

News Release

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LONDON STOCK EXCHANGE AGREES TERMS WITH SIS X-CLEAR TO OFFER CUSTOMERS CHOICE OF CLEARING PROVIDER

The London Stock Exchange today announced that it has signed a letter of intent with SIS x-clear AG to provide member firms with a choice of clearing provider for equity trades.

The new arrangement would allow customers to choose whether to clear through SIS x-clear or through LCH.Clearnet, currently the sole clearing provider for the Exchange's equity business. The Exchange expects to deliver additional benefits to the market through competition in clearing services by introducing an independent, user-owned, user-governed and not-for-profit alternative provider.

Chris Gibson-Smith, Chairman of the London Stock Exchange, said:

"Securing efficient post-trade services on a pan-European level is a pre-requisite to the creation of a single market for financial services. We are deeply committed to a horizontal model, where exchanges do not hold an economic interest in the provision of clearing and settlement services. It is this model, and our philosophy, that allows us to offer choice and competition in UK equity clearing through an independent and user-owned organisation such as SIS x-clear."

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Nic Stuchfield, Director of Corporate Development at the London Stock Exchange, added:

"SIS x-clear approached us last winter with a proposal for competitive clearing and we are delighted to have reached this agreement. Given the efficiency of SIS x-clear, this new service should be attractive to many of our customers, both in terms of cost reduction and service enhancement. We are confident that this new development will reduce the overall cost of trading for our customers, assisting the growth of their business and ours."

Marco Strimer, CEO of SIS x-clear AG, said:

"We are delighted to have the opportunity to extend our clearing services to the most important stock exchange in Europe. We have been promoting competitive clearing for some time since we sincerely believe that competition should be a natural consolidator. SIS x-clear will provide all members of the London Stock Exchange with an outstanding service at low prices."

Benoit Savoret, MD, Head of Equities and member of Lehman Brothers' European Executive Committee, said:

"This is good news for the market and for Lehman Brothers: with well over one million trades cleared per month, a choice of Clearer will help us lower our overall costs, grow our business and bring competition and innovation into the post-trade space."

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Nick Holtby, Head of European Cash Trading, Sales Trading and Portfolio Trading at UBS Investment Bank, said:

"The London Stock Exchange will enhance its horizontal business model by extending the precedent of competition in the clearing space. By offering users a choice of an independent clearing house, this initiative is an example of market forces aiming to improve clearing and therefore total front-to-back costs. UBS is platform-neutral, pro-competition and will evaluate closely this new offering for its commercial and functional attractiveness."

Subject to final agreement, the Exchange proposes to offer the ability to clear through SIS x-clear during the first half of 2007. Development costs for member firms will be minimised by using existing legal and technology infrastructure where possible. Trades will continue to settle in CREST.

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Notes to editors:

About SIS Swiss Financial Services Group AG

SIS Swiss Financial Services Group AG is a leading provider of clearing, settlement, risk management, custody, share register and IT services acting in domestic and 50 international markets. Its shareholders comprise banks and financial institutions operating in Switzerland. The holding company and its four subsidiaries employ around 500 staff members.

SIS x-clear AG acts as Central Counterparty for virt-x and is a centre of competence for risk management within the SIS Group. SIS x-clear is licensed as a bank under Swiss law and enjoys the status of a Recognised Overseas Clearing House in the United Kingdom.

About the London Stock Exchange

The London Stock Exchange is the world's premier international equity exchange and a leading provider of services that facilitate the raising of capital and the trading of shares.

The London Stock Exchange is the most international equities exchange by trading in the world and Europe's largest pool of liquidity. By the end of 2005, the market capitalisation of UK and international companies on the London Stock Exchange's markets amounted to £4.1 trillion, with £5.2 trillion of equity business transacted over the year.

The London Stock Exchange is a Recognised Investment Exchange (RIE) under the Financial Services and Markets Act 2000 and is supervised by the Financial Services Authority.