

Panel 2: Derivatives Clearing: 2020 in Review

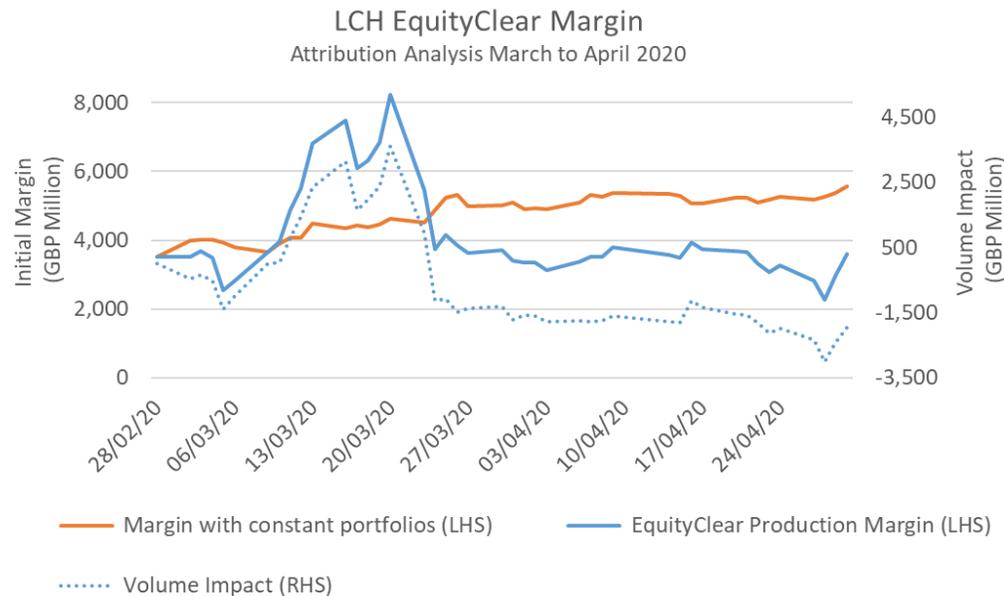
LCH Group Presentation to the CFTC Global Markets Advisory Committee

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Margin attribution – European equity clearing at LCH

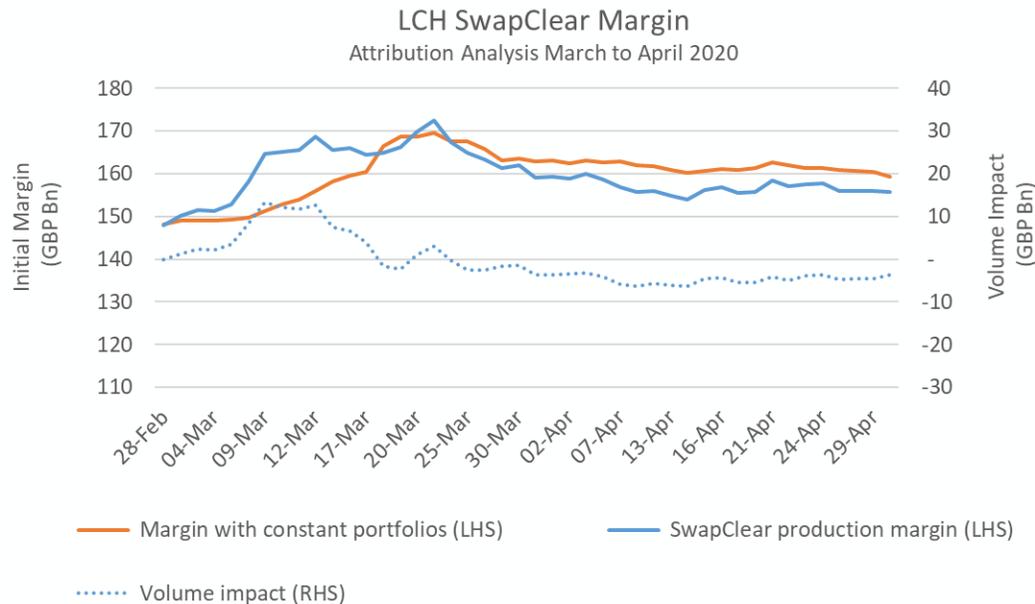
Service level margins rise in early March, but driven almost entirely by the surge in participant volume.



- The EquityClear initial margins peak at 20th March at £8.2bn. Primarily driven by a surge in volume in early March
- However when stripping out the volume impact **the margin increase attributable to LCH's risk models is more gradual** rising to only £4.6bn at the 20th March (+16% from the start of the month)
- By the end of March as volumes returned to more normal levels so did the initial margin requirements.

Margin attribution – Global interest rate swap (IRS) clearing at LCH

Service level margins rise in early March, but driven almost entirely by the surge in participant volume.



- SwapClear shows a similar pattern to EquityClear where a surge in volume drives the margin requirement from £149bn to almost £170bn (+14%) by the 12th March.
- However, when stripping out the volume impact, **the margin increase attributable to LCH's risk models is more gradual** rising only (+4%) by 12 March then peaking in the last week of March (+14%), thereafter stabilising during April at (+8%) from the beginning of the period.

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