



## Notice

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Date: 19 July 2017

To: LCH SA Financial Derivatives Clearing Members

# New Product: Total Return Future on CAC40® Index

## Go-Live Target Date: 18 September 2017

**Dear Clearing Members,**

LCH SA is pleased to provide clearing services on the new Euronext contract "Total Return Future on CAC40® Index (TRF)". The TRF is a listed solution of a Total Return Swap (TRS) on CAC40 Index.

The product is a classic future:

- With a theoretical exposure to the underlying Index, where the CAC40 Index Total Returns (including accrued dividends) are exchanged versus floating leg based on EONIA rate,
- With quarterly maturities up to 5 years and 3 months,

**Product Description:**

Standard Lot Size	Expiry months	Relevant Stock Exchange	Cash / Physical	Flex Eligible	Currency
10€	Up to five years and 3 months – the 21 nearest quarterly months of the March, June, September and December cycle.	Euronext Paris	Cash settlement	No	EUR

**There are two types of trades for TRF on CAC40® Index:**

- 1) Trade At Market (TAM) with a custom-defined index level,
- 2) Trade At Index Close (TAIC) with an index level based on the daily CAC 40® Index close.

Please refer to the pdf presentation attached to this bulletin for the full product details as well as the operational management.

**Key benefits for Market Participants:**

- Provide cost-efficient access to the total returns of French's benchmark blue chip index whilst hedging the implied equity repo rate,
- Mitigate capital costs and collateral usage and the envisaged bilateral margining charges for non-cleared derivatives,
- Benefit from mitigation of counterparty risk with central clearing and margin offsets with listed equity index products.

**Tests and Go-Live Timelines:**

- EUA testing starts from → **24 July 2017**
- Go Live planned date → **18 September 2017**

Should you have any questions or require a specific support, please, do not hesitate to liaise with our LCH SA contacts listed below,

Best regards,

**Jean-Bertrand Lesparre** | Head of Service Delivery LCH SA

**Dedicated contacts for enquiries about new product:**

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