



VIA CFTC PORTAL SUBMISSION

5 February 2016

Mr. Christopher Kirkpatrick
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mr. Kirkpatrick:

LCH.Clearnet Limited ("LCH"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), a new Schedule of Securities Acceptable for Margin Cover Purposes (the "Schedule"). This change takes effect on 22 February 2016.

Part I: Explanation and Analysis

LCH proposes to implement this new Schedule following a review of haircuts applied to margin collateral. The list of acceptable securities remains unchanged.

The Schedule is attached hereto along with a confidential submission.

The Schedule will be notified via a circular to Clearing Members prior to the implementation date.

Part II: Description of Rule Changes

This submission does not require any changes to the LCH.Clearnet Rulebook.

Part III: Core Principle Compliance

LCH.Clearnet has concluded that compliance with the Core Principles will not be adversely impacted by this change, and in particular complies with Core Principles D and L.

Part IV: Public Information

LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of this submission on the LCH.Clearnet website at <http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

There were no opposing views expressed to LCH.Clearnet by governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated into this change.

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Certification

LCH.Clearnet hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions regarding this submission please contact me at julian.oliver@lchclearnet.com

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Julian Oliver'.

Julian Oliver, Chief Compliance Officer
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LCH.Clearnet Rule Submission

Appendix I

Schedule of Securities Acceptable for Margin Cover

| LTD - Margin Collateral Haircut Schedule | | Haircuts on 22/09/2014 | | |
|--|---|-----------------------------------|------------------------------|----------------------------------|
| Government Securities (Description & Bloomberg Code) | | Term | Haircut (Conventional Bonds) | Haircut (Inflation Linked Bonds) |
| Australia | Australian Treasury Bill (ACTB) Australian Government Bond (ACGB) Australian Government I/L (ACGB) | 11 business days <= 1yr | 4.63% | 4.63% |
| | | > 1yr <= 3yrs | 5.00% | 5.00% |
| | | > 3yrs <= 7 yrs | 6.25% | 6.25% |
| | | > 7yrs <= 11yrs | 6.75% | 6.75% |
| | | > 11yrs <= 30yrs | 8.25% | 9.25% |
| > 30yrs | 8.25% | 9.25% | | |
| Austria | Austrian Treasury Bill (RATB) Austrian Government Bond (RAGB) | 4 business days <= 1yr | 4.25% | |
| | | > 1yr <= 3yrs | 5.00% | |
| | | > 3yrs <= 7 yrs | 6.75% | |
| | | > 7yrs <= 11yrs | 7.00% | |
| | | > 11yrs <= 30yrs | 10.50% | |
| > 30yrs | 13.50% | | | |
| Belgium | Belgian Treasury Bill (BGTB) Belgian Government Bond (BGB) | 4 business days <= 1yr | 5.00% | |
| | | > 1yr <= 3yrs | 6.75% | |
| | | > 3yrs <= 7 yrs | 9.50% | |
| | | > 7yrs <= 11yrs | 11.25% | |
| | | > 11yrs <= 30yrs | 14.25% | |
| > 30yrs | 16.00% | | | |
| Canada | Canadian Treasury Bill (CTB) Canadian Government Bond (CAN) Canada Government Real Return Bond (CAN) | 10 calendar days <= 1yr | 4.25% | 4.25% |
| | | > 1yr <= 3yrs | 4.88% | 4.88% |
| | | > 3yrs <= 7 yrs | 5.63% | 5.63% |
| | | > 7yrs <= 11yrs | 6.25% | 7.25% |
| | | > 11yrs <= 30yrs | 8.00% | 10.50% |
| > 30yrs | 8.50% | 10.50% | | |
| Denmark | Danish Treasury Bill (DGTB) Danish Government Bond (DGB) Danish Government I/L (DGBI) | 6 business days <= 1yr | 4.38% | |
| | | > 1yr <= 3yrs | 5.00% | |
| | | > 3yrs <= 7 yrs | 6.00% | |
| | | > 7yrs <= 11yrs | 6.63% | |
| | | > 11yrs <= 30yrs | 8.75% | |
| > 30yrs | 8.75% | | | |
| Finland | Finnish Treasury Bill (RFTB) Finnish Government Bonds (RFGB) | 4 business days <= 1yr | 4.25% | |
| | | > 1yr <= 3yrs | 5.00% | |
| | | > 3yrs <= 7 yrs | 6.00% | |
| | | > 7yrs <= 11yrs | 6.25% | |
| | | > 11yrs <= 30yrs | 7.75% | |
| > 30yrs | 7.75% | | | |
| France | Bons du Trésor à Taux Fixe et Intérêt Précompté (BTF) Bons du Trésor à Taux Fixe et Intérêt Annuel (BTNS) Bons du Trésor à Taux Fixe et Intérêt Annuel I/L (BTNS) Obligations Assimilables du Trésor (FRTR) Obligations Assimilables du Trésor I/L (FRTR) | 4 business days <= 1yr | 4.50% | 4.50% |
| | | > 1yr <= 3yrs | 5.00% | 5.50% |
| | | > 3yrs <= 7 yrs | 6.00% | 8.00% |
| | | > 7yrs <= 11yrs | 6.50% | 9.50% |
| | | > 11yrs <= 30yrs | 10.00% | 12.75% |
| > 30yrs | 14.00% | 14.00% | | |
| Germany | German Treasury Bill (BUBILL) Bundesschatzanweisungen (BKO) Bundesobligationen (OBL) Bundesobligationen I/L (OBLI) Deutsche Bundesrepublik (DBR) Deutschland I/L (DBRI) | 3 business days <= 1yr | 4.25% | 4.25% |
| | | > 1yr <= 3yrs | 4.88% | 4.88% |
| | | > 3yrs <= 7 yrs | 6.00% | 6.00% |
| | | > 7yrs <= 11yrs | 6.75% | 6.75% |
| | | > 11yrs <= 30yrs | 10.38% | 10.38% |
| > 30yrs | 11.25% | 11.25% | | |
| Italy | Buoni Ordinari del Tesoro (BOTS) Buoni del Tesoro Poliennali (BTPS) Buoni del Tesoro Poliennali I/L (BTPS) Certificati di Credito del Tesoro (CCTS) | 3 business days <= 1yr | 7.25% | 7.25% |
| | | > 1yr <= 3yrs | 10.00% | 10.00% |
| | | > 3yrs <= 7 yrs | 15.00% | 15.00% |
| | | > 7yrs <= 11yrs | 16.75% | 18.75% |
| | | > 11yrs <= 30yrs | 18.75% | 21.00% |
| > 30yrs | 18.75% | 21.00% | | |
| Japan | Japanese Treasury Bill (JGTB) Japanese Treasury Discount Bill (JTDB) Japanese Government Bond (JGB) | 6 business days <= 1yr | 6.00% | |
| | | > 1yr <= 3yrs | 6.25% | |
| | | > 3yrs <= 7 yrs | 8.00% | |
| | | > 7yrs <= 11yrs | 8.50% | |
| | | > 11yrs <= 30yrs | 12.75% | |
| > 30yrs | 12.75% | | | |

| Government Securities (Description & Bloomberg Code) | | Term | Haircut (Conventional Bonds) | Haircut (Inflation Linked Bonds) |
|--|---|-----------------------------------|------------------------------------|-------------------------------------|
| Luxembourg | Luxembougois Government Bonds (LGB) | 5 business days <= 1yr | 4.50% | |
| | | > 1yr <= 3yrs | 5.25% | |
| | | > 3yrs <= 7 yrs | 6.00% | |
| | | > 7yrs <= 11yrs | 6.88% | |
| | | > 11yrs <= 30yrs | 10.25% | |
| | | > 30yrs | 10.25% | |
| Netherlands | Dutch Treasury Certificate (DTB) Dutch Government Bond (NETHER) | 10 business days <= 1yr | 4.25% | |
| | | > 1yr <= 3yrs | 4.88% | |
| | | > 3yrs <= 7 yrs | 6.00% | |
| | | > 7yrs <= 11yrs | 6.25% | |
| | | > 11yrs <= 30yrs | 10.75% | |
| | | > 30yrs | 11.75% | |
| Norway | Norwegian Treasury Bill (NGTB) Norwegian Government Bond (NGB) | 9 business days <= 1yr | 4.25% | |
| | | > 1yr <= 3yrs | 5.25% | |
| | | > 3yrs <= 7 yrs | 6.25% | |
| | | > 7yrs <= 11yrs | 7.75% | |
| | | > 11yrs <= 30yrs | 8.00% | |
| | | > 30yrs | 8.00% | |
| Spain | Spanish Letras del Tesoro (SGLT) Spanish Government Bond (SPGB) | 3 business days <= 1yr | 6.75% | |
| | | > 1yr <= 3yrs | 9.75% | |
| | | > 3yrs <= 7 yrs | 15.00% | |
| | | > 7yrs <= 11yrs | 17.50% | |
| | | > 11yrs <= 30yrs | 22.00% | |
| | | > 30yrs | 22.00% | |
| Sweden | Swedish Treasury Bill (SWTB) Swedish Government Bond (SGB) Swedish Government I/L (SGBI) | 4 business days <= 1yr | 4.13% | 4.13% |
| | | > 1yr <= 3yrs | 5.00% | 5.75% |
| | | > 3yrs <= 7 yrs | 6.50% | 6.50% |
| | | > 7yrs <= 11yrs | 6.88% | 6.88% |
| | | > 11yrs <= 30yrs | 8.13% | 8.50% |
| | | > 30yrs | 8.13% | 8.50% |
| United Kingdom | United Kingdom Treasury Bill (UKTB) United Kingdom Gilt (UKT) United Kingdom Index Linked Gilt (UKTI) | 9 business days <= 1yr | 4.25% | 4.25% |
| | | > 1yr <= 3yrs | 5.00% | 5.00% |
| | | > 3yrs <= 7 yrs | 6.25% | 7.50% |
| | | > 7yrs <= 11yrs | 7.00% | 9.25% |
| | | > 11yrs <= 30yrs | 9.50% | 12.50% |
| | | > 30yrs | 11.50% | 12.50% |
| United States | United States Treasury Bill (B) United States Treasury Bond (T) United States Treasury Inflation Indexed Bond (TII) | 3 business days <= 1yr | 4.25% | 4.25% |
| | | > 1yr <= 3yrs | 5.38% | 5.38% |
| | | > 3yrs <= 7 yrs | 6.75% | 7.50% |
| | | > 7yrs <= 11yrs | 7.50% | 9.25% |
| | | > 11yrs <= 30yrs | 10.75% | 14.25% |
| | | > 30yrs | 10.75% | 14.25% |

| Mortgage Backed Securities (Description & Bloomberg Code) | | Term Since Issue | Haircut |
|--|--|------------------------|---------|
| US MBS | General National Mortgage Association (GNMA) | New (0 - 30 months) | 16.00% |
| | | Medium (30- 60 months) | 18.50% |
| | | Seasoned (> 60 months) | N/a |

| Government Agencies (Description & Bloomberg Code) | | Term | Haircut |
|---|--|------------------------|---------|
| US Agencies | Federal National Mortgage Association (FNMA) Federal Home Loan Mortgage Corporation (FHLMC) Federal Home Loan Banks (FHLB) | 3 business days <= 1yr | 4.75% |
| | | > 1yr <= 3yrs | 5.50% |
| | | > 3yrs <=7 yrs | 8.00% |
| | | > 7yrs <= 11yrs | 9.00% |
| | | > 11yrs <= 30yrs | 12.25% |
| EUR Agencies | Kreditanstalt für Wiederaufbau (KfW) FMS Wertmanagement (FMSWER) | 3 business days <= 1yr | 4.63% |
| | | > 1yr <= 3yrs | 5.25% |
| | | > 3yrs <=7 yrs | 6.25% |
| | | > 7yrs <= 11yrs | 6.63% |
| | | > 11yrs <= 30yrs | 10.63% |

| Securities issued under Government Credit Guarantee Schemes | | Term | Haircut |
|--|-----------------------------|------------------------|---------|
| Australia | Government Guaranteed Bonds | 3 business days <= 1yr | 5.25% |
| | | > 1yr <= 3yrs | 7.00% |
| | | > 3yrs <=7 yrs | |
| Austria | Government Guaranteed Bonds | 3 business days <= 1yr | 5.00% |
| | | > 1yr <= 3yrs | 7.25% |
| | | > 3yrs <=7 yrs | |
| France | Government Guaranteed Bonds | 3 business days <= 1yr | 5.00% |
| | | > 1yr <= 3yrs | 8.00% |
| | | > 3yrs <=7 yrs | |
| Germany | Government Guaranteed Bonds | 3 business days <= 1yr | 4.75% |
| | | > 1yr <= 3yrs | 6.75% |
| | | > 3yrs <=7 yrs | |
| Netherlands | Government Guaranteed Bonds | 3 business days <= 1yr | 4.75% |
| | | > 1yr <= 3yrs | 6.75% |
| | | > 3yrs <=7 yrs | |
| Sweden | Government Guaranteed Bonds | 3 business days <= 1yr | 4.75% |
| | | > 1yr <= 3yrs | 8.50% |
| | | > 3yrs <=7 yrs | |

| Other Stipulations | | |
|------------------------|------------|--|
| Haircuts | FX | To capture the potential FX exposure related to cover being provided in a currency other than the underlying liability, a 4% incremental FX haircut has been applied upon all securities in the schedule above, regardless of the currency of the asset. |
| | Additional | 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 CaLM Risk. |
| Market of Issue | | Government securities must be issued in the home country of the issuer and be denominated in the domestic currency to be acceptable. Government agencies and securities issued under Government Credit Guarantee Schemes must both be issued in the home country of the issuer and be denominated in the domestic currency to be acceptable. These instrument categories are maintained using ISIN lists. |
| Excluded Instruments | | Zero coupon bonds, stripped bonds and perpetual bonds Japanese Govt FRNs and Japanese Govt ILBs |
| Concentration Controls | | In addition to the concentration limits in place upon particular asset types as noted above, LCH.Clearnet 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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| Note: | For current haircuts please go to: https://secure-area.lchclearnet.com/secure_area/Default.asp |
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LCH.Clearnet Rule Submission

Appendix II

Request for Confidential Treatment

LCH.Clearnet Rule Submission

Appendix III

Request for Confidential Treatment