



2 October 2023

BORSA ITALIANA EQUITY & EQUITY DERIVATIVES CLEARING SECTIONS: MIGRATION TO VAR-BASED MARGIN METHODOLOGY

To the attention of:	Euronext Clearing Members on Equity and Equity Derivatives Clearing Sections of Borsa Italiana
Priority:	High
Topic:	Confirmation of go-live date and additional useful information for migration to VaR-based margin methodology

Dear Client,

As previously announced in the Market Notices listed below, a new VaR-based margin methodology will replace the SPAN model (MARS) currently applied to Euronext Clearing's Equity and Equity Derivatives sections.

Euronext Clearing is pleased to confirm that the go-live date will be **9 October 2023** for Borsa Italiana Equities, ETF and Derivatives (IDEM) markets, as we have successfully completed the regulatory approval process and testing phase.

Market Notices

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7 September 2023 ([20230907 | Migration to VaR-based margin methodology for equity and equity derivatives - Testing](#))

3 April 2023 ([Market Notice - 20230403 | Migration to a VaR-based margin methodology for equity and equity derivatives](#))

10 January 2023 ([Market Notice - 20230110 | Migration to a VaR based margin methodology for equity and equity derivatives](#))

29 September 2022 ([Market Notice - 20220929 | New Equity and Equity Derivatives VaR model](#))

30 June 2022 ([Market Notice - 20220630 | New Equity and Equity Derivatives VaR model](#))

23 June 2022 ([Market Notice - 20220623 | New Equity and Equity Derivatives VaR model](#))

VaR-related data files and supporting documentation

In preparation for the entry into force of the new VaR-based margin methodology, we remind you where you can find the necessary documentation and margin data following the go-live date (9 October 2023).

- **Public data files:**

- RF01 – Model Parameter; with naming convention “*RF01.txt*”
- RF02 – Product Scenario prices; with naming convention “*yyyymmdd_rf02.csv*”
- RF03 – FX Scenario; with naming convention “*yyyymmdd_rf03.csv*”

After go-live, the above-mentioned public data files will be available daily starting from 00:00 CET.

- **Private data files:**

- DM01 – Derivatives/Equities MtM and Premium Margins
- DM02 – Derivatives/Equities Initial Margin – Expected shortfall
- DM03 – Derivatives/Equities Initial Margins - Details
- DM04 – Derivatives/Equities Total Margins
- DM05 – Fail Derivatives/Equities MtM and Premium Margins
- DM06 – Fail Derivatives/Equities Initial Margin – Expected shortfall
- DM07 – Fail Derivatives/Equities Initial Margins - Details
- DM08 – Fail Derivatives/Equities Total Margins
- DM09 – Futures Variation Margins
- D14R – Variation Margins/Options Premium¹
- DM14 – Derivatives/Equities Total Margins calculated separately by Settlement Group

After go-live, the above-mentioned private data files will be available daily between 00:00 and 03:00 CET.

¹ D14R is not a newly introduced report; it was already present with the previous SPAN margin model.

The following supporting documentation is published on the Euronext Clearing website and can be downloaded at the following links:

- Data flows
 - VaR Data flows for Italian markets: [VaR Data Flows for Italian Markets](#)
- Margin Replica File Set
 - Margin Replica File Set: [Margin replica File Set](#)
 - Model Parameters File: [Model Parameters File](#)
 - Sample Instrument Scenario Price File: [Sample Instrument Scenario Price File](#)
 - Sample FX Scenario Value File: [Sample FX Scenario Value File](#)
- Methodological Notes
 - Model Parameters: [Model Parameters](#)
 - Mark-to-market & Variation Margins: [Mark-to-market & Variation Margins](#)
 - Initial Margins: [Initial Margins](#)
 - Decorrelation add-on: [Decorrelation add-on](#)
 - Total Margins: [Total Margins](#)
- Collateral
 - Collateral Management Framework: [Collateral Management Framework](#)

Production environment

Clearing Members that requested to receive the public data files (RFxx) in the SFTP Test Environment will start to receive them in the Production Environment starting from go-live. ISVs that have subscribed to obtain the public data file through the SFTP server will continue to receive this.

The Public Data File will be also published at the following link: [Risk Array | euronext.com](#)

We remind clients that, starting from the go-live date, it will be possible to execute margin replica, according to the new VaR model, by subscribing to the BCS Premium service, i.e. an optional value-added service whose fees are described in the CCP fee schedule published on the Euronext Clearing website, at the following link: [Membership | euronext.com](#)

Default Fund quota contribution

The first Default Fund contribution call will take place on the morning of 9 October 2023 for Borsa Italiana markets.

The following supporting documentation is published on the Euronext Clearing website and can be downloaded at the following link:

- Methodological Notes
 - Default Fund: [Default Fund](#)



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