

A large, rounded rectangular area with a blue background. The background is a photograph of water, showing ripples and light reflections, creating a textured, shimmering effect. The text is overlaid on this background.

# Corporate overview

November 2009



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## Introduction to EDX London

- UK FSA Recognised Investment Exchange since 2003
  - Core exchange functions operating since 1989
- Shareholders: 81.1% London Stock Exchange, 19.9% TMX Group
- Trading in Nordic and Russian equity, index and fixed income derivatives
- 20 full time employees involved in core Exchange activities:
  - Market regulation, compliance, surveillance, Exchange brokering, Clearing Operations, First line technical support, sales, marketing, strategy and development
- Strategic partners
  - Oslo Børs - linked exchange and clearing partnership
  - TMX Montreal Exchange - developing joint technology and trading initiatives
  - LCH.Clearnet - central counterparty clearing
  - FTSE International - index derivatives covering Sweden, Russia, Finland and Denmark
- Technology partners
  - Trading: SOLA® supplied by TMX Group
  - Clearing: CC&G clearing platform supplied by London Stock Exchange Group

## Defining a new customer led derivatives strategy

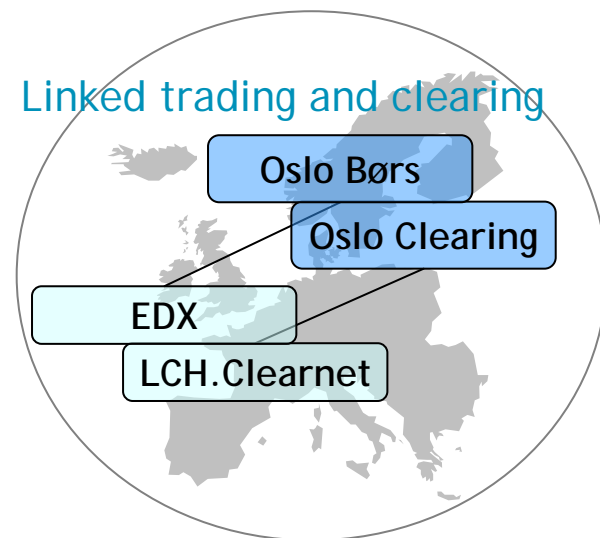
- London Stock Exchange and Borsa Italiana merger completed in October 2007 to create Europe's most diversified Exchange group
  - Enlarged its derivatives business areas - EDX London & IDEM
  - Led to the formulation of a new group derivatives vision where through new products and partners the group delivers global derivatives appeal and scale
- Customers will benefit from the following strategic initiatives:
  - NASDAQ OMX co-operation ended to enable Nordic markets to be enhanced on new generation technology - SOLA®
  - Oslo Børs partnership renewed to enable closer collaboration to offer new products and trading opportunities
  - Global strategic partners such as TMX Group to be leveraged to generate opportunities to lower technical and trading costs whilst enhancing liquidity in existing and new derivatives classes

## TMX: Leading edge technology and trans-Atlantic initiatives

- TMX created through the merger between Toronto and Montreal exchanges in 2008
- LSEG and TMX partnership announced in March 2009
  - TMX Group acquired 19.9% stake in EDX London
  - LSEG derivatives markets (and Oslo Børs) to use SOLA® trading & information
- SOLA® Trading - newly developed and highly scalable
  - Fast, efficient messaging, delivers increased performance and capacity capabilities
  - SOLA implemented at Montreal Exchange in 2005 to trade Canadian equity and fixed income derivatives
  - Implemented in 2006 at Boston Options Exchange to trade US equity options
  - TMX are 53.8% shareholders of Boston Options Exchange

## Oslo Børs: Linked trading & clearing collaboration

- LSEG and Oslo Børs announced in March 2009 a new strategic partnership across cash, fixed income and derivatives markets
- Members of EDX and Oslo Børs continue to benefit from linked derivatives trading using SOLA and linked clearing between LCH.Clearnet and Oslo Clearing
- Linked trading allows members from partner exchanges to trade in common order books which pool liquidity and enhance trading opportunities
- Delivered through existing local access including exchange memberships, regulatory and clearing infrastructures and accounts



# EDX product overview

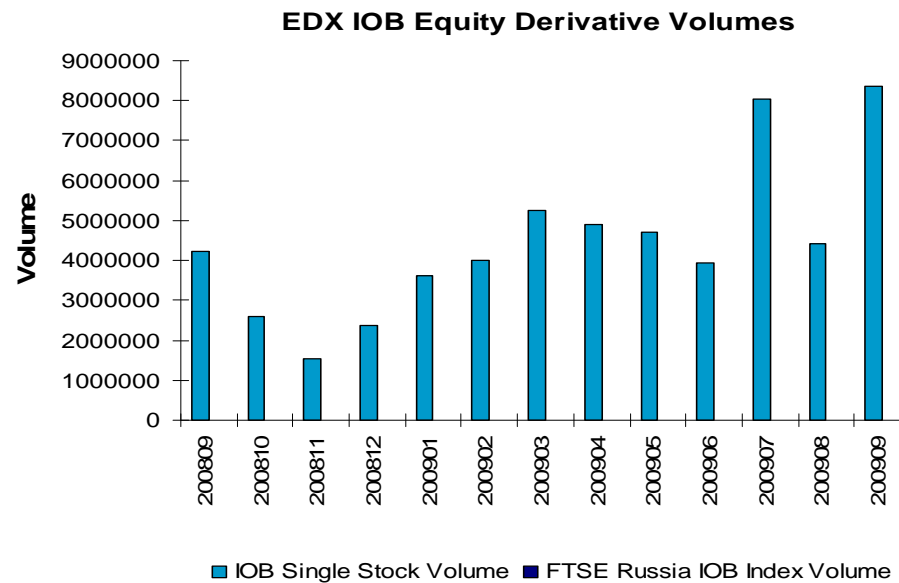
Markets (Currency)	Underlying asset class		
	Index	Stock	Rates and Bonds
Norway (Krone)	OBX Index futures and options	Stock options and Stock futures	3m interest rate (NIBOR) futures
Sweden (Krona)	FTSE Sweden 30 index futures and options		3m interest rate (STIBOR) futures Government bond futures
Finland (Euro)	FTSE Finland 25 index futures and options		
Denmark (Krone)	FTSE Denmark 20 index futures and options		
LSE IOB: Russia, Kazakhstan, India, South Korea & Egypt (US Dollar)	FTSE Russia IOB index futures and options		
Trading Model	MPS	Cleared only (tailor made)	
		On-request standard series	
		Standardised Order book	
Clearing Model	Margining using London SPAN methodology		
	Central counterparty using LCH.Clearnet		

## 73 international and diverse trading members (excluding Oslo Børs)

ABN AMRO	Execution Limited	Royal Bank of Canada
ADM Investor Services	Fortis	Schneider Trading Associates
Advance Trading Limited	Getco Europe Limited	SEB Futures
AFS London Limited	Goldman Sachs International	Société Générale Paris
Alfa Capital Holdings Cyprus Ltd	Hardcastle Trading AG	Source Capital
All Options International BV	HSBC Bank plc	Sucden Financial Limited
AMT Futures Limited	IMC Options BV	Sun Trading International
AOT Derivatives B.V.	Interactive Brokers (UK) Limited	Susquehanna Ireland
Aton International Limited	J.P. Morgan Securities Limited	TD Investments
Bache Commodities Limited	JB DRAX Honore	TFS Derivatives
Barclays Capital	KBC Clearing NV	The Kyte Group Limited
Barclays Capital Securities Limited	Liquid Capital Securities Limited	The Link Asset & Securities Co Ltd
Bayerische Hypo und Vereinsbank AG	Madison Tyler Europe Limited	The Royal Bank of Scotland plc
BNP Paribas Arbitrage SNC	Mako Global Derivatives	Tibra Trading Europe
BrokerCreditService	Maple Securites (UK) Limited	Timber Hill Europe AG
Cantor Fitzgerald Europe	Merrill Lynch International	Tullet Prebon (Securities)
Citigroup Global Markets	MF Global UK Limited	UBS Clearing and Execution
Commerzbank AG	Mint Equities Limited	UBS Limited
Credit Suisse Securities	Morgan Stanley & Co.	UniCredit Group
Daiwa Securities	Newedge Group	URALSIB Securities
Deutsche Bank AG London	Nomura International plc	Vantage Capital Markets LLP
Dresdner Bank AG	Optiver V.O.F	Voltrex Limited
DRW Investments (UK) Limited	Otkritie Securities Limited	Wolverine Trading UK
Duke and Duke Limited	RBC Capital Markets Corporation	XBZ Limited
	Renaissance Securities	

## Russian derivatives

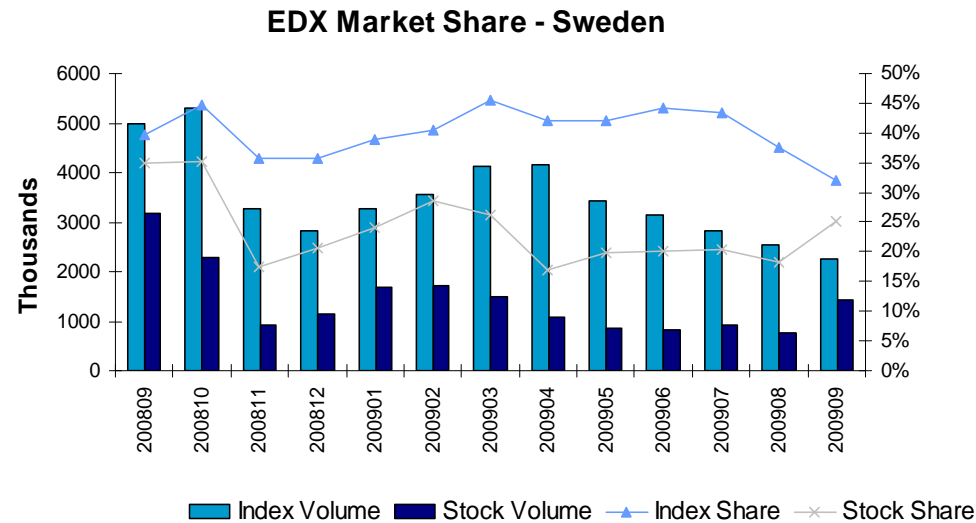
- Average daily contracts - 400,000 per day
- 90% of Global Russian Options market traded at EDX London
- Data up to September 2009



■ Double counted

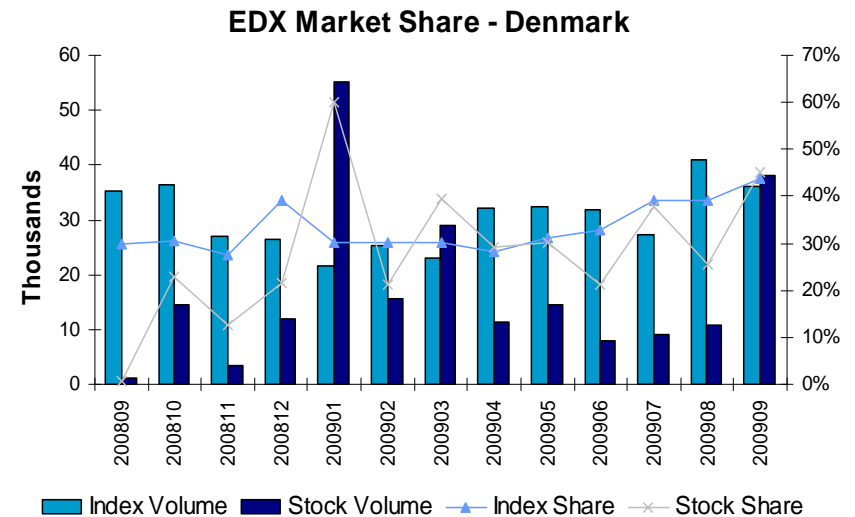
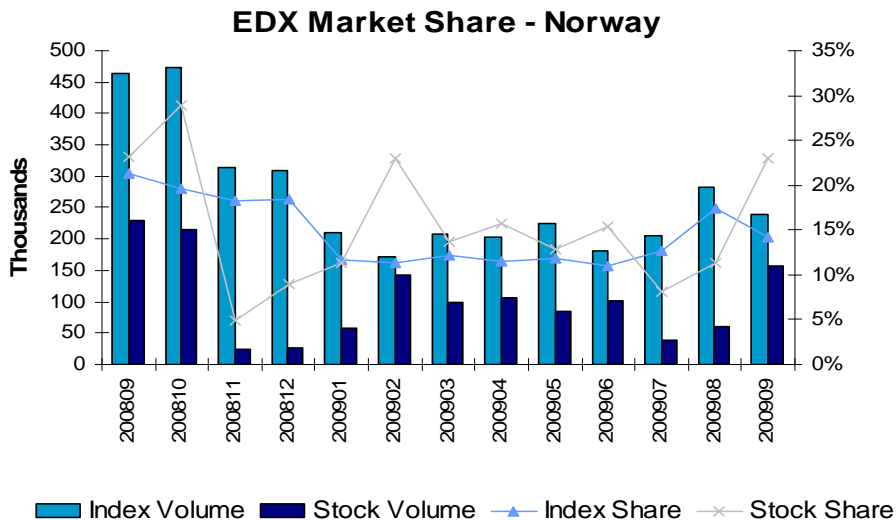
## Nordic derivatives

- Average daily contracts - 200,000 per day
- Most comprehensive provider of Nordic derivatives markets
- Data up to September 2009



## Nordic derivatives

- 30-40% of Nordic derivatives are traded at EDX London
- Data up to September 2009



## Leading European Futures & Options Exchanges

- Data in millions of contracts and up to September 2009
- Source: Futures & Options Intelligence (FOW)

	Volume	Open Interest	YTD Volume
Eurex	152	138	1291
NYSE Liffe	96	77	792
ICE Futures	15		122
<b>EDX London Ltd</b>	<b>12</b>	<b>6</b>	<b>98</b>
NASDAQ OMX	11	9	91
London Metal Exchange	9	2	84
MEFF	8	14	74
Borsa Italiana SpA - Italian Derivatives Exch Mkt	4	5	32
Warsaw Stock Exchange	1.3	0	10
Oslo Stock Exchange	1.2	1	10
Budapest Stock Exchange	0.9	1	9
The Athens Derivatives Exchange S.A.	0.9	0.3	5
Wiener Boerse AG		0.1	0.6
European Energy Exchange		0.2	0.3
Powernext SA	< 100,000		0.1
European Energy Derivatives Exchange N.V		< 100,000	< 100,000

# EDX departmental overview

## Market Regulation and Compliance

- Develop and maintain EDX London Rules
- Corporate actions monitoring and recalculations
- Market surveillance, integrity and transparency
- FSA liaison as Recognised Investment Exchange in the UK

## Market Operations (Clearing and IT)

- Post-trade administration, information and management of trades and positions
- First line technical support

## Business Development

- Relationship management of existing members including disseminating information and consulting on potential and existing products and services
- New members sales
- Marketing

## Product Development

- Strategic and financial planning
- Research and development into new markets and products
- Organic product development

## A unique and tailored service

### Marketplace Service (MPS)

- A desk of highly experienced exchange brokers
- Execute large orders and complex strategies
- Brokered trades
- Execution only
- Take orders over the phone and are contactable throughout the trading day

### Combined order book

- 1 order book: 2 exchanges: multiple markets
- Diverse members enabling deeper liquidity

### LCH.Clearnet

- Central counterparty to all trades on EDX
- Reduced risk due to hourly margin calculations run by EDX and consolidated with LCH.Clearnet
- Relationship with Oslo Clearing to facilitate cross border trading and margining between Nordic members

### Tailor Made service

- Tailored, cleared only trade reporting
- Flexibility to specify strike and expiry

