

Member Notification

RepoClear SA – Migration of Italian Market to Classic Repo

5 August 2016

Dear RepoClear Member,

LCH SA (“LCH”) are pleased to announce that in collaboration with key infrastructure providers for the Italian Repo Market, registration of new trades on the Italian segment of RepoClear SA will switch from Buy Sell Back (“BSB”) to “Classic Repo”, subject to necessary governance and regulatory approvals where required by the key infrastructure providers involved in this change. Target launch is March 2017 and the exact switchover date (“Switchover”) will be communicated in due time following satisfactory testing by all parties.

This change will be introduced via a Big Bang approach in order to avoid any potential split in liquidity:

- From Switchover – BSB will no longer be available, Classic Repo will be the only method for trade registration
- All trade sources will be required to submit trades as Classic Repo. BSB trades submitted after the Switchover will be rejected
- Trades executed and registered prior to Switchover will NOT be converted into Classic Repo and will continue as BSB for the remainder of their term

In preparation for Switchover LCH will provide detailed information regarding this change together with a testing plan.

Background: Following feedback from market participants, the introduction of Classic Repo will introduce a number of benefits including mitigation of issues associated with cross-coupon trades, notably trades on floating coupon bonds (CCTs) and term trading of Index Linked Bonds.

If you have any additional questions, please contact the Membership Sales & Relationship Management team.

Kind

regards,

Membership Sales and Relationship Management, RepoClear

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**For further information please contact the RepoClear
Sales and Relationship Management team at:
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