's and Fitch Ratings.