

6 June 2022

AMENDMENTS TO THE INSTRUCTIONS TO THE RULES OF EURONEXT CLEARING – MIGRATION TO A VAR-BASED MARGIN METHODOLOGY (FIRE)

To the attention of:	Euronext Clearing Members on Bonds Clearing Sections
Priority:	High
Topic:	Migration to a VaR-based margin methodology (FIRE)

Dear Client,

as represented via Market Notice of the 31st of May 2022, a new VaR-based margin methodology (FIRE) will replace the SPAN-like margin methodology (MVP), currently applied to all bond instruments.

In particular, the new FIRE methodology will apply to Italian, Spanish, Portuguese and Irish government bonds, traded on Bond and ICSD Bond markets. On the other hand, the MVP methodology will continue to apply to all remaining bond instruments (i.e. corporate bonds and bonds issued by sovereigns other than those mentioned above).

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Therefore, in order to reflect the above mentioned change in methodology, Articles A.1.1.1 and B.3.1.1 of the Instructions to the Rules of Euronext Clearing are amended.

These amendments to the Instructions will become effective on the **20 June 2022**.

The extract of the amendments to the texts of the Instructions is available here below and will be published on Euronext Clearing's website at the following [link](#).

For further information please contact:

Risk Management Office

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TITLE A General provisions

Article A.1.1.1 Definitions

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«**MVP**»: the part of the *Services Manual* containing the method of calculating the initial *Margins* used by *CC&G* for the *Bond Section*, available to *Members* on the basis of the specific functions indicated in the *MVP* manual. **The MVP method shall not apply to Financial Instruments subject to FIRE method.**

«**FIRE**»: the part of the *Services Manual* containing the method of calculating the initial *Margins* used by *CC&G* for the *Bond Section*, applicable only in respect to Italian, Spanish, Portuguese, and Irish government bonds, and which is available to *Members* on the basis of the specific functions indicated in said manual.

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CHAPTER B.3 Guarantee System

HEADING B.3.1 Margins

Article B.3.1.1 Initial Margins

1. *The Initial Margins, indicated in Article B.4.1.1, paragraph 2, of the Regulations, notified to Clearing Members by means of the Reports, shall be calculated:*

- a) on the basis of the *MARS* method, for the *Equity Derivatives Section* and the *Share Section*;



- b) on the basis of the *MVP* method **or, only in respect to Italian, Spanish, Portuguese, and Irish government bonds, on the basis of the *FIRE* method**, for the *Bond Section* and for the *ICSD Bond Section*;
- c) on the basis of the *MMeL* method, for the *Energy Derivatives Section*

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