



23 JUNE 2022

# MIGRATION TO A VaR-BASED MARGIN METHODOLOGY FOR EQUITY AND EQUITY DERIVATIVES

To the attention of:	<b>Euronext Clearing Members on Equity and Equity Derivatives Clearing Sections</b>
Priority:	<b>High</b>
Topic:	<b>Migration to a VaR-based margin methodology for Equity and Equity Derivatives</b>

Dear Client,

we would like to inform you that, in a context of continuous enhancement of risk management systems, Euronext Clearing will replace the current margin model for Equity and Equity Derivatives sections, MARS (SPAN), with a VaR-based margin model.

Expected go-live, subject to regulatory approval and successful test outcome, will be in December 2022.

## **Client Impact:**

Risk manual of the new VaR-based model is available on Euronext Clearing website:

<https://www.euronext.com/en/post-trade/euronext-clearing/risk-management/var-based-risk-model>

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The adoption of the new margining methodology also involves the creation of new data flows for your internal reconciliation.

Please find below the list of the new data flows:

- 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
- MN16 – Derivatives/Equities Initial Margin – Expected shortfall
- MN17 – Derivatives/Equities Initial Margins – Details
- MN18 – 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
- MF16 – Fail Derivatives/Equities Initial Margin – Expected shortfall
- MF17 – Fail Derivatives/Equities Initial Margins – Details
- MF18 – Fail Derivatives/Equities Total Margins

### **Testing:**

Clearing Members will have the opportunity to participate in the tests of the new margin methodology. Tests will be performed in the CDS environment, through the usual channels:

- BCS
- ICWS
- SFTP

The new data flows will be available on a daily basis, at the end of the EOD batch closing procedure.

Further details on test activities and data flows documentation will be disclosed the following week with a dedicated market notice.

For further information please contact:

### **Risk Management Office**

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