



Notice

Date: 16 November 2016

To: LCH SA Commodity Derivatives Clearing Members

Milling Wheat N°2: position limits increase

Dear Clearing Members,

We are pleased to announce that current position limits levels will be increased - pending on regulatory approval - in line with the enlarged storage capacity thanks to the addition of new silos.

Alongside our historical silo for Milling Wheat N°2 – Sénalia – Socomac and Sica Nord Céréales Céréales silos have brought additional storage capacities when becoming approved silos for the Milling Wheat N°2 future contract. This approved silos list will again be enhanced with the addition of Lecureur, starting from the September 2017 Maturity.

Thanks to these enlarged storage capacities, LCH SA can review the position limits that are used to monitor open positions, starting twelve days prior to the maturity date. Pending on regulatory approval, the following new levels should be applied **starting from March 2017 expiry**:

Day with D Maturity	Current open position limits		<i>Starting from March 2017 maturity of the Milling Wheat N°2</i>	
	Position limit COB	10% per day	Position limit COB	10% per day
D-12	4 000	200	6 600	330
D-11	3 800	200	6 270	330
D-10	3 600	200	5 940	330
D-9	3 400	200	5 610	330
D-8	3 200	200	5 280	330
D-7	3 000	200	4 950	330
D-6	2 800	200	4 620	330
D-5	2 600	200	4 290	330
D-4	2 400	200	3 960	330
D-3	2 200	200	3 630	330
D-2	2 000	0	3 300	0

D-1	2 000	0	3 300	0
D	2 000	0	3 300	0

This open position limits update does not change anything to the current clearing process and clearing members' obligations; in particular, the offsetting of positions on a daily basis to fulfill with position limits and to ensure a smooth delivery process.

For any questions, please, liaise with your Account Manager.

Best regards,

Delphine Feyrit | Head of Listed Derivatives | LCH SA

Milena Makhmutova | Product Manager Listed Derivatives & Equities | LCH SA

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* 1. *Offsetting obligation*

The offsetting of positions is an obligation for Clearing Members as per the article 3.4.1.8 of the Clearing Rule Book.

- *Article 3.4.1.8:*

"Clearing Members must, on a daily basis, net their Open Positions registered in their Position Account. In case of failure to perform such obligation, LCH.Clearnet SA will charge a penalty fee for late netting as set out in the fee grid published on the LCH.Clearnet web-site."

2. *Position limits and offsetting*

Clearing Members have to offset their positions to respect the Open Position limits defined in the Instruction IV.1-1 by LCH.Clearnet SA as per the articles 4.1.0.5, 4.1.0.6 and 4.1.0.7 of the Clearing Rule Book.

- *Article 4.1.0.5:*

"LCH.Clearnet SA may define Open Position limits and limits on risk exposure applicable to Clearing Members. Such limits are set out in an Instruction."

- *Article 4.1.0.6:*

"When these limits are reached, LCH.Clearnet SA can increase the Margin requirements in respect of a Clearing Member's Open Positions after having informed the operators of the relevant market or Trading & Matching Platforms. "

- *Article 4.1.0.7:*

"In addition, LCH.Clearnet SA may order a Clearing Member to reduce its Open Positions within a stipulated time limit. If the size of the Open Positions is not reduced within the time limit, LCH.Clearnet SA can automatically liquidate the Open Positions that exceed the authorised limits. Moreover, LCH.Clearnet SA can also establish a market position limit and may require that, from a specified date onwards, only closing orders will be accepted."

Website www.lch.com

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LCH SA | Email: Exchange.AMs@lch.com |

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