

Cash Equities

07 May 2015

**Changes to LCH.Clearnet SA's Buy-In procedures effective 15th May 2015**

Dear Clearing Member,

LCH.Clearnet is pleased to announce that we will be evolving our buy-in regime for the Cash Equities service to more closely align with market practices. These changes reflect our ongoing commitment to provide market leading clearing services.

Effective from 15th May 2015 the following specific changes will be made.

**Squeeze out events which are followed by a full delisting**

LCH.Clearnet SA will utilise the reference price published by the Market Operator, on the evening before the official squeeze out date, to calculate the cash compensation charge when a buy in has been unsuccessful. This compares to the current process of utilising the last known adjusted closing price to calculate the cash compensation charge.

Furthermore, LCH.Clearnet SA will not apply the current 120% cash compensation charge on the published reference price on the evening before the official squeeze out date to take into account the lack of available liquidity in the market for these securities.

**Bankruptcy events**

In the case of securities being delisted following a bankruptcy event, LCH.Clearnet SA will utilise the officially published reference price to calculate the cash compensation charge. This compares to the current process of utilising the last known adjusted closing process before the buy-in to calculate the cash compensation charge. If a reference price is not available LCH.Clearnet SA will continue to use the last known adjusted closing process before the buy-in to calculate the cash compensation charge.

Furthermore, LCH.Clearnet SA will not apply the current 120% cash compensation charge on the reference price on the evening before the bankruptcy event.

**Amendments to penalties for incorrect settlement fax instructions**

Clearing Members are currently charged a penalty of 10% of the nominal value of the failed security when an incorrect settlement fax instruction is sent to LCH.Clearnet SA. Effective the 15<sup>th</sup> May 2015, LCH.Clearnet SA will cap this penalty at €10,000.

The following link ([click here](#)) will be updated the day before the effective date and will provide you the legal notice that will govern these changes.

Yours Sincerely

Christelle Girard  
Head of Equities SA

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