

From	Rules and Regulation Department
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Subject	Collateral and Cash payments arrangements in Target 2
Market	CDS
Notice repealed	2010-031

This document is fully enforceable for the CDS project launch and will be up-dated in order to be extended to central banks guarantees.

I. Collateral accepted

A - Collateral accepted to meet Margin requirements on the CDS Clearing System

Pursuant to Articles 4.2.1.6 and 4.4.0.4 of the CDS Clearing Rule Book and Article 7 of Annex 3 to the CDS Clearing Rule Book, LCH.Clearnet SA hereby publishes the list of assets accepted as Collateral to meet Margin requirements.

The Clearing Member must fulfil its Margin obligations by providing its Collateral to LCH.Clearnet SA in cash or Securities in one of the following forms:

1. Cash (EURO; GBP; USD);
2. Debt Securities & Shares
 - Debt Securities issued by the French Treasury:
 - 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) for a minimum nominal value of EURO 100,000;
 - US Treasury Bills: debt Securities issued by the American state (US) with a minimum nominal value of USD 250,000;
 - Bunds : German debt Securities (issued by the Federal state or by the Treuhandanstalt) with a minimal nominal value of EURO 100,000;
 - Gilts : debt Securities issued by the British state for a minimum nominal value of GBP 100,000;
 - Belgian Treasury Certificates for a minimum nominal value of EURO 100,000;
 - Belgian Linear bonds (OLOs) for a minimum nominal value of EURO 100,000;
 - Debt Securities issued by the Dutch state for a minimum nominal value of EURO 100,000;
 - Dutch Treasury certificates (DTCs) for a minimum nominal value of EURO 100,000;

- Debt Securities issued by the Italian state:
 - Treasury bills (BOTs and BTPs) with a minimum nominal value of EURO 100,000;
 - Certificates of Treasury (CCTs) with a minimum nominal value of EURO 100,000;
- Debt securities issued by the Portuguese state for a minimum nominal value of EURO 100,000;
- Shares incorporated in index PSI-20 within the limits set out by LCH.Clearnet SA;
- Shares incorporated in index CAC 40 within the limits set out by LCH.Clearnet SA;
- Shares incorporated in index BEL 20 within the limits set out by LCH.Clearnet SA;
- Shares incorporated in index AEX within the limits set out by LCH.Clearnet SA;
- Shares incorporated European index EURONEXT 100 within the limits set out by LCH.Clearnet SA;
- Shares incorporated European index DJ EURO STOXX 50 within the limits set out by LCH.Clearnet SA;
- Shares incorporated index DJ STOXX 50 within the limits set out by LCH.Clearnet SA;
- Underlying shares of options listed on Euronext markets within the limits set out by LCH.Clearnet SA;

Zero coupons and strips debt Securities will not be accepted as Collateral.

Shares issued by a Clearing Member or an "affiliate" (as defined below) of the Clearing Member will not be accepted as Collateral for this Clearing Member.

For the purposes of this Notice, "affiliate" means, in relation to any Clearing Member:

- any entity controlled, directly or indirectly, by such Clearing Member;
- any entity that controls, directly or indirectly, such Clearing Member; or
- any entity directly or indirectly under common control with such Clearing Member.

Under specific circumstances, the deposit of collateral under the form of securities may generate a tax charge.

The Clearing Member is responsible for identifying any tax charge arising as a result of the choice made in the securities posted as collateral.

Any tax charge in relation to the collateral will be recharged to the Clearing Member by LCH.Clearnet SA.

B - Collateral accepted for the contribution to the CDS Clearing Fund

Pursuant to Article 6 of Annex 4 to the CDS Clearing Rule Book, LCH.Clearnet SA hereby publishes the list of assets accepted as Collateral to meet Margin requirements.

The Clearing Member must fulfil its Margin obligations by providing its Collateral to LCH.Clearnet SA in cash or Securities in one of the following forms:

1. Cash (EURO; GBP; USD);

2. Debts Securities :

- Debt securities issued by the French Treasury,
 - 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) for a minimum nominal value of EURO 100,000 ;
- US Treasury Bills: debt securities issued by the American state (US) with a minimum nominal value of USD 250,000¹ ;
- Bunds : German debt securities (issued by the Federal state or by the Treuhandanstalt) with a minimal nominal value of EURO 100,000¹ ;
- Gilts : debt securities issued by the British state for a minimum nominal value of GBP 100,000¹ ;
- Belgian Treasury Certificates, for a minimum nominal value of EURO 100,000¹ ;
- Belgian Linear bonds (OLOs), for a minimum nominal value of EURO 100,000¹ ;
- Debt securities issued by the Dutch state for a minimum nominal value of EURO 100,000¹ ;

- Dutch Treasury certificates (DTCs) for a minimum nominal value of EURO 100,000¹;
- Debt securities issued by the Italian state
- Treasury bills (BOTs and BTPs) with a minimum nominal value of EURO 100,000¹;
- Certificates of Treasury (CCTs) with a minimum nominal value of EURO 100,000¹;
- Debt securities issued by the Portuguese state for a minimum nominal value of EURO 100,000¹.

Zero coupons and strips debt Securities will not be accepted as Collateral.

Under specific circumstances, the deposit of collateral under the form of securities may generate a tax charge.

The Clearing Member is responsible for identifying any tax charge arising as a result of the choice made in the securities posted as collateral.

Any tax charge in relation to the collateral will be recharged to the Clearing Member by LCH.Clearnet SA.

C - Haircuts on the valuation of Collateral

The haircuts applicable to currencies and Securities are described in a Risk Notice.

II- Collateral deposit arrangements

Pursuant to Article 4.2.1.6 of the CDS Clearing Rule Book, Article 3 of Annex 3 and Article 2 of Annex 4 to the CDS Clearing Rule Book, LCH.Clearnet SA hereby describes the arrangements available to the Clearing Members for deposits of Collateral (other than cash in Euro) to fulfil their obligations related to Margin and CDS Clearing Fund contribution.

Article 2.1

Collateral in other currencies than EURO shall be posted on the accounts opened in the name of LCH.Clearnet SA in the books of the following commercial banks:

for USD	Deutsche Bank Trust Company Americas (US) Crédit Agricole S.A.
for GBP	HSBC Bank PLC (GB) Crédit Agricole S.A.

Article 2.2

Collateral in Securities shall be transferred to LCH.Clearnet SA through the central securities depositories, securities settlement systems and national central banks as described below:

- for French government bonds	Euroclear France / Euroclear Bank
- for other French Securities	Euroclear France / Euroclear Bank
- for Belgian government bonds	National Bank of Belgium/ Euroclear Bank / Euroclear France
- for other Belgian Securities	Euroclear France / Euroclear Belgium / Euroclear Bank
- for Dutch government bonds	Euroclear Bank / Euroclear France
- for other Dutch Securities	Euroclear Bank
- for Portuguese government bonds	Euroclear Bank / Interbolsa
- for other Portuguese Securities	Euroclear Bank / Interbolsa
- for other government bonds	Euroclear Bank

III- Timeframes applicable to Collateral deposits/returns and cash payments.

Pursuant to Article 4.4.0.3 of the CDS Clearing Rule Book, LCH.Clearnet SA hereby sets up the clearing hours on which the Clearing Members must provide Collateral to fulfil their obligations related to Margins and CDS Clearing Fund contribution required by LCH.Clearnet SA and the clearing hours on which LCH.Clearnet SA must return such Collateral to the Clearing Members.

Article 3.1

COLLATERAL IN SECURITIES

Notifications of movements (deposit or return) of Collateral composed of Securities for value on D day must be received by LCH.Clearnet SA on D-1 before 4:00 pm (CET).

In order for Securities to be posted on the situation report D day and to become Collateral, they must be credited on LCH.Clearnet SA's account held at the central securities depository, securities settlement system and national listed above on D-1 before 4:00 pm (CET).

Article 3.2

COLLATERAL IN CASH AND CASH PAYMENTS IN EURO:

- Collateral and cash payments in Euro must be credited on LCH.Clearnet SA's Target 2 Account held in BdF on D between 8:30 am CET and 09:00 am CET (with pre-advice period between 08:00 am CET and 08:30 am CET) when the relevant amounts are transferred from the Clearing Member Target 2 Account held directly or indirectly in the central banks listed above.
- Cash in other currencies than Euro posted as Collateral on the situation report on D day must be credited on LCH.Clearnet SA's account held at the commercial banks listed above on D-1 before 4 pm CET for both USD and GBP.

If you have any questions and/or remarks,
Please contact: lchclearnetsa_legal@lchclearnet.com

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