



Bulletin

Date: 08 September 2016

To: All LCH SA Listed Derivatives Clearing Members

LCH SA Listed Derivatives – Go-Live Holding Period Reduction

Dear Clearing Members,

Following the communication issued on 24th of August 2016 (please, [click here](#)), we are pleased to announce that LCH SA is authorized to margin using a two-day Holding Period* Listed Derivatives products (Financial and Commodities, Client and House portfolios).

Therefore, the initial margins calculations will be based on a 2-day instead of a 3-day Holding Period **as of Tuesday COB, 20th of September 2016.**

This will come into effect with the margin call on the morning of the 21st of September for the positions outstanding at close of business of the 20th of September 2016 without any technical impact on SPAN[®] parameter files.

According to the current process, margin parameters values will be updated in the SPAN[®] parameter files reflecting the 2-day Holding Period.

These updates will be notified via a Risk Notice, available on the LCH website ([Risk Notices section](#)) in due time.

Holding Period key facts

LCH SA has successfully demonstrated its practical ability to run the default management process in a two days period.

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 one of its members defaults. Margin requirements called by the CCP to its members are calculated using this duration in order to allow the CCP to be sufficiently covered in case of a default.

Moving from 3 to 2-day Holding Period will globally reduce initial margin requirement depending on each portfolio exposure.**

We are happy to continue delivering service excellence to our clients.

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

Account Managers Team | Email: ExchangesAMs@lch.com

() Holding Period, an equivalent to Margin period of risk ("MPOR"), is a time horizon starting from the last amount of initial margin collected by LCH SA until the financial instruments are closed out and the resulting market risk is re-hedged. In case of a Clearing Member default, LCH SA should be able to either transfer or liquidate the positions within the holding period or "liquidation period". LCH SA must ensure to have sufficient amount of margins to cover the exposures arising from the transfer or liquidation of the relevant positions.*

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

Website www.lch.com

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LCH SA | Email: ExchangesAMs@lch.com |

