

# **IMPORTANT NOTICE**

**European Central Counterparty Limited**



**#:** E#6-09  
**Date:** 17<sup>th</sup> April 2009  
**To:** All Participants  
**Attention:** Managing Partner/Officer;  
Manager, Operations Department;  
Manager, Treasury/Finance Department  
**From:** EuroCCP Risk Management  
**Subject:** ENHANCEMENT TO EUROCCP'S MARGIN METHODOLOGY

European Central Counterparty Limited ("EuroCCP") is announcing an enhancement to the Value-at-Risk (VaR) component of its margin methodology. This enhancement will be effective from 18 May 2009.

The change will decrease the assumed liquidation period from 5 days (currently) to 3 days. This enhancement should result in a reduction in the level of margin Participants are required to place with EuroCCP, whilst continuing to provide the requisite level of coverage.

The liquidation period is the estimated length of time, in normal market conditions that EuroCCP will need to close out or hedge a defaulted Participant's securities settlement obligations. A close out involves selling securities the defaulted Participant is due to pay for and purchasing securities the defaulted Participant is due to deliver.

Accordingly the description of the volatility component of EuroCCP's margin methodology, set out in Section V of its Procedures will be updated to reflect this change.<sup>1</sup>

Questions regarding this notice may be directed to the undersigned at + 44 (0)20 7650 1569.

Bhagwant Singh  
Euro CCP Risk Management

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<sup>1</sup> This change is being effected pursuant to EuroCCP's Rule 19 Section 5(e).

