

RISK NOTICE

From: Risk Department
Date: 13th March 2009
Markets affected: Designated LCH.Clearnet SA Gateways and MTS Italy

LCH.Clearnet SA publishes below the Notice N°2009 – 040, replacing the Notice 2002-054 of 2nd May 2002.

This notice up-dates the format of Notice and Declaration, but do not change current conditions.

SAME-DAY REPO MARGINING on FRENCH BONDS

In accordance with article 5.3.4 of Clearing Rule Book, LCH.Clearnet SA will provide a guarantee for the opening leg of same-day repo transactions, that is to say, repurchases transactions of which the opening leg is due to settle on the date of execution of the transaction.

In order to be cleared through LCH.Clearnet SA, a same-day repo transaction on French bonds must be executed on a Designated LCH.Clearnet SA Gateway before 1:00 pm Central European Time and be for settlement in Euroclear France (i.e. be in French Government debt). Regarding Repo sent via ETCMS, the Cut-Off is applied at LCH.Clearnet SA. It means they must be register and valid by LCH.Clearnet SA by 1:00 pm.

The guarantee only applies to the opening legs of repo trades, and does not apply to outright purchases and sales. These opening legs of the repos are not netted by LCH.Clearnet SA, and are dispatched in real time for settlement to Euroclear France.

LCH.Clearnet SA's members wishing to benefit from this service must so notify LCH.Clearnet SA by use of the attached form (at least 24 hours in advance).

Once LCH.Clearnet SA has received notification, it will call €150 000 of extra initial margin.

This amount of extra initial margin is adjusted each month on the basis of the monthly average of the increase of the daily initial margins increases observed on the last month.

Where a Clearing Member executes exceptional volumes of same-day repo or in case of deterioration of the credit quality of a Clearing member, LCH.Clearnet SA may require an intra-day margin call, for payment to LCH.Clearnet SA by TARGET2 direct debit within the hour following the call.

Contacts:

Risk Department: 33 1 70 37 65 45 - Lchclearnetsa_RM@lchclearnet.com : for margin calculations

Treasury Department: 33 1 70 37 65 35 : for collateral management

SAME DAY REPOS – DECLARATION FOR START OF ACTIVITY

Document to be sent to LCH.CLEARNET SA - Risk Department

by fax : 33 1 70 37 65 04

and

by E-mail : Lchclearnetsa_RM@lchclearnet.com

AT LEAST 1 DAY PRIOR TO THE FIRST SDR CLEARING DEMAND

We declare our intent to clear Same Day Repos on bonds accepted by LCH.CLEARNET SA,
from the date(to be fulfilled): / /

We are aware of the margin conditions and requirements relating to the clearing of Same Day Repos mentioned in Risk notice.

Clearing member:

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Code:

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Name of « Bonds and Repos » correspondent:

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Function:

Signature:

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Address:

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E-mail:

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Telephone:

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Fax:

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