

Member Notification

22 March 2021

Dear Clearing members,

As announced on [16 June 2020](#), LCH SA is implementing two add-on margins in order to capture risks arising from:

- Liquidity and Concentration Risk at Legal Entity level: **LEM (Legal Entity Margin)**
- Physical delivery of Option and Future contracts: **E2AM (Exercise & Assignment Additional Margin)**

Add-on scope:

Add-on Margin	Scope
LEM	All positions on EquityClear (Cash Equity and Financial Listed Derivatives) and CommodityClear
E2AM	All expiry positions with physical delivery on Equity Listed Derivatives i.e. all Single Stock Futures at expiry and Equity Options at expiry with prices > 0.10€ (or its equivalent in its currency)

Please refer to the detailed specifications available on your [Secure Area](#), in both SA Cash Equities and SA Listed Derivatives respective "Service Description" folders.

Implementation timelines:

The implementation was phased in two main steps:

- **Phase 1 : technical deployment – live since 26 June 2020:**
 - Dedicated new risk fields were created in AC0102E txt and XML reports (populated at zero amounts)
 - Add-on margin amounts populated under the field "Majoration de couverture".
- **Phase 2 : functional deployment – April 2021:**
 - E2AM and LEM amounts will be displayed in each dedicated bucket (.txt) and natop (.xml):
 - **E2AM:** starting from April 2021 expiry (16/04/2021)
 - **LEM:** pending regulatory approval, date in April to be confirmed

- The current “Majoration de couverture” area will no longer include these add-on margin amounts.

Impacts on Treasury Reports:

The treasury reports **were** enhanced in June 2020, therefore, there are no additional technical changes.

SA EquityClear Business Development & Relationship Management team remains at your disposal for any additional questions,

Best regards,

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LCH.SA