



Bulletin

Date: 3 August 2018

To: LCH SA Financial Derivatives Clearing Members

New clearing facilities for “OTC-like” products

- ✓ **Total Return Future (TRF) on CAC40® Index**
- ✓ **Market-on-Close (MoC) Future on CAC40® and AEX® Index**

Go-Live Date for TRF: October 2018 / MoC Go Live Target Date: Q4 2018

Dear Clearing Members,

LCH SA is pleased to enhance its clearing services for the introduction of a new Euronext contract “Total Return Future on CAC40® Index” and a new trading facility “Market-on-Close on CAC40® Index and AEX® Index” (pending regulatory approval). Both functional solutions have been designed in order to facilitate the integration of these new trades, with no change in the messages format but additional information displayed in existing fields.

Please refer to the PDF presentations attached for the full product details and the operational model for TRF products and MoC Futures.

1. Similarities between TRF and MoC

As a reminder, for TRF on CAC40® Index, there will be two types of trades:

- 1) **Trade At Market (TAM)**, normal trades with all characteristics fixed when the trade occurs,
- 2) **Trade At Index Close (TAIC)** with an index level based on the daily CAC 40® Index close.

The second type of trade (TAIC) is similar to the MoC facility which will be offered for both CAC40® Index and AEX® Index.

Trading on the close means **when trading occurs on the day some characteristics will be known only at the close**. Therefore, temporary trades will be created and updated accordingly at the end of the day.

3 steps in this process:

- 1) **Temporary trades during the trading session:** with the **Indicator Flag T*** for Temporary
 - ✓ + for MoC Temporary trades: a dedicated mnemonic, **FCB** for CAC 40 Index, **FTB** for AEX Index
 - ✓ + for TRF Temporary trades: an External ID finishing by **5**
- 2) **Cancellation of the temporary trades**
- 3) **Creation of the final trades** with the **Indicator Flag F*** for Final: once all required characteristics for the final prices are known.

() For TRF, the flag will be displayed from phase 2*

Technical items related to temporary/ final trades:

- ✓ **Offsets or transfers are NOT allowed on temporary trades**
- ✓ **“Automatic and Systematic” postings** will be automatically re-applied to the new final trades (only “Manual” postings will have to be re-processed by members at end-of-day)

2. New MoC trading facility

What is it?

The aim is to trade during the day, a Future on CAC 40® Index or AEX® Index based on the close level of the Index. This new trading facility will bring key benefits for members including intraday price transparency, less counterparty risk and less costly solution compared to an OTC solution.

New specificities added for MoC in real time messages to facilitate reconciliation:

- ✓ **Trade ID will be the same** for Final and Temporary trades
- ✓ **“Original Product Family”** of Temporary trades will be added in Final trades messages
- ✓ **“Spread”** (trading price) will also be displayed

Prices for MoC will be calculated as follows:

- ✓ Step 1: **Temporary price = Basis level traded + Previous Day Close Index Level**
- ✓ Step 2: Cancellation of temporary price
- ✓ Step 3: **Final price = Basis level traded + Index Close of the day**

3. Total Return Futures

Several communications have already been displayed on this new product, please refer to the following bulletins!

- ✓ 19 July 2017 bulletin: https://www.lch.com/system/files/media_root/lch-sa-bulletin-new-product-total-return-future-on-cac40R-index.pdf
- ✓ 15 Septembre 2017 bulletin: https://www.lch.com/system/files/media_root/total-return-future-on-cac40-index-updated-go-live-schedule.pdf

4. Next steps

- ✓ EUA platform available from end of July for TRF Testing
- ✓ Detailed specifications for MoC to be displayed early September

Should you have any questions or require a specific support, please, do not hesitate to liaise with the account management team (Exchange.ams@lch.com).

Best regards,
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