

RISK NOTICE 2016-022

April 08, 2016

Publication Date April 08, 2016**Enforcement Date** April 13, 2015**Markets** Cash, Derivatives and Fixed income

This Notice amends the Notice 2015-053.

Dear Member,

Pursuant to Article 4.2.0.5 of the Clearing Rule Book, LCH.Clearnet SA publishes hereafter a Notice related to the discount ("haircut") to be applied to the market value of Securities transferred as Collateral for margin cover purposes and pursuant to the Instruction IV.4-1 on Collateral limits accepted to meet Margins requirements.

This notice shall come into effect on the margin call of April, 13th 2016.

I) Haircuts applicable to Bonds transferred as Collateral for margin cover purposes

Pursuant to Article 20 of Instruction IV.4-1, a discount rate ("haircut"), determined by LCH.Clearnet SA as follows, is applied to bonds transferred as Collateral for margin cover purposes upon classes I to IX defined below and regarding their modified duration.

LCH.Clearnet SA - Margin Collateral Haircut Schedule			
Eligible Government Securities		Modified duration	Haircuts (13/04/2016)
Class I (France)	Debt Securities issued by the French state: • Treasury bills (BTFS) issued for 13, 26 or 52 weeks with a minimum nominal value of EURO 100,000; • Annual fixed interest rate Treasury notes (BTANs) with a minimum nominal value of EURO 100,000; • Fungible Treasury Bonds (OATs and OATIs) for a minimum nominal value of EURO 100,000;	4 business days and < 0,5 year	0,50%
		>= 0.5 and < 1 year	0,50%
		>= 1 and < 3 years	1,25%
		>= 3 and < 5 years	2,00%
		>= 5 and < 7 years	2,75%
		>= 7 and < 10 years	3,50%
		>= 10 and < 15 years	5,50%
		>= 15 and < 30 years	13,00%
		More than 30 years	17,50%
Class II (Belgium)	Debt Securities issued by the Belgian state: • Belgian Treasury Certificates for a minimum nominal value of EURO 100,000; • Belgium Bonds (BBONDS) and Belgium Treasury Bonds (RTC); • Belgian Linear bonds (OLOs) for a minimum nominal value of EURO 100,000;	4 business days and < 0,5 year	0,50%
		>= 0.5 and < 1 year	1,00%
		>= 1 and < 3 years	2,75%
		>= 3 and < 5 years	4,75%
		>= 5 and < 7 years	5,25%
		>= 7 and < 10 years	7,50%
		>= 10 and < 15 years	9,00%
		>= 15 and < 30 years	16,50%
		More than 30 years	22,00%
Class III (Portugal)	Debt securities issued by the Portuguese state for a minimum nominal value of EURO 100,000 (PGB).	3 business days and < 0,5 year	8,25%
		>= 0.5 and < 1 year	11,50%
		>= 1 and < 3 years	23,00%
		>= 3 and < 5 years	29,50%
		>= 5 and < 7 years	33,75%
		>= 7 and < 10 years	33,75%
		>= 10 and < 15 years	33,75%
		>= 15 and < 30 years	44,00%
		More than 30 years	50,25%
Class IV (UK)	Debt Securities issued by the United Kingdom state: • Gilts for a minimum nominal value of GBP 100,000 (UKT).	9 business days and < 0,5 year	0,50%
		>= 0.5 and < 1 year	0,70%
		>= 1 and < 3 years	1,50%
		>= 3 and < 5 years	2,50%
		>= 5 and < 7 years	3,00%
		>= 7 and < 10 years	5,00%
		>= 10 and < 15 years	7,50%
		>= 15 and < 30 years	13,50%
		More than 30 years	18,00%
Class V (Italy)	Debt Securities issued by the Italian state: • Treasury bills with a minimum nominal value of EURO 100,000 (BOTS, BTPS); • Certificates of Treasury with a minimum nominal value of EURO 100,000 (CCTS).	3 business days and < 0,5 year	2,50%
		>= 0.5 and < 1 year	3,00%
		>= 1 and < 3 years	6,00%
		>= 3 and < 5 years	9,25%
		>= 5 and < 7 years	12,00%
		>= 7 and < 10 years	12,75%
		>= 10 and < 15 years	14,00%
		>= 15 and < 30 years	24,25%
		More than 30 years	26,25%
Class VI (Spain)	Debt Securities issued by the Spanish state: • Letras del Tesoro (LET) for a minimum nominal value of EURO 100,000 (SGLT); • Bonos del estado (BON) for a minimum nominal value of EURO 100,000 (SPGB); • Obligaciones del estado (OBE) for a minimum nominal value of EURO 100,000 (SPGB).	3 business days and < 0,5 year	2,25%
		>= 0.5 and < 1 year	3,00%
		>= 1 and < 3 years	6,50%
		>= 3 and < 5 years	9,25%
		>= 5 and < 7 years	11,75%
		>= 7 and < 10 years	14,75%
		>= 10 and < 15 years	17,50%
		>= 15 and < 30 years	26,25%
		More than 30 years	29,25%
Class VII (USA)	Debt Securities issued by the United State of America (USA): • US Treasury Bills with a minimum nominal value of USD 250,000 (B).	3 business days and < 0,5 year	0,50%
		>= 0.5 and < 1 year	0,70%
		>= 1 and < 3 years	1,50%
		>= 3 and < 5 years	2,50%
		>= 5 and < 7 years	3,50%
		>= 7 and < 10 years	5,00%
		>= 10 and < 15 years	7,50%
		>= 15 and < 30 years	16,25%
		More than 30 years	22,00%
Class VIII (Germany)	Debt Securities issued by the German Federal State or by the Kreditanstalt für Wiederaufbau (KfW): • Bunds with a minimum nominal value of EURO 100,000 (BUBILL, BKO, OBL, OBLI, DBR, DBRI).	3 business days and < 0,5 year	0,50%
		>= 0.5 and < 1 year	0,50%
		>= 1 and < 3 years	1,00%
		>= 3 and < 5 years	1,75%
		>= 5 and < 7 years	2,50%
		>= 7 and < 10 years	3,25%
		>= 10 and < 15 years	5,00%
		>= 15 and < 30 years	13,00%
		More than 30 years	17,25%
Class IX (Netherlands)	Debt Securities issued by the Dutch State: • Debt Securities for a minimum nominal value of EURO 100,000 (NETHER); • Dutch Treasury certificates for a minimum nominal value of EURO 100,000 (DTB).	10 business days and < 0,5 year	0,25%
		>= 0.5 and < 1 year	0,50%
		>= 1 and < 3 years	1,00%
		>= 3 and < 5 years	1,75%
		>= 5 and < 7 years	2,25%
		>= 7 and < 10 years	3,00%
		>= 10 and < 15 years	4,50%
		>= 15 and < 30 years	13,00%
		More than 30 years	17,25%

II) Other stipulations

Pursuant to Article 12 of Instruction IV.4-1 as for payments in USD and GBP, LCH.Clearnet SA applies a haircut on the equivalent in EURO calculated on the basis of the currency exchange rate.

In addition, pursuant to Article 28 of Instruction IV.4-1, LCH.Clearnet SA is entitled to take any specific measures. The FX haircuts and the specific measures are listed in the table below:

Other stipulations	
Equities (eligibility, haircuts and concentration limits)	<ul style="list-style-type: none">• The equities accepted are those listed in the EURO STOXX 50 excluding Banks and Insurances companies. In addition, Italian and Spanish members cannot post any equities from Italy and Spain.• An haircut of 35 % is applied on shares accepted as collateral;• Members are allowed to cover no more than 20% of their margin requirement with equities, with a maximum set at EUR 25 million, and no more than 5% of their margin requirement with a single stock.
FX Haircut	For payment in USD and GBP LCH.Clearnet SA applies a haircut on the equivalent in EURO calculated from the currency exchange rate: a 5,4% incremental FX haircut for cash or securities in GBP and 4,8% incremental FX haircut for cash or securities in USD.
Additional Haircuts	Certain collateral can at times be subject to additional haircuts above those stated. Members lodging this collateral will be contacted directly as appropriate, and further detail can be obtained by contacting Margin Management.
Excluded bonds instruments	LCH.Clearnet SA deems non eligible the following securities <ul style="list-style-type: none">• Zero coupons bonds, strips bonds and perpetual bonds, at the exception of those listed in a Notice;• German bonds indexed on inflation 5 years and 10 years;• Bonds close to maturity.
Concentration Limits	LCH.Clearnet SA reserves the right to manage specific concentrations in margin collateral in all circumstances. Where positions are considered to be excessively concentrated, members will be contacted directly with a view to re-alignment of their portfolio.

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