

Capitalab connects to LCH SwapAgent to Enhance Margin Optimisation Services

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LONDON, June 4, 2020 /PRNewswire/ -- Capitalab, a division of BGC Brokers LP, an entity within BGC Partners, Inc. (NASDAQ: BGCP), today announced the execution and subsequent compression of Capitalab's first swaption margin optimisation trades leveraging LCH SwapAgent, a service for the non-cleared derivatives market. As part of Capitalab's leading Rates Initial Margin Optimisation service, swaption notional was created between Nomura and Deutsche Bank and processed by LCH SwapAgent.

The package comprised over a thousand bilateral swaptions and cleared swaps and was successfully compressed in Capitalab's subsequent margin optimisation cycle, with full straight-through processing provided via MarkitSERV.

LCH SwapAgent trades are the latest products to be eligible for Capitalab's offering for Initial Margin Optimisation. This expansion arrives with the news of Capitalab's largest month ever for its interest rate margin optimisation service, with over US\$5 billion of IM savings for its global banking clients.

Gavin Jackson, London-based co-founder of Capitalab, commented on today's announcement, "We are delighted to add LCH SwapAgent trades to our offering. The common CSA that SwapAgent trades utilise is helpful in allowing participants to relax constraints in the optimisation and achieve even greater IM reduction."

David Bachelier, Singapore-based co-founder of Capitalab, added, "We are continually looking for ways to be more efficient and provide a better service to our clients, and SwapAgent is helping us to achieve that. Capitalab is pleased to highlight SwapAgent and MarkitSERV support for Capitalab's Interest Rate Option and Cross Currency Swaps compression cycles."

Nathan Ondyak, Global Head of LCH SwapAgent, said: "We're delighted to be part of this initiative to further enhance efficiency for the derivatives market. The integration of LCH SwapAgent with these established market infrastructures enables a broader range of market participants to benefit both from the operational and risk management efficiencies of LCH SwapAgent's centralised registration and settlement of bilateral trades. Connecting

with Capitalab and MarkitSERV also allows those trades to be included in broad portfolio optimisation and compression cycles, driving down notional outstanding and increasing efficiency for all."

Ales Lipensky, Head of Derivatives Funding at Deutsche Bank AG, said: "Deutsche Bank has been participating in Capitalab's Initial Margin Optimisation exercises with excellent results, and the integration with SwapAgent for trades executed as part of Capitalab services opens up a significant potential for further Initial Margin Optimisation. We look forward to continue working with SwapAgent as a service in this respect in the future."

Magnus Lindahl, XVA Trader at Nomura International Plc, said: "We are very pleased to see the inclusion of SwapAgent in these optimisations. We see large potential benefits from the standardisation of CSAs and also the net settlement that SwapAgent offers and are looking forward to further development in this space."

Chris Jackson, Managing Director, IHS Markit said, "As the market for non-cleared derivatives continues to evolve, there is a growing need for margin optimisation; workflows can greatly contribute to a reduced cost of trading. The MarkitSERV team is proud to collaborate with Capitalab and SwapAgent in enabling greater value to firms across the trading lifecycle."

About Capitalab

Capitalab, a division of BGC Brokers L.P., provides compression services that are designed to bring greater capital and operational efficiency to the global derivatives market. It assists clients in managing the growing cost of holding derivatives, while helping them to meet their regulatory mandates. Through the Swaptioniser[®] service for portfolio compression of Interest Rate Swaptions, Interest Rate Swaps, Caps and Floors and FX Options, as well as Initial Margin Optimisation service and fully automated trade processing, Capitalab looks to simplify the complexities of managing large quantities of derivatives to promote sustainable growth and lower systemic risk and to improve resiliency in the industry. The Capitalab brand is part of Fenics's fully electronic family of brands. BGC Brokers L.P. is authorised and regulated by the UK Financial Conduct Authority and is based in London. BGC Brokers LP is a subsidiary of BGC Partners, Inc. (NASDAQ: **BGCP**), a leading global brokerage and financial technology company.

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