

**Via CFTC Portal**

10<sup>th</sup> March 2015

Mrs. Parisa Abadi  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

Dear Mrs. Abadi,

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet SA ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification a change of Euro Default Fund remuneration rate as of 1st of April 2015.

Please find the Bulletin to CDSClear Clearing Members which describes the change, attached as an appendix.

**Part I: Explanation and Analysis**

Following the ECB announcement on Quantitative Easing programme to counter the deflationary environment in the Eurozone, LCH.Clearnet has decided to change its Euro Default Fund remuneration rate as of 1st of April 2015.

The significant government security purchase programme was proposed to expand the ECB balance sheet, potentially to 2012 crisis levels. This asset purchase programme is likely to lead to high quality assets becoming scarce and expensive. The ECB will begin purchasing euro denominated investment grade securities (Governments, agencies and European institutions) in March 2015 at a pace of 60 bn€ per month. Purchases will be conducted at least until September 2016, implying the equivalent of 1.08 trillion € over the next 18 months.

This programme is likely to lead high quality assets becoming rare and expensive. A reduction in liquidity of European repo markets, mainly German and French is highly expected.

Repo levels are becoming more and more expensive.

Given this new market environment, LCH.Clearnet has decided to change the **Default fund remuneration from EONIA - 10 bps to EONIA - 20 bps, effective as of 1<sup>st</sup> April 2015**.

**Part II: Description of Rule Changes**

This Submission does not require any changes to the Rulebook. LCH.Clearnet is issuing a Bulletin to CDSClear Clearing Members. The Bulletin is attached hereto as Appendix I.

**Part III: Core Principle Compliance**

LCH.Clearnet will continue to comply with all Core Principles following the introduction of this change and has concluded that its compliance with the Core Principles would not be adversely affected by this change.

**Part IV: Public Information**

LCH.Clearnet has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH.Clearnet's 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 that were not incorporated into the rule.

**Certification**

LCH.Clearnet SA hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the 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 please contact me at: [françois.faure@lchclearnet.com](mailto:françois.faure@lchclearnet.com).



Francois Faure  
Chief Compliance Officer  
+33 1 70 37 65 96

**Appendix I****LCH.Clearnet SA Bulletin****Bulletin**

Cash Equities, Derivatives, Fixed Income and  
CDSClear

10 March 2015

**Interest rates on Default Fund Collateral**

Dear Members,

On 22 January, the ECB announced a programme of Quantitative Easing to counter the deflationary environment in the Euro zone. As a consequence, recent markets conditions leads us to update our applicable interest rates on Euro cash collateral deposited in the Cash & Derivatives, Fixed Income, €GCPlus and CDSClear Default Funds from EONIA minus 10 bps to **EONIA minus 20 bps from 1 April 2015.**

As far as the CDS Default Fund is concerned, the proposed change is currently subject to the CFTC part 40.6 self certification procedure.

The other interest rates & fees applied on cash & non cash collateral will remain unchanged and the LCH.Clearnet SA fee grid will be updated in due time.

Should you have any questions, please contact your Relationship Manager. Best Regards,  
LCH.Clearnet SA Commercial teams

**CDSClear**

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**Cash Equity & Derivatives**

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**Fixed Income**

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