LCH The Markets' Partner

RepoClear

Member Notification

RISK NOTICE 2025-037 [19/12/2025]

NOTICE

KEY RISK PARAMETERS, INTRADAY THRESHOLD and FUNDING LIMIT

LCH SA publishes hereinafter a Notice, pursuant to Instructions IV.2-5, IV.4-3 and IV.4-4 setting-out:

- the Fixed Income risk parameters considered in the computation of the Initial Margin for Transactions executed on trading and matching platforms and on MTS Italy regulated market (please note that this notice presents the key risk parameters considered in the computation of the Initial Margin, all other risk parameters are available in the secure area of the LCH website),

- the threshold applicable when considering the Intraday Margin call, and

- the Agent Buffer parameters for Agent Members and Guaranteeing Agent Members.

.- the Funding Limit applicable when considering the Total Calculated Agent Resources

Article 1: General Initial Margin formula

As described in Instruction IV.2-5, the final generic formula of the Initial Margin is:

$$IM = Max(IM_{Core}; IM_{Floor})$$

With

$$IM_{Core} = Base_{Model_{Core}} + DC_{Core} + APC_{Core}$$

$$IM_{Floor} = Base_{Model_{Floor}} + DC_{Floor} + APC_{Floor}$$

Where:

* Effective date: 19th December 2025

$Base_{Model_{Core}}$ is based on an expected shortfall

DC_{Core} the decorrelation component is based on an expected shortfall

APC_{Core} the anti-procyclicality component is based on an expected shortfall

$Base_{Model_{Floor}}$ is based on a value at risk

DC_{Floor} the Decorrelation Component is based on a value at risk

APC_{Floor} the anti-procyclicality component is embedded in the $Base_{Model_{Floor}}$

Article 2: Parameters

Components	Confidence interval	Holding Period	Lookback Period
$Base_{Model_{Core}}$	99.7%	5 days	2500 business days
DC_{Core}	99.7%	5 days	2500 business days
APC_{Core}	100%	5 days	2500 business days + Stress Period
$Base_{Model_{Floor}}$	99.5%	5 days	2500 business days + Stress Period
DC_{Floor}	99.5%	5 days	2500 business days + Stress Period
APC_{Floor}	Embedded in the base model floor via the extended lookback period		

Article 3: Threshold parameter

The value of the threshold considered during the intraday margin call is: **0€**

Article 4: Agent Buffer parameter of the Agent Member

The value of the parameter in the Agent Buffer computation referred to in Instruction IV.43 article 10 is Factor = √6/5-1

Article 5: Agent Buffer parameter of the Guaranteeing Agent Member

The value of the parameter in the Agent Buffer computation referred to in Instruction IV.4-4 article 10 is Factor = √6/5-1

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Article 6: Funding Limit

The value of the Funding Limit referred to in Instruction IV.4-3 article 3 and Instruction IV.4-4 article 3 is Funding Limit = €200m.

For further information please contact:

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