



Member Notification

Bank Capitalisation Exposure to CCP – June 2018

6 July 2018

Dear Clearing Member,

On January 1st 2017, the new Basel Committee's methodology* - 'Standardized Approach for Counterparty Credit Risk' (SA-CCR) - to calculate the amount of capital that banks have to hold against their exposure to CCPs has been included in the monthly calculations. The results from both the new standardized approach (SA-CCR) and the existing Current Exposure Method (CEM) are disclosed by the CCP.

CCPs are still required to calculate and publish information quarterly: "...to permit each clearing member to calculate their capital requirement for the default fund and for the bank supervisor of such clearing member to review and confirm such calculations".

LCH SA has calculated the required metrics for each segregated service, using data as of 29 June 2018 by using both Basel Committee methodologies.

Please find below this capitalisation exposure relating to the LCH SA general Default Fund (LCH SA Cash and listed derivatives) under new (SA-CCR) and former (CEM) methodologies, in the format required by ITS, Regulation (EU) 484/2014 Annex I of 12 May 2014:

SA-CCR Methodology:

Central Counterparty (CCP) name	LCH SA
Default fund identifier	SA EquityClear
Calculation date	June 2018 SA CCR
Hypothetical capital (Kccp)	EUR 25 190 709
Sum of pre-funded contributions (DFcm)	EUR 2 041 862 621

Amount of prefunded financial resources that is required to use before using the default fund contributions of the remaining clearing members (DF _{ccp})	EUR 11 490 599
Total number of clearing members (N)	45
Total amount of initial margin	EUR 4 234 204 749
C-factor, RW used to calculate each CM capital requirement	1.227%

CEM Methodology:

Central Counterparty (CCP) name	LCH SA
Default fund identifier	SA EquityClear
Calculation date	June 2018
Hypothetical capital (K _{ccp})	EUR 427 469
Sum of pre-funded contributions (DF _{cm})	EUR 2 041 862 621
Amount of prefunded financial resources that is required to use before using the default fund contributions of the remaining clearing members (DF _{ccp})	EUR 11 490 599
Total number of clearing members (N)	45
Concentration factor (β)	0.1998
Total amount of initial margin	EUR 4 234 487 460
C-factor, RW used to calculate each CM capital requirement	0.185%

Please ensure that this information is provided to your Regulatory Capital specialist, as it will be necessary for their calculations and analysis, but please also note that this information is confidential and must not be distributed beyond the necessary parties within your organisation. This data should only be used for the Regulatory Capital calculation purposes outlined in the Basel Accords and for no other purpose and is not professional advice. LCH are unable to advise on Regulatory Capital calculation or your dates and methods of compliance with these requirements; if in doubt please contact your bank supervisor.

Should you have any further questions regarding this data, please do not hesitate to contact us on the details below.

Regards,

Delphine Feyrit

Head of Continental listed Derivatives

LCH SA

(*) Please refer to: <http://www.bis.org/publ/bcbs279.pdf>

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