



VIA EMAIL TO: SUBMISSIONS@CFTC.GOV

25 February 2014

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 Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification a new schedule of Securities Acceptable for Margin Cover Purposes (the "Schedule") to be implemented starting on 11 March 2014.

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

Part I: Explanation and Analysis

LCH.Clearnet proposes to implement the new Schedule following a standard quarterly review of haircuts applied to margin collateral. The revised Schedule provides for separate haircuts for conventional bonds and inflation-linked bonds ("ILBs"), whereas these haircuts were previously combined. This change benefits members who post conventional bonds as it separates the higher haircuts on ILBs.

The new Schedule will be notified via a circular to Clearing Members prior to the implementation date and the changes will not affect the list of acceptable securities.

Part II: Amendments to the Rules and Regulations of LCH.Clearnet

No rule changes are required.

Part III: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the implementation of this Schedule. The introduction of this new Schedule will ensure continued compliance with the Core Principles, in particular Core Principle D (Risk Management) and L (Public Information).

Part IV: Public Information

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/ltd/default.asp.

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LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA | LCH.Clearnet LLC



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 Limited 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 julian.oliver@lchclearnet.com

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Julian Oliver', written in a cursive style.

Julian Oliver, Director Compliance and Public Affairs
LCH.Clearnet Ltd
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Appendix I

Submission Cover Sheet

LCH.Clearnet Limited **Aldgate House, 33 Aldgate High Street, London EC3N 1EA**
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LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA | LCH.Clearnet LLC

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLTD Date: 25 Feb 2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION LCH.Clearnet LTD

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

n/a

DESCRIPTION

LCH.Clearnet Limited is submitting for self-certification a new schedule of Securities Acceptable for Margin Cover Purposes due to changes to the haircuts applied to margin collateral.



Appendix II

Securities Acceptable for Margin Cover Purposes

LTD - Margin Collateral Haircut Schedule

11 March 2014

Government Securities (Description & Bloomberg Code)		Term	Base Haircut	ILB Add-On	Change (Conventional Bonds)	Change (ILBs)
Australia	Australian Treasury Bill (ACTB) Australian Government Bond (ACGB) Australian Government I/L (ACGB)	11 business days <= 1yr	0.63%			
		> 1yr <= 3yrs	1.00%			
		> 3yrs <= 7 yrs	2.25%			
		> 7yrs <= 11yrs	2.75%			
		> 11yrs <= 30yrs	4.25%			
> 30yrs	4.25%					
Austria	Austrian Treasury Bill (RATB) Austrian Government Bond (RAGB)	4 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	1.00%			
		> 3yrs <= 7 yrs	2.75%			
		> 7yrs <= 11yrs	3.00%			
		> 11yrs <= 30yrs	6.50%			
> 30yrs	6.50%					
Belgium	Belgian Treasury Bill (BGTB) Belgian Government Bond (BGB)	4 business days <= 1yr	1.25%			
		> 1yr <= 3yrs	3.00%			
		> 3yrs <= 7 yrs	6.00%			
		> 7yrs <= 11yrs	7.75%			
		> 11yrs <= 30yrs	10.50%			
> 30yrs	10.50%					
Canada	Canadian Treasury Bill (CTB) Canadian Government Bond (CAN) Canada Government Real Return Bond (CAN)	10 calendar days <= 1yr	0.25%			
		> 1yr <= 3yrs	0.88%			
		> 3yrs <= 7 yrs	1.63%			
		> 7yrs <= 11yrs	2.25%	1.00%	-1.00%	
		> 11yrs <= 30yrs	4.00%	4.00%	-4.00%	
> 30yrs	4.00%	4.00%	-4.00%			
Denmark	Danish Treasury Bill (DGTB) Danish Government Bond (DGB) Danish Government I/L (DGBI)	6 business days <= 1yr	0.38%			
		> 1yr <= 3yrs	1.00%			
		> 3yrs <= 7 yrs	2.00%			
		> 7yrs <= 11yrs	2.63%			
		> 11yrs <= 30yrs	4.75%			
> 30yrs	4.75%					
Finland	Finnish Treasury Bill (RFTB) Finnish Government Bonds (RFGB)	4 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	1.00%			
		> 3yrs <= 7 yrs	2.00%			
		> 7yrs <= 11yrs	2.25%			
		> 11yrs <= 30yrs	3.75%			
> 30yrs	3.75%					
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	0.50%			
		> 1yr <= 3yrs	1.00%	0.50%	-0.50%	
		> 3yrs <= 7 yrs	2.00%	2.00%	-2.00%	
		> 7yrs <= 11yrs	2.50%	3.00%	-2.75%	0.25%
		> 11yrs <= 30yrs	6.00%	2.75%	-2.75%	
> 30yrs	8.75%					
Germany	German Treasury Bill (BUBILL) Bundesschatzanweisungen (BKO) Bundesobligationen (OBL) Bundesobligationen I/L (OBLI) Deutsche Bundesrepublik (DBR) Deutschland I/L (DBRI)	3 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	0.88%			
		> 3yrs <= 7 yrs	2.00%			
		> 7yrs <= 11yrs	2.75%			
		> 11yrs <= 30yrs	6.38%			
> 30yrs	6.38%					
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	1.75%			
		> 1yr <= 3yrs	3.75%			
		> 3yrs <= 7 yrs	7.75%			
		> 7yrs <= 11yrs	9.50%			
		> 11yrs <= 30yrs	9.75%			
> 30yrs	9.75%					
Japan	Japanese Treasury Bill (JGTB) Japanese Treasury Discount Bill (JTDB) Japanese Government Bond (JGB)	6 business days <= 1yr	2.00%			
		> 1yr <= 3yrs	2.25%			
		> 3yrs <= 7 yrs	4.00%			
		> 7yrs <= 11yrs	4.50%			
		> 11yrs <= 30yrs	8.75%			
> 30yrs	8.75%					

Government Securities (Description & Bloomberg Code)		Term	Base Haircut	ILB Add-On	Change (Conventional Bonds)	Change (ILBs)
Luxembourg	Luxembougois Government Bonds (LGB)	5 business days <= 1yr	0.50%			
		> 1yr <= 3yrs	1.25%			
		> 3yrs <= 7 yrs	2.00%			
		> 7yrs <= 11yrs	2.88%			
		> 11yrs <= 30yrs	6.25%			
> 30yrs	6.25%					
Netherlands	Dutch Treasury Certificate (DTB) Dutch Government Bond (NETHER)	10 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	0.88%			
		> 3yrs <= 7 yrs	2.00%			
		> 7yrs <= 11yrs	2.25%			
		> 11yrs <= 30yrs	6.75%			
> 30yrs	6.75%					
Norway	Norwegian Treasury Bill (NGTB) Norwegian Government Bond (NGB)	9 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	1.25%			
		> 3yrs <= 7 yrs	2.25%			
		> 7yrs <= 11yrs	3.75%			
		> 11yrs <= 30yrs	4.00%			
> 30yrs	4.00%					
		3 business days <= 1yr	1.25%			
		> 1yr <= 3yrs	3.50%			

Spain	Spanish Letras del Tesoro (SGLT) Spanish Government Bond (SPGB)	> 3yrs <=7 yrs	7.75%			
		> 7yrs <= 11yrs	10.25%			
		> 11yrs <= 30yrs	13.00%			
		> 30yrs	13.00%			
Sweden	Swedish Treasury Bill (SWTB) Swedish Government Bond (SGB) Swedish Government I/L (SGBI)	4 business days <= 1yr	0.13%			
		> 1yr <= 3yrs	1.00%	0.75%		-0.75%
		> 3yrs <=7 yrs	2.50%			
		> 7yrs <= 11yrs	2.88%			
		> 11yrs <= 30yrs	4.13%	0.37%		0.37%
		> 30yrs	4.13%	0.37%		0.37%
United Kingdom	United Kingdom Treasury Bill (UKTB) United Kingdom Gilt (UKT) United Kingdom Index Linked Gilt (UKTI)	9 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	1.00%			
		> 3yrs <=7 yrs	2.25%	1.25%		-1.25%
		> 7yrs <= 11yrs	3.00%	2.25%		-2.25%
		> 11yrs <= 30yrs	5.50%	3.00%		-1.00%
		> 30yrs	7.50%	1.00%		-0.75%
					2.00%	
					0.25%	
United States	United States Treasury Bill (B) United States Treasury Bond (T) United States Treasury Inflation Indexed Bond (TII)	3 business days <= 1yr	0.25%			
		> 1yr <= 3yrs	1.38%			
		> 3yrs <=7 yrs	2.75%	0.75%		-0.75%
		> 7yrs <= 11yrs	3.50%	1.75%		-1.75%
		> 11yrs <= 30yrs	6.75%	4.50%		-1.00%
		> 30yrs	6.75%	4.50%		3.50%
					3.50%	

GNMA Mortgage Backed Securities (Description & Bloomberg Code)		Term Since Issue	Base Haircut	Change
US MBS	General National Mortgage Association (GNMA)	New (0 - 30 months)	12.00%	
		Medium (30- 60 months)	14.50%	
		Seasoned (> 60 months)	N/a	

Government Agencies (Description & Bloomberg Code)		Term	Base Haircut	Change
US Agencies	Federal National Mortgage Association (FNMA) Federal Home Loan Mortgage Corporation (FHLMC) Federal Home Loan Banks (FHLB)	3 business days <= 1yr	0.75%	
		> 1yr <= 3yrs	1.50%	
		> 3yrs <=7 yrs	4.00%	
		> 7yrs <= 11yrs	5.00%	
		> 11yrs <= 30yrs	8.25%	
EUR Agencies	Kreditanstalt für Wiederaufbau (KfW) FMS Wertmanagement (FMSWER)	3 business days <= 1yr	0.63%	
		> 1yr <= 3yrs	1.25%	
		> 3yrs <=7 yrs	2.25%	
		> 7yrs <= 11yrs	2.63%	
		> 11yrs <= 30yrs	6.63%	

Securities issued under Government Credit Guarantee Schemes		Term	Base Haircut	Change
Australia	Government Guaranteed Bonds	3 business days <= 1yr	1.25%	
		> 1yr <= 3yrs	3.00%	
		> 3yrs <=7 yrs		
Austria	Government Guaranteed Bonds	3 business days <= 1yr	1.00%	
		> 1yr <= 3yrs	3.25%	
		> 3yrs <=7 yrs		
France	Government Guaranteed Bonds	3 business days <= 1yr	1.00%	
		> 1yr <= 3yrs	4.00%	
		> 3yrs <=7 yrs		
Germany	Government Guaranteed Bonds	3 business days <= 1yr	0.75%	
		> 1yr <= 3yrs	2.75%	
		> 3yrs <=7 yrs		
Netherlands	Government Guaranteed Bonds	3 business days <= 1yr	0.75%	
		> 1yr <= 3yrs	2.75%	
		> 3yrs <=7 yrs		
Sweden	Government Guaranteed Bonds	3 business days <= 1yr	0.75%	
		> 1yr <= 3yrs	4.50%	
		> 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 will be applied upon all securities, 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 to be 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.	

Other Collateral (Description & Bloomberg Code)		Term	Haircut
Precious Metals	Gold Bullion (XAU)		14.00%