

# LCH.Clearnet Ltd – Next Day Cash Instructions

Clearing Members are advised that with effect Saturday 26<sup>th</sup> July 2014, the Collateral Management System (CMS) will include the following new features:

- The ability to instruct Cash Deposits and Withdrawals for future value; and
- Online feedback for Cash Deposit and Withdrawal instruction deadlines.

## Cash Deposits and Withdrawals for future value

Members will now be able to Deposit and Withdraw cash for both the Current and Next value dates.

### Deposit Requests

Deposit requests for Next Value Date will be processed after the completion of the overnight Margin Call process, from 9am London time each day. As such members should be aware that these requests will be in addition to any Margin Call placed on the account. For example:

A Clearing Member today (T) has an Initial Margin (IM) requirement for £100m and a current collateral balance of £110m. The Clearing Member initiates a Deposit request for an extra £10m for the Next Value Date (T+1). The overnight Margin Call process calculates that the IM requirement has now increased to £120m for the account; a Margin Call of £10m is issued to the Member's PPS Bank Account.

The call is completed and the Member now has a collateral balance of £120m. The Clearing House processes the extra £10m deposit request, issuing the call to the Member's PPS Bank (at 9am London time). The call is confirmed within 1 hour and the Member now has a collateral balance of £130m.

### Withdrawal Requests

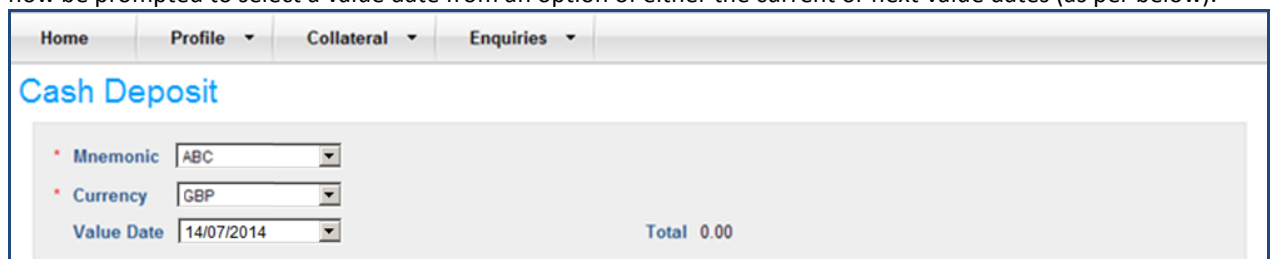
Withdrawal requests for Next Value Date will be processed by the Clearing House immediately, but only issued to the PPS Banks after the completion of the overnight Margin Calls, from 9am London time each day. This allows the member to be sure exactly how much is going to be returned to them, regardless of the overnight Margin Call. For example:

A Clearing Member today (T) has an Initial Margin (IM) requirement for £100m and a current collateral balance of £110m. The cut-off time for same day value instructions has passed so the Clearing Member initiates a Withdrawal request to return the extra £10m for the Next Value Date (T+1), which is removed from providing cover on the account immediately. The overnight Margin Call process calculates that the IM requirement has now increased to £105m for the account and a Margin Call of £5m is issued to the Member's PPS Bank Account.

The call is completed and the Member now has a collateral balance of £105m. The Clearing House now issues the return of £10m to the Member's PPS Bank (at 9am London time).

### CMS Change

After selecting a Mnemonic and Currency in the Cash Deposit and Cash Withdrawal instruction screens, the user will now be prompted to select a value date from an option of either the current or next value dates (as per below).



The screenshot shows a web interface for a 'Cash Deposit' instruction. At the top, there is a navigation bar with links for 'Home', 'Profile', 'Collateral', and 'Enquiries'. Below this, the title 'Cash Deposit' is displayed in blue. The main form area contains three dropdown menus: 'Mnemonic' with the value 'ABC', 'Currency' with the value 'GBP', and 'Value Date' with the value '14/07/2014'. To the right of these fields, the text 'Total 0.00' is displayed.

## Cash Deposit and Withdrawal deadlines

Members will now be provided online feedback for same day instructions authorised in CMS after the Current Value Date deadlines. In addition the Clearing House is also providing new currency specific deadlines for Next Value Date instructions as follows (existing Current Value Date deadlines are also displayed below for reference):

Member Type	Cash Deposit Deadline		Cash Withdrawal Deadline	
	Current Value Date	Next Value Date	Current Value Date	Next Value Date
FCMs USD	14:00 EST / DST	23:59 EST / DST	09:30 EST / DST	23:59 EST / DST
Non-FCMs USD	19:00 GMT / BST	23:59 GMT / BST	09:30 GMT / BST	23:59 GMT / BST
GBP	14:30 GMT / BST	23:59 GMT / BST	09:30 GMT / BST	23:59 GMT / BST
EUR	14:30 GMT / BST	23:59 GMT / BST	09:30 GMT / BST	23:59 GMT / BST

### CMS Change

Clearing Members will be provided with the following warning when attempting to authorise a Current Value Date instruction after the currency specific deadline.

