



## News Release

FOR IMMEDIATE RELEASE

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### MARKIT AND CREDITEX ANNOUNCE LAUNCH OF INNOVATIVE TRADE COMPRESSION PLATFORM TO REDUCE OPERATIONAL RISK IN CDS MARKET

**London and New York, NY** – Creditex and Markit today announced a joint initiative to launch an industry-wide portfolio compression platform for the credit derivative market. This process is the first of its kind and represents a significant improvement over previous tear-up processes. The platform supports commitments made by major market participants to the Federal Reserve Bank of New York relating to improved operational efficiency and risk reduction.

Developed in response to a request by the International Swaps and Derivatives Association (ISDA) on behalf of major credit derivative dealers, the platform will reduce operational risk and improve capital efficiency by reducing the number of trades and the gross notional outstanding value of single-name credit default swaps (CDS) held by dealers. This will be achieved through a multi-lateral portfolio “compression” or “tear-up” process that is scheduled to launch in the third quarter of 2008.

The new compression approach improves on previous tear-up processes by delivering significantly better compression results while leaving market risk profiles unchanged. The process involves terminating existing trades and replacing them with a far fewer number of new “replacement trades” which have the same risk profile and cash flows as the initial portfolio, but with less capital exposure. The initiative, available to both the U.S. and European CDS markets, will be managed jointly by Creditex and Markit and has the support of 13 major CDS market participants.

**Sunil Hirani, Chief Executive Officer of Creditex, said:** “We are pleased to be a part of a collaborative effort with Markit and major industry participants to strengthen the CDS market infrastructure. We believe this foundational effort will bring immediate and longer-term benefits to the CDS market as highlighted and called for by market participants and regulators.”

**Kevin Gould, Executive Vice President and Head of Data Products and Analytics at Markit, said:** “This initiative will significantly reduce operational risk within the CDS market and the solution leverages the individual strengths of both Creditex and Markit. We expect the process to be run regularly and as such it is likely to become an integral part of the market infrastructure.”

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The compression initiative is the second major industry effort on which Creditex and Markit have collaborated with ISDA and the major dealers to provide critical market infrastructure. The two companies are official co-administrators of ISDA cash settlement auctions which allow for efficient and orderly settlement of credit derivative contracts following a corporate default. The cash settlement auction mechanism was launched in 2005 and has since been relied upon in connection with nine major corporate defaults, most recently that of Quebecor World Inc.

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#### About Creditex

Creditex is a global market leader and innovator in execution and processing of credit derivatives. The company operates a hybrid model of voice and electronic execution, and was the first to successfully launch electronic trading for CDS in 2004. In addition to its core execution business, Creditex has two operating subsidiaries, T-Zero and Q-WIXX, which provide additional electronic processing and execution services in the CDS space. On June 3, Creditex agreed to be purchased by IntercontinentalExchange, Inc. (ICE). Upon the closing of the transaction, which is expected during late third quarter 2008, Creditex Group will be a wholly-owned subsidiary of ICE, operating under the Creditex name.

For more information, see [www.creditex.com](http://www.creditex.com)

#### About Markit

Markit is a leading provider of independent data, portfolio valuations and OTC derivatives trade processing to the global financial markets. The company receives daily data contributions from 90 dealing firms, and its services are used by almost 1,000 institutions to enhance trading operations, reduce risk and manage compliance.

For more information, see [www.markit.com](http://www.markit.com)