



Bulletin

Reduction of holding period duration

24 August 2016

Dear Clearing Members,

LCH SA is pleased to announce its intention to reduce the duration of the holding period from 3 to 2 days for Listed Derivatives (financial and commodities, Client and House portfolios) in the course of September 2016.

As a reminder, the holding period is the number of days during which the CCP must be capable of mitigating the risk of a portfolio in the case of one of its members' default. Margin requirements called by the CCP to its members are calculated by using this duration in order to allow the CCP to be sufficiently covered in case of default.

Moving from 3 to 2 days will - by construction - reduce the current risk parameters - especially the Underlying Price Scanning Range (UPSR) - and consequently the initial margin amounts. Depending on each portfolio exposure, impacts* on margin requirements can differ from a portfolio to another.

This will be implemented in the course of September 2016, subject to regulatory approval, together with the relevant updates on LCH SA rules and default management procedure which sustain the capability of the CCP to manage a default. The exact date will be communicated once LCH SA receives formal regulatory approval.

Please, do not hesitate to liaise with your Account Managers for any question.

Best regards,

Delphine Feyrit |Head of Listed Derivatives LCH SA

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() For illustration purpose only: current simulated figures show an average decrease around 17%.....*
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