

**RISK NOTICE**

**From:** Risk Department  
**Date:** 20<sup>th</sup> May 2009  
**Markets affected:** Designated LCH.Clearnet SA gateway and MTS Italy

**NOTICE ON CLEARING FUND PARAMETERS**

LCH.Clearnet SA publishes below a Notice concerning parameters of clearing fund for Transactions executed on designated LCH.Clearnet SA gateways and on the MTS ITALY market (article 19 of Instruction IV.3-2).

These parameters shall come into effect with the margin call on the morning of Monday 25<sup>th</sup> May 2009, for the Positions at the close of Friday 22<sup>nd</sup> May 2009.

The changed parameters are printed in **bold**.

**1. Parameters used for the stress-risks calculation**

The stress-test is performed, per Clearing Member, according to the methodology set up in Instruction IV.2-5 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 <sup>1</sup>	% stress-risk
I	<b>0.78%</b>
II	<b>1.32%</b>
III	<b>1.38%</b>
IV	<b>1.44%</b>
V	<b>1.50%</b>
VI	<b>1.70%</b>
VII	<b>2.50%</b>
VIII	<b>2.90%</b>
IX	<b>5.20%</b>
X	<b>10.90%</b>
XI	<b>22.60%</b>
XII	<b>10.90%</b>
XIII	<b>26.70%</b>

<sup>1</sup> Borns of classes are defined as indicated in Risk Notice concerning Margin parameters on system recognized by LCH.Clearnet SA and MTS Italie

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

## **2. 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.

## **3. Date of calculation and date of contribution call:**

### **3.1 Monthly reviews of the clearing fund:**

The date of calculation, i.e the latest day of the 60 Clearing Days period used for monthly review of the contribution is:

- the latest clearing business day of each month (position at end of day)

### **3.2 Date of contribution calls:**

The contributions are called on the morning of the 4th Clearing Day of each month.

### **3.3 Replenishment of the clearing fund in case of default of a clearing member:**

In case of default with a replenishment required, the date of calculation is linked to the end of the liquidation process of the defaulting Clearing Member positions.

Both date of calculation and contribution calls will be communicated to the Clearing Members by LCH.Clearnet SA ad hoc notice.