LCH.Clearnet SA
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BULLETIN

Avis/Notice n° 2006 – 0142 dated 26 September 2006

LCH.Clearnet SA publishes the parameters for the Clearing Fund for Transactions executed on or reported by Designated LCH.Clearnet SA Gateways and Transactions executed on the MTS Italy Regulated Market pursuant to article 19 of Instruction V.6-1. ***It repeals and replaces the Notice n° 2005 -0078 dated 24 May 2005 and the modifications in bold will applied at Thursday 28th September 2006 end of business day.***

PARAMETERS FOR THE CLEARING FUND FOR TRANSACTIONS EXECUTED ON OR REPORTED BY DESIGNATED LCH.CLEARNET SA GATEWAYS AND TRANSACTIONS EXECUTED ON THE MTS ITALY REGULATED MARKET

This notice aims at :

- *providing the parameters used for the calculation of the so-called uncovered risks for Transactions on Designated LCH.Clearnet SA Gateways and on the MTS Italy Regulated Market;*
- *providing the timing of the contribution calls.*

1. Parameters used for the stress-risks calculation

The stress-test is performed, per Clearing Member, according to the methodology set up in Instruction V.3-3 on Margining of Transactions executed on Designated LCH.Clearnet SA Gateways and on the MTS Italy Regulated Market. For the stress-tests, the parameters used for each class of duration are defined in bold in the table following :

Classes	Duration	Unité	High limit Modified duration	% stress-risk
I	(0-1]	Month	0.083	0.06%
II	(1-3]	Month	0.25	0.15%
III	(3-9]	Month	0.75	0.50%
IV	(0,75-1,5]	Year	1.5	0.60%
V	(1,5-2,5]	Year	2.5	1.20%
VI	(2,5-3,5]	Year	3.75	2.00%
VII	(3,5-5]	Year	5.25	2.75%
VIII	(5-6,75]	Year	6.75	3.50%
IX	(6,75-10]	Year	10	4.50%
X	(10-15]	Year	15	6.00%
XI	(15-30]	Year	30	12.00%
XII	Italian Inflation Bonds (BTPi)			4.50 %
XIII	(30-50]	Year	50	18.00%

The French Treasury inflation bonds (OAT'is) are assigned in duration classes I to XI and XIII upon their duration.

Calculation and timing of contribution call

2.1 Calculation

The uncovered risk is calculated daily, then averaged on the last 60 Trading Days and added to 3 standard deviations. It is capped to the highest uncovered risk on these last 60 Trading Days. In case of a negative uncovered risk, the minimum uncovered risk will be considered as nil, in order to estimate the standard deviation.

2.2 Timing of the contribution call

The contribution calls are calculated once at the end of each month, relatively on the uncovered risk calculated on the positions of the last 60 Trading Days before, including the last Trading Day of the month.

Contributions are called by LCH.Clearnet SA on the morning of the 5th Clearing Day of each month.