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Euronext Clearing introduces an innovative VaR-based margin methodology for Italian equities, ETF and financial derivatives markets

Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo, Paris – 23 October 2023 – Euronext Clearing, Euronext's multi-asset clearing house, today announced the introduction of a new VaR-based margin methodology on the Euronext Milan equities, ETF and financial derivatives markets. As a reminder, the VaR-based margin methodology was already made available in 2022 for Italian, Portuguese, Spanish, and Irish government bonds on MTS and BrokerTec cash and repo platforms.

This move aligns with the industry's best practices and represents a significant advancement in risk management principles. The introduction of the VaR framework reinforces Euronext Clearing's commitment to its clients' efficiency and safety. This is a pivotal milestone in the execution of the Euronext "Growth for Impact 2024" strategic plan, and it paves the way to the migration of Euronext cash equity markets to Euronext Clearing, which is planned in Q4 2023 and of derivatives in Q3 2024.

The VaR-based margin methodology has been live for Italian equity, ETF and equity derivatives markets since 16 October 2023, replacing the previous SPAN-like model (MARS). This deployment is part of the continuous evolution of Euronext Clearing's Risk Management systems.

Anthony Attia, Global Head of Post Trade and Primary Markets at Euronext, said: *"At Euronext we recognise the paramount importance of effective counterparty risk management. Our goal is to provide increasingly efficient and resilient solutions for risk capture and allocation within the system. This dynamic VAR-based model, which continuously re-evaluates numerous risk factor scenarios at the portfolio level, allows us to match our clients' exposure in real-time. This not only adheres to market best practices but also offers collateral efficiencies for our valued Euronext clients."*

Euronext Clearing, as a multi-asset clearing house, boasts proven risk management capabilities across multiple markets and various trading venues. The range of asset classes cleared includes equities, ETFs, closed-end funds, financial and commodity derivatives, bonds and repos.

Euronext Clearing will become the preferred CCP (Central Counterparty) for Euronext cash equity, listed derivatives, and commodities markets, as outlined in the Euronext strategic plan "Growth for Impact 2024." By enabling Euronext to directly manage this core service for clients, Euronext Clearing will create substantial value through a unified clearing framework across Euronext venues.

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