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Euronext confirms the expansion of Euronext Clearing to derivatives markets for Q3 2024

Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo and Paris – 16 January 2023 – Euronext, the leading pan-European market infrastructure, today announces that the European expansion of Euronext Clearing to Euronext derivatives markets is planned for Q3 2024.

Since April 2021, Euronext has been the owner of a multi-asset clearing house, Euronext Clearing (formerly CC&G), and is thus in a position to directly manage its clearing activities to complete its value chain. In November 2021, Euronext announced its ambition to internalise the clearing activity of its cash and derivatives flows, today operated by third-party providers. As a result Euronext Clearing will become Euronext's clearing house ("CCP") of choice for cash equity¹, listed derivatives and commodities markets.

Combined with the successful migration of its Core Data Centre in June 2022 from Basildon (United Kingdom) to Bergamo (Italy) and the planned migration of the Borsa Italiana capital markets to Optiq®, Euronext's proprietary trading platform, the expansion of Euronext Clearing will allow Euronext to manage the entire trading value chain of its markets by the end of 2024. Euronext will directly operate clearing activities for its cash, listed derivatives and commodities markets, and create value through a harmonised clearing framework across Euronext venues. It will provide one single platform for clients to access information on collateral, risk, and clearing. Euronext Clearing will bring margin efficiencies to clients with the implementation of a new Value-at-Risk methodology, offering the financial ecosystem with increasingly efficient and resilient solutions for risk capture and allocation within the system. This move will also bring efficiencies across all asset classes, with transparency on data, particularly on settlement, leveraging Euronext Securities to access the Target-2-Securities (T2S) settlement platform. Euronext Clearing will allow Euronext to significantly increase its footprint in the post-trade space and align strategic priorities between trading and clearing. Euronext will be in an ideal position to innovate and improve time-to-market, notably on derivatives products, to serve the evolving needs of its clients.

Positioning of Euronext Clearing as the CCP of choice across its cash equity markets¹

As announced on 3 November 2022, Euronext confirms the first phase of the expansion of Euronext Clearing with the expected positioning of Euronext Clearing as the Euronext CCP of choice for its cash equity markets¹ by the end of Q4 2023. Euronext will continue to offer an open access CCP model for cash equity clearing.

Migration² of Euronext listed derivatives and commodities markets to Euronext Clearing expected in Q3 2024

Euronext confirms it expects to migrate the listed financial derivatives and commodities markets of Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Oslo Børs and Euronext Paris from LCH SA to Euronext Clearing by Q3 2024. As a reminder, Euronext Clearing already clears Euronext Milan listed derivatives.

The migration of Euronext listed derivatives and commodities markets is the final step of the European expansion of Euronext Clearing set up as part of Euronext 'Growth for Impact 2024' strategic plan. It will unlock innovation capabilities, notably on derivatives products. Furthermore, the migration will maximise value extraction through a harmonised clearing framework across Euronext venues and deliver on the announced targeted run-rate annual synergies for 2024.

Euronext and LCH SA are committed to working together to ensure an orderly migration of clearing flows from LCH SA to Euronext Clearing.

¹ Excluding Oslo Børs cash markets

² Migrations are subject to the declaration of non-objection of relevant regulators

Notification of early termination of the derivatives clearing agreement (the "Agreement") with LCH SA

As Euronext Clearing undertakes derivatives clearing services in Europe, Euronext has decided to terminate the existing Agreement with LCH SA, under the terms of the Agreement. Therefore, on 16 January 2023, Euronext served LCH SA notice of termination for the purposes of the Agreement.

As set up in the Agreement, Euronext will pay a termination fee of approximately €36.0¹ million to LCH SA, to be provisioned in its income statement as non-underlying expenses in Q1 2023, and payable in 2024. It is reminded that this amount is included in the €150 million of implementation costs related to the 'Growth for Impact 2024' strategic plan and already announced in November 2021.

Following the notification of the early termination of the Agreement, LCH Group has the option to buy back Euronext's 11.1% stake in LCH SA. Further communications on the stake owned by Euronext in LCH SA will be made when appropriate.

The termination of the Agreement does not impact the existing clearing agreement signed between MTS S.p.A and LCH SA nor the existing agreement related to the interoperability link on Italian Government Bonds between Euronext Clearing and LCH SA².

Stéphane Boujnah, Chief Executive Officer and Chairman of the Managing Board of Euronext, said:

"We are pleased to announce that the migration of Euronext derivatives clearing activities to Euronext Clearing is planned for Q3 2024, a few months after the migration of Euronext cash clearing activities. Combined with the successful migration of the Core Data Centre to Bergamo in June 2022 and the planned migration of the Borsa Italiana capital markets to Optiq® in 2023, the expansion of our clearing activities is a major step towards the delivery our "Growth for Impact 2024" strategic plan. This will significantly contribute to achieve the €100 million 2024 targeted run-rate annual synergies related to the Borsa Italiana Group acquisition.

Euronext has profoundly transformed itself over the past five years and is uniquely positioned to become the leading European market infrastructure. Euronext is now the leading listing venue and the largest liquidity pool in Europe, thanks to its single trading platform. The expansion of Euronext Clearing to Euronext markets is another significant transformational milestone, allowing Euronext to manage the entire trading value chain, and become a major player in the post-trade space.

We look forward to completing these strategic milestones in the coming months. I would like to thank all the Euronext teams that have already been working on these key projects for more than a year and that will be critical to the delivery of these projects. I would like to thank LCH SA for the great collaboration during the past years."

¹ Of which €6 million to be adjusted for inflation impact

² For more information, please refer to Euronext 2021 Universal Registration Document – Section 7.2.1, Material Contracts



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About Euronext

Euronext is the leading pan-European market infrastructure, connecting European economies to global capital markets, to accelerate innovation and sustainable growth. It operates regulated exchanges in Belgium, France, Ireland, Italy, the Netherlands, Norway and Portugal. With close to 1,930 listed equity issuers and around €6.3 trillion in market capitalisation as of end December 2022, it has an unmatched blue chip franchise and a strong diverse domestic and international client base. Euronext operates regulated and transparent equity and derivatives markets, one of Europe's leading electronic fixed income trading markets and is the largest centre for debt and funds listings in the world. Its total product offering includes Equities, FX, Exchange Traded Funds, Warrants & Certificates, Bonds, Derivatives, Commodities and Indices. The Group provides a multi-asset clearing house through Euronext Clearing, and custody and settlement services through Euronext Securities central securities depositories in Denmark, Italy, Norway and Portugal. Euronext also leverages its expertise in running markets by providing technology and managed services to third parties. In addition to its main regulated market, it also operates a number of junior markets, simplifying access to listing for SMEs.

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