Market Notice

30 May 2014

CC&G: Default Fund of Bond and ICSD Bond Sections, Energy Derivatives Section and interests on Euro deposits

Dear Clients,

In the last period, the economic scenario and the current situation of Italy showed a recovery that has allowed a return of investments on the sovereign debt. In fact, the difference between the yield of 10 yrl BTP and the German Bund has been reduced significantly.

Considering the current better conditions and the market outlook, also reflected by the stress test results regularly carried out, CC&G has decided to reduce the total amount of the Bond and ICSD Bond Section's Default Fund from € 2.0 billion to € 1.8 billion. For the same reasons also the total amount of the Energy Derivatives Section's Default Fund, has been reduced from € 45 million to €40 million.

As usual, CC&G will post a Market Notice to inform the date and calculation methodologies of the Contribution amount.

In any case, even if the general conditions are improved, the ECB has announced additional initiatives to support the credit, that will be communicated shortly. These methodologies will impact the current structure of interest rates, including EONIA.

For dealing minimum levels of the EONIA rate, some CCP's have already announced schemes of negative remuneration of the deposited cash. On the contrary, CC&G has adopted, until today, a policy to contain the effects against clients, using a floor to avoid the application of negative interest rates. While confirming this scheme of protection to clients, there is also the need to adapt to the new scenario. As a consequence, starting from the 1st of July 2014, the remuneration of the cash deposited as margin by the Members will be modified, bringing the spread of the EONIA rate from -15bps to -25bps.

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