


Member Notification

**EQUITYCLEAR : SA Cash Equity migration to VaR
Testing plan update**

December 22nd, 2021

Dear Members,

With reference to our [earlier](#) communication on the implementation of SA Cash Equity VaR / expected shortfall methodology, we would like to provide you with the high level testing strategy (please see the tab below).

Documentation

As a reminder all functional and technical documentations are available in the Secure Area ([link LCH Group - Secure Area](#)).

Testing platform :

All tests will be performed in our LCH SA UAT **Portal** platform.

Testing plans & Go Live date :

Tests are highly recommended as there are significant changes on the whole risk framework and important margin report enrichments.

Tests are free form. Shall you wish we can provide dedicated tests samples to generate risk calculations on various risk components or trigger specific cases for your own reporting needs.

Please contact your Relationship Manager for trades injections accordingly.

	Date	Tests' scope
Phase 1	From Monday 10 th to 21 th January 2022 EoD <i>(please note Treasury Reports testing will be available from Monday 17th of January)</i>	Full set of files will be available : intraday, end of day margin reports (including Final Initial Margin, add-ons) and treasury reports. Recommended tests: - Risk files integration in internal Members' systems. Objective is to check the structure and the file format.

Phase 2	From Monday 24 th January till 11 th of March*	<p>All files will be available for testing at given dates* (intraday plus end of day margin reports and treasury reports).</p> <p>Recommended tests:</p> <ul style="list-style-type: none"> - Functional tests on all margin reports in order for you to analyse margins and functional consistency, - Replication of the model (recalculation if applicable), and/or - Integration of the margin components of the VaR / expected shortfall methodology with Final Initial Margin (FIM) calculation and its other components (WWR, SRR, ER, Pool), plus all add-ons (LCRM, DNR, LEM), - Consultation and/or integration of the-margin displayed in the Treasury report.
Go Live	Planned for early April 2022	Subject to final regulatory approval

(*) Ranges of testing days will be communicated ahead of the effective testing periods

What you need to do :

Whilst we appreciate that you may not / partially replicate our VaR / expected shortfall methodology, it remains mandatory for you to capture the amount of FIM (Final Initial Margin) and all add-ons displayed in the treasury reports.

In this respect, please make sure that the relevant stakeholders within your organization are familiar with the above testing phases and will effectively test the correct integration of the reports and related margin information.

As per the above, we'd welcome your feedback on your intended test start date and plans **by 6th of January** to assist you best. To ensure smooth and successful go live we need your-commitment on this testing phase.

SA EquityClear Business Development & Relationship Management team (SAEquityClear@lch.com) remains at your disposal should you need any help on the understanding of the model, support for your testing, or any additional information you may require.

Best regards,

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