

Member Notification

LCH SA – RepoClear : Transition from EONIA to €STR – Testing opening –

2nd September 2019

Dear RepoClear Members,

We are pleased to announce that LCH SA will offer to its Membership two testing periods to ensure a successful and smooth transition from EONIA to the Euro Short Term Rate (€STR) based Variable Rate Repo (VRR).

The testing will be introduced in a phased manner:

As from 9th September 2019:

Members will be able to test:

- 1- the switch to 'T+1' publication of EONIA at 09:15 am CET
- 2- the 'delta cash adjustment' included in the usual margin process payable via Target2 account

As from 23rd September 2019:

Members will be able to test:

- 1- Variable Rate Repo trades indexed on a simulated €STR rate on 'T+1'
- 2- the delta cash adjustment' included in the usual margin process payable via Target2 account

The launch of the production environment will follow the testing periods mentioned above.

LCH SA will accept VRR trades indexed on €STR in production **no later than 29th October 2019** (in addition to VRR trades referencing EONIA that LCH SA will continue to accept until further notice)

Background

The ECB has communicated plans to [start publishing a new overnight benchmark, €STR](#), from 2nd October 2019. It has also made [a recommendation to EMMI](#) to recalibrate EONIA at a fixed spread to €STR and that EONIA should not be published beyond the end of 2021. Following a consultation, EMMI confirmed that these [recommendations will be implemented](#).

The ECB will publish €STR no later than 08:00 am CET on each TARGET2 business day. The publication of EONIA will occur at 9:15 am CET.

Members can contact RepoClearMembershipSales@lch.com with any questions.

Kind regards,

Membership Sales & Relationship Management

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