

LCH.Clearnet SA: Cash Equities and Listed  
Derivatives

25 October 2013

### **EMIR update: upgrades of collateral flows with DNB/BNB and new treasury reports implementation on the 4<sup>th</sup> of November 2013**

Dear Member,

On the 4<sup>th</sup> of November 2013, LCH.Clearnet SA will proceed with the implementation of two changes related to EMIR and one linked to a change on the side of DNB.

- The implementation of the new / enhanced treasury reports (EMIR related),
- Upgrades to the message flows exchanged with DNB and BNB (EMIR related),
- Introduction of a second collateral pool by DNB covering all non-monetary operations/services (DNB change only).

#### **The implementation of the new / enhanced treasury reports (EMIR related):**

The treasury reports will be adapted and enhanced to reflect the changes linked to EMIR in terms of segregation as already announced in the EMIR update Bulletin of 1<sup>st</sup> October and detailed in the test guide:

- Enhancement of existing reports: AC102, AC103 and AC113
- Creation of a new report: AC111

Please refer to the attached set of slides and appendices for further details; in particular slide 15 which provides an overview of consequences for members.

#### **Upgrades to the message flows exchanged with DNB and BNB (EMIR related):**

Within the context of EMIR, LCH.Clearnet SA will provide both DNB and BNB with two messages as of the 4<sup>th</sup> of November instead of the one being sent today. As such, the overall Client and House obligations as required by EMIR will be reflected in dedicated messages.

Consequently, two MT199 messages (one for Client activity and one for House activity including the default fund contributions will be sent to DNB/BNB per clearing member using the service).

In a first step a technical launch will take place following which LCH.Clearnet SA will open dedicated Client Collateral Accounts for the members using the Central Bank Guarantee service. These additional Client Collateral Accounts will not be fed by any flows at that point in time, but will allow the creation and sending of the additional messages, which have been tested and agreed with the two Central Banks involved.

Following this technical launch both Central Banks will start receiving the two dedicated MT199 as outlined above. However, all requirements will still be included in the message linked to the existing House Collateral Account, whilst the Client message will be empty.

As soon as a clearing member changes its current account structure to its new EMIR compliant structure the relevant Client Collateral Accounts will start being fed with appropriate amounts and both messages being sent to DNB/BNB will include these data as well.

**Introduction of a second collateral pool (DNB change only):**

For the purpose of segregating all monetary activities from non-monetary operations/services DNB has decided to link these activities to two dedicated collateral pools. As from the 4<sup>th</sup> of November DNB will introduce a second collateral pool which will, amongst others, also be used for issuing the Central Bank Guarantee to LCH.Clearnet SA. All relevant members have been informed by DNB of the upcoming change. For further details please contact DNB directly.

On the side of LCH.Clearnet SA this results in sending the margin and default fund contribution requirements to this newly created collateral pool based on the new BIC that DNB has created and assigned for each user of this facility.

Members are reminded to make sure that sufficient collateral is being lodged into this dedicated collateral pool in order to meet their obligations versus DNB, for the latter to be able to issue the Guarantee of margin and clearing fund requirements to LCH.Clearnet SA.

*Please note that this change only relates to DNB and consequently does not apply to the same service offered by BNB.*

Should you need further information, please do not hesitate to contact your account manager.

Kind Regards,

Christelle Girard - Head of Cash Equities - LCH.Clearnet SA  
Delphine Feyrit - Head of Listed Derivatives - LCH.Clearnet SA

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**For further information please contact:**

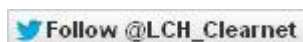
Cash Equities business line:

Véronique Melun Dit Maurel - Tel: +33 (0)1 7037 6654 - [veronique.melunditmaurel@lchclearnet.com](mailto:veronique.melunditmaurel@lchclearnet.com)  
Leila Aissiouene - Tel: +33 (0)1 7037 2836 - [leila.aissiouene@lchclearnet.com](mailto:leila.aissiouene@lchclearnet.com)

Continental Listed Derivatives business line:

Nicolas Ribolowsky - Tel: +33 (0)1 7037 6703 - [nicolas.ribolowsky@lchclearnet.com](mailto:nicolas.ribolowsky@lchclearnet.com)  
Kees Toussain - Tel: +31 20 524 5974 - [kees.toussain@lchclearnet.com](mailto:kees.toussain@lchclearnet.com)

Website: [www.lchclearnet.com](http://www.lchclearnet.com)



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