

## Collateral management service enhancement

### Dedicated Client Deposit Rate for cash EUR, GBP and USD

Dear All

LCH.Clearnet would like to remind you that it is shortly introducing the technical capability for CDSClear to apply differing cash collateral remuneration rates for members & clients.

Technical implementation is scheduled for **5th November** and will be performed in two phases (see below for the impacts on the reports). Until further notice the house and client cash collateral deposits will be remunerated at the same rate – LCH will advise CDSClear members once a final rate has been approved by its governance processes.

1. Specific client deposit rate and the ability to floor the remuneration in EUR for client deposits.
2. Specific client deposit rate and the ability to floor the remuneration in GBP and USD for client deposits

Enhancements linked to **phase 1 and phase 2** (check below) will have a **minor technical impact for all LCH.Clearnet SA's Clearing Members**.

#### Phase 1 : 5 November 2014

The "Interests monthly report" published on the third business day of the month (AC0106) included in the broader treasury report (CNMC) is impacted by this service enhancement and will change as per the below screenshots.

! Dépôt Espèces EUR/EUR Cash Deposit !	
! Marché/Market !	! Taux d'intérêts applic
0001 - Cash Securities	: EONIA minus 0.30%
0020 - Stock and Index Derivatives	: EONIA minus 0.30%
0050 - Commodities Derivatives	: EONIA minus 0.30%
0070 - Fixed Income	: EONIA minus 0.175%
0075 - Collateral basket pledge	: EONIA minus 0.175%
0100 - Credit Default Swap	: EONIA minus 0.30%

AC0106 report before Phase 1

! Dépôt Espèces EUR/EUR Cash Deposit !	
! Marché/Market !	! Taux d'intérêts applic
0001 - Cash Securities	: EONIA minus 0.30%
0020 - Stock and Index Derivatives	: EONIA minus 0.30%
0050 - Commodities Derivatives	: EONIA minus 0.30%
0070 - Fixed Income	: EONIA minus 0.175%
0075 - Collateral basket pledge	: EONIA minus 0.175%
0100 - Client - Credit Default Swap	: EONIA minus 0.30%
0100 - House - Credit Default Swap	: EONIA minus 0.30%

AC0106 report after Phase 1

The updated report is already on the UAT platform. Please find attached a sample report.

For the purpose of report automation, clearing members have to take into account that **one line has been added to the report**.

#### Phase 2 : January 2015 (exact date to be confirmed)

The AC0106 report will be impacted again with the creation of two blocks corresponding respectively to GBP and USD deposits.

! Dépôt Espèces USD/USD Cash Deposit !	
! Marché/Market !	! Taux d'intérêts appliqué/Apply !
0100 - House - Credit Default Swap	: Fed Funds minus 0.20%
0100 - Client - Credit Default Swap	: Fed Funds minus 0.05%
! Dépôt Espèces GBP/GBP Cash Deposit !	
! Marché/Market !	! Taux d'intérêts appliqué/Apply !
0100 - House - Credit Default Swap	: SONIA minus 0.30%
0100 - Client - Credit Default Swap	: SONIA minus 0.10%

AC0106 report after Phase 2

CDSClear Clearing Members will be advised ahead of Phase 2 reports being made available on the UAT platform. For the purpose of report automation, clearing members have to take into account that **the 2 new blocks have been created**.

### Floor application

For CDSClear Members, should a floor be set, it would apply to the whole ongoing month and will be reported in the AC0106 report published the following month. The AC0106 report will display it as per the following example (should the floor be set at 0%).

! Dépôt Espèces EUR/EUR Cash Deposit !	
! Marché/Market !	! Taux d'intérêts appliqué/Applied Interest !
0001 - Cash Securities	: EONIA minus 0.30%
0020 - Stock and Index Derivatives	: EONIA minus 0.30%
0050 - Commodities Derivatives	: EONIA minus 0.30%
0070 - Fixed Income	: EONIA minus 0.175%
0075 - Collateral Basket Pledge	: EONIA minus 0.175%
0100 - Client - Credit Default Swap	: EONIA minus 0.30% - floor at 0%
0100 - House - Credit Default Swap	: EONIA minus 0.35%

AC0106 report after Phase 2 if a floor is applied to a deposit rate

Where applicable, CDSClear Clearing Members will be informed in advance every time a floor is defined and applied for a given currency.

Please reach out to the Client Services & Member Relationship Management team for any questions you may have.

Leïla Aïssiouéne | Communication and Service Delivery Officer | LCH.Clearnet | Tel: +33 1 70 37 28 36 | Email: [leila.aissiouene@lchclearnet.com](mailto:leila.aissiouene@lchclearnet.com) |

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