

LCH.Clearnet LLC – Banking System Upgrade

Clearing Members are advised that LCH.Clearnet LLC is upgrading its Banking system in May 2014, the confirmed implementation date will be communicated in due course; however Clearing Members should be aware of the following minor business process changes and banking reporting improvements that will be introduced.

Minor Business Process Changes:

- Timing of Interest payments related to Default Fund contributions;
- Accrual period and Payment date changes related to the interest on Member cash collateral balances;
- Changes to how SwapClear FRA Postings are reported;
- Changes to the processing of Coupon payments for securities collateral.

Banking Report Improvements:

- REP00019 - Overnight Cover Distribution
- REP00022 – Yesterday’s Cover Account Postings
- REP00022a - Today’s Non-Cover Account Postings
- REP00029 – Yesterday’s Postings Total
- REP00030 - Cover Calling Summary
- REP00032 - Member Default Fund
- REP00036 – Non Cash Collateral Holdings & REP00036a – SOD Non Cash Collateral Holdings
- I&A Invoice (REINVMR).TXT
- Statement of Account (RESMT01).TXT
- REP00017 – Daily Base Rates
- REP00017a – Client Deposit Rates

Business Process Changes

Timing of Interest payments related to Default Fund contributions

The timing of Interest paid (or charged) in respect to members Default Fund contributions will be standardised across all Clearing Services and Currencies, as follows:

Interest on Default Fund Contributions will be paid to Clearing Members' PPS accounts on the first working day after the Reset Day following the end of the relevant "interest accrual period".

The interest rates and the "interest accrual period" remain unchanged. Default Fund contributions will continue to be adjusted on the Reset Day (typically the 4th of the month), meaning that there will now always be separate cash flows for Default Fund contributions (4th of the month) and Interest (5th of the month). Where the 4th or 5th falls on a weekend or public holiday the next business day will be used.

There are no other changes to the way Default Fund interest is reported, and it will continue to be reflected in: REP00032 - Member Default Fund; REP00022 - Yesterday's Cover Account Postings; REP00029 - Yesterday's Postings Total; and REP00037 - Statement of Account.

Any resulting PPS Calls or PPS Pays will continue to be reported unchanged on REP00033a - ITS PPS Movement Detail.

Accrual period and Payment date changes related to the interest on Member cash collateral balances

The accrual period for interest paid or charged in respect to cash collateral balances held as cover for liabilities will change when the penultimate day of the month falls on a non-business day.

The regular accrual period remains from the last day of the prior month to the penultimate day of the current month. However when the penultimate day of the current month falls on a non-business day, the accrual period will end on the last business day prior to this date, with the following accrual period starting the next day.

For example the accrual period for March 2014 was 28th February - 30th March however in future with the 30th March falling on a weekend the accrual period would be changed to 28th February - 28th March, with April's accrual period changing to 29th March - 29th April.

Interest will also be paid (or charged) a day later on the 3rd business day of the month, having been recapitalised on the 2nd business day of the month.

There are no changes to the way interest is reported in: REP00022 - Yesterday's Cover Account Postings; REP00029 - Yesterday's Postings Total; REP00037 - Statement of Account; or REP00038 - Interest and Accommodation. There are also no changes to the way resulting PPS Calls or Pays are reported on REP00033a - ITS PPS Movement Detail.

Changes to how SwapClear FRA Postings are reported

SwapClear FRA postings will now be processed through the non-cover component of the H (House) or L (Client) Subaccount and be reported on REP00022a - Today's Non-Cover Account Postings.

Previously the SwapClear FRA postings were processed through the cover component of the H (House) or L (Client) Subaccounts and reported on REP00022 - Yesterday's Cover Account Postings and REP00029 - Yesterday's Postings Total.

There will be no change to how the resulting PPS movements are reported on REP00033a - ITS PPS Movement Detail.



REP00037 - Statement of Account will also continue to show FRA postings for all Members against the "H" or "L" Subaccount, however these will be shown against the TEN (Non-Cover component) Account Type.

[Changes to the processing of Coupon payments for securities collateral](#)

Coupon payments on securities collateral held as cover will now be processed through the non-cover component of the Subaccount account where the security is held, for example "H" or "C" account (for House and Client business respectively).

Previously coupons would have been processed through the "I" or "L" account (for House and Client business respectively).

REP00037 - Statement of Account will also continue to show the Coupon postings for all Members, now against the relevant Subaccount and TEN (Non-Cover component) Account Type rather than the "I" or "L" account.

Banking Report Improvements

REP00019 – Overnight Cover Distribution

There are three improvements to REP00019 for both the PDF and TXT versions of the report.

1) Cash Cover Balance Total: The Cash Cover Balance Total field (Cashcovbaltot on the txt version) will report the Total Cash Cover Balance for the account even when the account is in Credit.

Previously this value may have been reported as zero when the account was in credit.

Current version of the report

Account	C		
Currency	USD		
Cash Cover Balance :	CREDIT	740,437,984.66	0.00
Comm Group:	LIABILITY:	-625,194,482.22	
LME USD	Other Cash	625,194,482.22	0.00

New Version of the report

Account	C		
Currency	USD		
Cash Cover Balance :	CREDIT	740,437,984.66	740,437,984.66
Comm Group:	LIABILITY:	-625,194,482.25	
LME USD	Other Cash	625,194,482.25	

2) Overall Unutilized: The Overall Unutilized section of the report will suppress zero values. The utilized section shows the excess cash balances after the overnight margin call process has run.

Previously members may have seen zero values in currencies where there is no excess. These records will no longer be reported.

This also applies to the txt version of the report, where the extra rows with zero values in fields: Scmovernightcovunutil_Coveramt and Convcoveramt will no longer be reported.

Current version of the report

Account	C		
Currency	EUR		
Cash Cover Balance :		0.00	0.00
Comm Group: EDX EUR	LIABILITY:	-1,283,040.00	-1,283,040.00
Liability Shortage EUR			-1,283,040.00
Total Net Shortage of EUR	* In USD Protected Payment* Protected Payment		-1,779,644.35 0.00
Overall Unutilised		Amount	Total
	Other Cash (PLN)	0.00	0.00

New Version of the report

Account	C		
Currency	EUR		
Cash Cover Balance :		0.00	0.00
Comm Group: EDX EUR	LIABILITY:	-1,283,040.00	-1,283,040.00
Liability Shortage EUR			-1,283,040.00
Total Net Shortage of EUR	* In USD Protected Payment* Protected Payment		-1,779,640.63 0.00
Overall Unutilised		Amount	Total

3) Comm Group sequence: For Members that share Mnemonics across multiple Clearing Services there will also be a slight change in the order that each Comm Group is displayed in the report. This change in sequencing does not have any bearing on the values.

This change also applies to the txt version of the report where the field Scmovernightcovliab_Sequencenumber will have a different sequence number for the various commodity groups.

Current version of the report

Account	C		
Currency	USD		
Cash Cover Balance :	CREDIT	740,437,984.66	0.00
Comm Group:	LIABILITY:	-625,194,482.22	
LME USD	Other Cash	625,194,482.22	0.00
Comm Group:	LIABILITY:	-25,292,954.30	
EDX USD	Other Cash	25,292,954.30	0.00
Comm Group:	LIABILITY:	-109,690,178.43	
ED2 USD	Other Cash	89,950,548.14	-19,739,630.29

New version of the report

Account	C		
Currency	USD		
Cash Cover Balance :	CREDIT	740,437,984.66	740,437,984.66
Comm Group:	LIABILITY:	-625,194,482.25	
LME USD	Other Cash	625,194,482.25	
Comm Group:	LIABILITY:	-109,690,178.41	
ED2 USD	Other Cash	89,950,548.12	-19,739,630.29
Comm Group:	LIABILITY:	-25,292,954.29	
EDX USD	Other Cash	25,292,954.29	

[REP00022 – Yesterday’s Cover Account Postings](#)

Cash Transfers will now be reflected with a Posting Description of “TRN” against the respective collateral account(s). Previously these postings would have been shown with a generic Posting Description of “DEBIT NOTE” and “CREDIT NOTE”.

Fee postings that relate to a specific market will now include the relevant exchange code (e.g. SWP, LME, RCL etc) against the respective collateral account(s). Postings related to more than one market will not have this field populated. Previously all Fee postings would have been shown with a generic exchange code of ‘MIS’.

[REP00022a – Today’s Non Cover Account Postings](#)

This report will now be generated every day for all members. Previously the report was only run ad-hoc when a posting was made.

[REP00029 – Yesterday’s Postings Total](#)

Cash Transfers will now be reflected with a Posting Description of “TRN” against the respective collateral account(s). Previously these postings would have been shown with a generic Posting Description of “DEBIT NOTE” and “CREDIT NOTE”.

Fee postings that relate to a specific market will now include the relevant exchange code (e.g. SWP, LME, RCL etc) against the respective collateral account(s). Postings related to more than one market will not have this field populated. Previously all Fee postings would have been shown with a generic exchange code of ‘MIS’.

[REP00030 – Cover Calling Summary](#)

The follow columns will be renamed to correctly reflect the data presented to LCH.Clearnet LLC Members.

Old Value	New Value
GBP Exc. Rate	USD Exc. Rate
GBP Equivalent	USD Equivalent

Changes apply to both the PDF and TXT version of the report.

[REP00032 – Member Default Fund](#)

The Fund code reported in REP00032 – Member Default fund will be changed as follows:

Markets	Old Value	New Value
SwapClear	SWC	SDF
ForexClear	FXC	FDf
RepoClear	RPC	RDF
Commodities	COM	CDF
Equities	EQT	EDF

Changes apply to both the PDF and TXT version of the report.

[REP00036 – Non Cash Collateral Holdings & REP00036a – SOD Non Cash Collateral Holdings](#)

Non cash holdings will no longer be shown on the report once they reach their expiry date as they are no longer eligible to provide cover for liabilities.



Previously Securities and Tri-party transactions would have been reported up to and including the expiry date, ceasing to be reported after the expiry date.

It will now be easier for Members to reconcile the cover value shown on REP00036 with the cover and utilised values on other reports.

Values for Custodians reflected in both REP00036 and REP00036a will also change. For example "BoNY US OWNER ACC 716091" will now reflect as "BONY MELLON N/YORK A/C 716091".

Changes apply to both the PDF and TXT version of the reports.

[I&A Invoice \(REINVMR\).TXT](#)

Following the introduction of the replacement "REP00038 - Interest and Accommodation" report in January 2014. The monthly "I&A Invoice (REINVMR).TXT" report will now be decommissioned.

[Statement of Account \(RESMT01\).TXT](#)

Following the introduction of the replacement "REP00037 - Statement of Account" report in January 2014. The monthly "Statement of Account (RESMT01).TXT" report will now be decommissioned.

[REP00017 – Daily Base Rates](#)

The report will not only show Daily Base Rates that apply to LCH.Clearnet LLC Members, currently just USD. Previously this would have also included rates that only applied to LCH.Clearnet LTD Members.

[REP00017a – Client Deposit Rates](#)

The report will not only show Client Deposit Rates that apply to LCH.Clearnet LLC Members, currently just USD. Previously this would have also included rates that only applied to LCH.Clearnet LTD Members.