NOTICE

KEY RISK PARAMETERS and INTRADAY THRESHOLD

LCH SA publishes hereinafter a Notice, pursuant to Instruction IV.2-5, setting out:

- the Fixed Income risk parameters considered in the computation of the Initial Margin for Transactions executed on trading and matching platforms and on MTS Italy regulated market,

- the threshold applicable when considering the Intraday Margin call

Please note that this notice presents the key risk parameters considered in the computation of the Initial Margin, all other risk parameters are available in the secure area of the Website.

**Article 1: General Initial Margin formula**

As described in Instruction IV.2-5, the final generic formula of the Initial Margin is:

\[ IM = \text{Max}(IM_{Core}; IM_{Floor}) \]

With

\[ IM_{Core} = \text{Base}_{ModelCore} + DC_{Core} + APC_{Core} \]
\[ IM_{Floor} = \text{Base}_{ModelFloor} + DC_{Floor} + APC_{Floor} \]

Where:

- \( \text{Base}_{ModelCore} \) is based on an expected shortfall
- \( DC_{Core} \) the decorrelation component is based on an expected shortfall
- \( APC_{Core} \) the anti-procyclicality component is based on an expected shortfall

* Effective date: 20 06 2022
**Base**$_{ModelFloor}$ is based on a value at risk

$DC_{Floor}$ the Decorrelation Component is based on a value at risk

$APC_{Floor}$ the anti-procyclicality component is embedded in the $Base_{ModelFloor}$

### Article 2: Parameters

<table>
<thead>
<tr>
<th>Components</th>
<th>Confidence interval</th>
<th>Holding Period</th>
<th>Lookback Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$Base_{ModelCore}$</td>
<td>99.7%</td>
<td>5 days</td>
<td>2500 business days</td>
</tr>
<tr>
<td>$DC_{Core}$</td>
<td>99.7%</td>
<td>5 days</td>
<td>2500 business days</td>
</tr>
<tr>
<td>$APC_{Core}$</td>
<td>100%</td>
<td>5 days</td>
<td>2500 business days + Stress Period</td>
</tr>
<tr>
<td>$Base_{ModelFloor}$</td>
<td>99.5%</td>
<td>5 days</td>
<td>2500 business days + Stress Period</td>
</tr>
<tr>
<td>$DC_{Floor}$</td>
<td>99.5%</td>
<td>5 days</td>
<td>2500 business days + Stress Period</td>
</tr>
<tr>
<td>$APC_{Floor}$</td>
<td>Embedded in the base model floor via the extended lookback period</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Article 3: Threshold parameter

The value of the threshold considered during the intraday margin call is: 0€

For further information please contact:

LCH RepoClear Market Risk