

One Clearing House for Europe

Euronext Clearing, the European Clearing House providing a harmonised clearing framework across Euronext venues



EURONEXT CLEARING

Editorial



We are making Euronext Clearing the CCP of choice for Euronext's cash, financial and commodity derivatives markets across Europe.

As part of the Euronext strategic plan "Growth for Impact 2024", Euronext is making Euronext Clearing the CCP of choice for Euronext's cash, financial and commodity derivatives markets across Europe. Euronext aims to directly manage this key client service, to align strategic priorities across trading and clearing and provide a harmonised clearing framework across Euronext trading venues.

The first milestone in this major project was achieved successfully in November 2023 with the expansion of Euronext's clearing offering to the cash markets in Belgium, France, Ireland, the Netherlands and Portugal. Euronext Clearing is now established as the Central Counterparty (CCP) of choice for Euronext's cash markets, including Italy, which process around 25% of European cash trading.

This major step paves the way for the European expansion of the clearing offering to Euronext's financial and commodity derivatives by Q3 2024, and positions Euronext across the entire trading value chain to create value for clients.

This transformation contributes significantly to building the backbone of the Capital Markets Union in Europe, reducing the fragmentation of European capital markets.

To maximise value for our clients, Euronext Clearing has innovated with the adoption of a new VaR-based margin methodology, in line with evolving market standards. The new methodology enhances the efficiency and reliability of risk capture and allocation within the financial system.

We look forward to working with you as we build our European CCP together.



ANTHONY ATTIA

Global Head of Derivatives and Post-Trade, Euronext



ROBERTO PECORA

Chief Executive Officer, Euronext Clearing

About Euronext Clearing

Euronext Clearing is a multi-asset clearing house that offers clearing services for cash products (equities, ETFs, structured products, warrants and bonds) on six of Euronext's cash markets, on Italian equity derivatives and fixed income markets, and on repos on Italian government bonds traded via Euronext's fixed income electronic trading platform MTS. Euronext Clearing will soon also offer clearing for Euronext listed commodity derivatives (MATIF) and financial derivatives on Euronext Lisbon, Paris, Amsterdam, Brussels and Oslo, and, once the Italian markets also move to the new technology, will provide a single platform for clients to manage their collateral and access information across equities, ETFs and derivatives.

Euronext Clearing covers a wide range of asset classes including equities, ETFs, closed-end funds, financial and commodity derivatives, bonds and repos. Euronext Clearing's value proposition is to provide best-in-class CCP services for trades on financial instruments admitted to trading on the regulated markets and MTFs it clears, ensuring the efficient and safe functioning of the markets.

As a key element of its role, Euronext Clearing assures the implementation of a robust risk management framework and has introduced a new VaR-based margin methodology across its markets in the course of 2022 and 2023. Euronext Clearing aims to provide fully integrated and seamless Straight-Through Processing (STP), from trade capture up to final settlement in the designated local Central Securities Depositories (CSDs) or the International Central Securities Depository (ICSD).

Euronext Clearing is committed to contributing to the protection of its members and their clients across multiple jurisdictions in Europe, promoting and offering its services in an equitable, transparent and non-discriminatory manner. As part of its risk mitigation role, it undertakes consultation processes in the case of regulatory amendments and the implementation of new regulations and services.

Euronext Clearing is now a European clearing house, with teams in Italy, France and the UK.

Euronext Clearing for you

What does the new Euronext Clearing mean for our customers?

A new cross-border multi-asset clearing house offering clearing services across all Euronext markets with:



A harmonised clearing framework across Euronext markets



Cost efficiencies including cross-margining, offsetting and cross-venue netting



New state-of-the-art VaR-based risk model



One default fund for equities and derivatives across the Euronext markets



Cutting-edge clearing technology



Robust risk management



Agile innovation capabilities including improved time-to-market for new products



Value-at-Risk margin methodology

One of Euronext's main priorities is to ensure that the Euronext Clearing risk framework is aligned with best market practices, so that markets can operate efficiently and safely at all times.

A NEW DYNAMIC VaR-BASED MODEL

Euronext Clearing has developed a new VaR-based margin methodology for the clearing of Fixed Income, Equities and Equity Derivatives. The new dynamic VaR-based model is based on the constant re-evaluation of a significant number of risk factor scenarios at portfolio level.

The new model forms part of Euronext Clearing's ongoing commitment to provide the financial ecosystem with increasingly efficient and robust solutions for the capture and allocation of systemic risk.

Technology

Powering the expansion of Euronext Clearing on Euronext's markets across Europe, the clearing system is being reinforced with cutting-edge technology. It includes:

- a new GUI
- on-demand tailor-made reports accessible to every market participant.

ROLLING OUT NEW CLEARING TECHNOLOGY

Delivery of the enhanced core clearing system began in November 2023 with the migration of the Euronext Cash Markets to the new technology. The Euronext Financial Derivatives and Commodity Markets will follow in 2024. Finally, in early 2025, the clearing platform harmonisation will be completed with the migration of Italian Equities, ETFs and Equity Derivatives to the new core clearing system.

MIGRATION KEY MILESTONES:

November 2023

Expansion of clearing services to Euronext Cash Markets



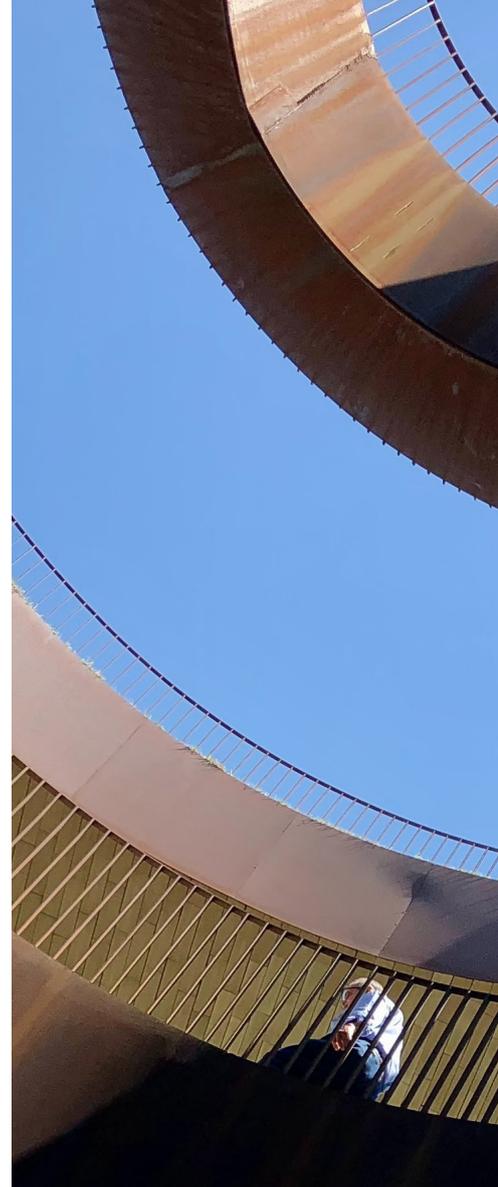
Q3 2024

Expansion of clearing services to Euronext Financial and Commodity Derivatives Markets

Q1 2025

Roll-out of enhanced clearing technology to Italian Equities, ETFs and Equity Derivatives Markets

Future dates are indicative and depend on operational readiness and regulatory approval



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