



VIA EMAIL TO: SECRETARY@CFTC.GOV

May 17, 2013

Ms. Melissa Jurgens
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Ms. Jurgens:

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet LLC ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification a schedule of Securities Acceptable for Margin Cover Purposes (the "Schedule"). The Schedule will be effective June 3, 2013.¹

The submission cover sheet and the Schedule are attached hereto as appendices.

Part I: Explanation and Analysis

In anticipation of the launch of the SwapClear US service, LCH.Clearnet is publishing the schedule of Securities Acceptable for Margin Cover Purposes. The securities listed in the Schedule have been approved by the LCH.Clearnet Risk Committee.

The listed assets are accepted by LCH.Clearnet from both Clearing Members and FCM Clearing Members, subject to LCH.Clearnet's right to manage specific concentrations in margin collateral in all circumstances. The Schedule is referenced in the Rulebook at section 3.3.2 and is maintained on the LCH.Clearnet LLC website together with a dynamic list of applicable haircuts. While the haircuts are included in the Schedule submitted to the Commission under this self-certification, the applicable haircuts are evaluated on a regular basis and subject to change.

Part II: Description of rule changes

No rule changes are required.

Part III: Core Principle Compliance

Introduction of the Schedule relates primarily to LCH.Clearnet's compliance with Core Principles D (Risk Management), and is specifically compliant with CFTC regulation § 39.13 (g)(10) as the assets listed are those that have minimal credit, market, and liquidity risks as determined by the Risk Committee.

Part IV: Public Information

¹ LCH.Clearnet LLC's SwapClear US service is expected to launch on June 3, 2013.



LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at:

http://www.lchclearnet.com/rules_and_regulations/llc/default.asp.

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 the rule.

Certification

LCH.Clearnet LLC 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 laurian.cristea@lchclearnet.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Laurian Cristea', enclosed in a blue oval.

Laurian Cristea
Senior Vice President, Compliance & Regulation
US Contact: +1 212.513.5610

cc: Adam Cohen, CFTC
Susan Milligan, LCH.Clearnet LLC
John Horkan, LCH.Clearnet LLC



Appendix I
Submission Cover Sheet

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLLC Date: 17 May 2013

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION LCH.Clearnet LLC

FILING AS A: DCM SEF DCO SDR ECM/SPDC

TYPE OF FILING

- **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

- **Products**

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

No rule changes required.

DESCRIPTION

LCH.Clearnet LLC is self-certifying the schedule of securities acceptable for margin cover purposes.



Appendix II
Securities Acceptable for Margin Cover Purposes

LCH.Clearnet LLC Securities Acceptable for Margin Cover Purposes

| <u>Government Securities (Description & Bloomberg Code)</u> | | <u>Term</u> | <u>Base Haircut</u> |
|---|--|-----------------------------------|---------------------|
| <u>Australia</u> | <u>Australian Treasury Bill (ACTB)</u> <u>Australian Government Bond (ACGB)</u> | <u>7 calendar days <= 1yr</u> | <u>0.63%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.00%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>1.75%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>2.38%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>3.13%</u> |
| | | <u>> 30yrs</u> | <u>3.13%</u> |
| <u>Austria</u> | <u>Austrian Treasury Bill (RATB)</u> <u>Austrian Government Bond (RAGB)</u> | <u>4 business days <= 1yr</u> | <u>0.25%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.00%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>1.63%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>2.00%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>4.75%</u> |
| | | <u>> 30yrs</u> | <u>4.75%</u> |
| <u>Belgium</u> | <u>Belgian Treasury Bill (BGTB)</u> <u>Belgian Government Bond (BGB)</u> | <u>4 business days <= 1yr</u> | <u>1.25%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>3.00%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>6.00%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>7.75%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>10.50%</u> |
| | | | |
| <u>Canada</u> | <u>Canadian Treasury Bill (CTB)</u> <u>Canadian Government Bond (CAN)</u> | <u>10 calendar days <= 1yr</u> | <u>0.25%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>0.88%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>1.63%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>2.13%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>4.25%</u> |
| | | <u>> 30yrs</u> | <u>4.25%</u> |
| <u>Denmark</u> | <u>Danish Treasury Bill (DGTB)</u> <u>Danish Government Bond (DGB)</u> | <u>5 business days <= 1yr</u> | <u>0.38%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.38%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>1.63%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>2.25%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>4.75%</u> |
| | | <u>> 30yrs</u> | <u>4.75%</u> |
| <u>Finland</u> | <u>Finnish Treasury Bill (RFTB)</u> <u>Finnish Government Bonds (RFGB)</u> | <u>4 business days <= 1yr</u> | <u>0.25%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.00%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>1.50%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>1.88%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>2.88%</u> |
| | | | |

| | | | |
|--------------------|---|-------------------------|--------------|
| | | > 30yrs | <u>2.88%</u> |
| France | <u>Bons du Trésor à Taux Fixe et Intérêt Précompté (BTF)</u> <u>Bons du Trésor à Taux Fixe et Intérêt Annuel (BTAN)</u> <u>Obligations Assimilables du Trésor (OAT)</u> | 4 business days <= 1yr | <u>0.13%</u> |
| | | > 1yr <= 3yrs | <u>0.88%</u> |
| | | > 3yrs <= 7 yrs | <u>1.50%</u> |
| | | > 7yrs <= 11yrs | <u>1.63%</u> |
| | | > 11yrs <= 30yrs | <u>4.88%</u> |
| | | > 30yrs | <u>5.88%</u> |
| Germany | <u>German Treasury Bill (BUBILL)</u> <u>Bundesschatzanweisungen (BKO)</u> <u>Bundesobligationen (OBL)</u> <u>Deutsche Bundesrepublik (BDR)</u> | 2 business days <= 1yr | <u>0.25%</u> |
| | | > 1yr <= 3yrs | <u>0.88%</u> |
| | | > 3yrs <= 7 yrs | <u>1.63%</u> |
| | | > 7yrs <= 11yrs | <u>2.00%</u> |
| | | > 11yrs <= 30yrs | <u>5.00%</u> |
| | | > 30yrs | <u>5.00%</u> |
| Japan | <u>Japanese Treasury Bill (JGTB)</u> <u>Japanese Treasury Discount Bill (JTDB)</u> <u>Japanese Government Bond (JGB)</u> | 3 business days <= 1yr | <u>0.25%</u> |
| | | > 1yr <= 3yrs | <u>1.13%</u> |
| | | > 3yrs <= 7 yrs | <u>2.50%</u> |
| | | > 7yrs <= 11yrs | <u>3.38%</u> |
| | | > 11yrs <= 30yrs | <u>4.50%</u> |
| | | > 30yrs | <u>4.50%</u> |
| Luxembourg | <u>Luxembougois Government Bonds (LGB)</u> | 5 business days <= 1yr | <u>0.50%</u> |
| | | > 1yr <= 3yrs | <u>0.88%</u> |
| | | > 3yrs <= 7 yrs | <u>1.50%</u> |
| | | > 7yrs <= 11yrs | <u>1.63%</u> |
| | | > 11yrs <= 30yrs | <u>4.88%</u> |
| | | > 30yrs | <u>4.88%</u> |
| Netherlands | <u>Dutch Treasury Certificate (DTB)</u> <u>Dutch Government Bond (NETHER)</u> | 10 business days <= 1yr | <u>0.25%</u> |
| | | > 1yr <= 3yrs | <u>0.88%</u> |
| | | > 3yrs <= 7 yrs | <u>1.50%</u> |
| | | > 7yrs <= 11yrs | <u>1.88%</u> |
| | | > 11yrs <= 30yrs | <u>5.13%</u> |
| | | > 30yrs | <u>5.13%</u> |
| Norway | <u>Norwegian Treasury Bill (NGTB)</u> <u>Norwegian Government Bond (NGB)</u> | 8 business days <= 1yr | <u>0.25%</u> |
| | | > 1yr <= 3yrs | <u>0.88%</u> |
| | | > 3yrs <= 7 yrs | <u>1.88%</u> |
| | | > 7yrs <= 11yrs | <u>2.50%</u> |
| | | > 11yrs <= 30yrs | <u>3.38%</u> |
| | | > 30yrs | <u>3.38%</u> |
| Sweden | <u>Swedish Treasury Bill (SWTB)</u> <u>Swedish Government Bond (SGB)</u> | 4 business days <= 1yr | <u>0.13%</u> |
| | | > 1yr <= 3yrs | <u>0.75%</u> |
| | | > 3yrs <= 7 yrs | <u>1.75%</u> |
| | | > 7yrs <= 11yrs | <u>2.38%</u> |
| | | > 11yrs <= 30yrs | <u>4.13%</u> |
| | | > 30yrs | <u>4.13%</u> |
| United | <u>United Kingdom Treasury Bill (UKTB)</u> | 10 calendar days <= 1yr | <u>0.25%</u> |

| | | | |
|--|--|---|----------------------------|
| <u>Kingdom</u> | <u>United Kingdom Gilt (UKT)</u> | <u>> 1yr <= 3yrs</u> | <u>1.00%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>1.88%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>2.50%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>4.50%</u> |
| | | <u>> 30yrs</u> | <u>5.38%</u> |
| <u>United States</u> | <u>United States Treasury Bill (B)</u> <u>United States Treasury Bond (T)</u> | <u>2 business days <= 1yr</u> | <u>0.25%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.38%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>2.88%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>3.00%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>5.00%</u> |
| | <u>> 30yrs</u> | <u>5.00%</u> | |
| <u>Mortgage Backed Securities</u> <u>(Description & Bloomberg Code)</u> | | <u>Term Since Issue</u> | <u>Base Haircut</u> |
| <u>US MBS</u> | <u>General National Mortgage Association (GNMA)</u> <u>Federal National Mortgage Association (FNMA)</u> <u>Federal Home Loan Mortgage Corporation (FHLMC)</u> | <u>New (0 - 30 months)</u> | <u>12.00%</u> |
| | | <u>Medium (30 - 60 months)</u> | <u>14.00%</u> |
| | | <u>Seasoned (> 60 months)</u> | <u>N/A</u> |
| <hr/> | | | |
| <u>Government Agencies & Securities issued under</u> <u>Government Credit Guarantee Schemes</u> <u>(Description & Bloomberg Code)</u> | | <u>Term</u> | <u>Base Haircut</u> |
| <u>US Agencies</u> | <u>Federal National Mortgage Association (FNMA)</u> <u>Federal Home Loan Mortgage Corporation (FHLMC)</u> <u>Federal Home Loan Banks (FHLB)</u> | <u>3 business days <= 1yr</u> | <u>0.38%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.50%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>3.25%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>3.63%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>4.88%</u> |
| <hr/> | | | |
| <u>EUR Agencies</u> | <u>Kreditanstalt für Wiederaufbau (KfW)</u> | <u>3 business days <= 1yr</u> | <u>0.63%</u> |
| | | <u>> 1yr <= 3yrs</u> | <u>1.25%</u> |
| | | <u>> 3yrs <=7 yrs</u> | <u>2.25%</u> |
| | | <u>> 7yrs <= 11yrs</u> | <u>2.63%</u> |
| | | <u>> 11yrs <= 30yrs</u> | <u>6.25%</u> |

| | | | |
|----------------------------------|--|---|---------------------|
| | | | |
| <hr/> | | | |
| <u>Australia</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.63%</u> |
| | | | <u>1.00%</u> |
| | | | <u>1.75%</u> |
| <u>Austria</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.25%</u> |
| | | | <u>1.00%</u> |
| | | | <u>1.63%</u> |
| <u>France</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.13%</u> |
| | | | <u>0.88%</u> |
| | | | <u>1.50%</u> |
| <u>Germany</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.25%</u> |
| | | | <u>0.88%</u> |
| | | | <u>1.63%</u> |
| <u>Netherlands</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.25%</u> |
| | | | <u>0.88%</u> |
| | | | <u>1.50%</u> |
| <u>Sweden</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.13%</u> |
| | | | <u>0.75%</u> |
| | | | <u>1.75%</u> |
| <u>United Kingdom</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.25%</u> |
| | | | <u>1.00%</u> |
| | | | <u>1.88%</u> |
| <u>United States</u> | <u>Government Guaranteed Bonds</u> <u>Government Guaranteed CDs</u> | <u>3 business days <= 1yr</u> <u>> 1yr <= 3yrs</u> <u>> 3yrs <=7 yrs</u> | <u>0.25%</u> |
| | | | <u>1.38%</u> |
| | | | <u>2.88%</u> |
| <u>Other Stipulations</u> | | | |
| <u>Haircuts</u> | <u>FX</u> | <u>To capture the potential FX exposure related to cover being provided in a currency other than the underlying liability, a 4% incremental FX haircut will be applied upon all non-US Dollar securities.</u> | |
| | <u>Additional</u> | <u>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 CaLRM.</u> | |

| | |
|--------------------------------------|---|
| <u>Market of Issue</u> | <p><u>Government securities must be issued in the home country of the issuer and be denominated in the domestic currency to be acceptable.</u></p> <p><u>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 to be maintained using ISIN lists.</u></p> |
| <u>Excluded Instruments</u> | <p><u>Zero coupon bonds and stripped bonds.</u></p> |
| <u>Concentration Controls</u> | <p><u>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.</u></p> |