

VIA CFTC PORTAL

29 September 2016

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH.Clearnet Limited Self-Certification: changes related to the Listed Interest Rates clearing service in respect to LCH delivery account details and opening hours

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH.Clearnet Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its rules on LCH delivery account details and opening hours related to the Listed Interest Rates clearing service (hereafter "Listed Rates service").

Part I: Explanation and Analysis

LCH operates a Listed Rates clearing service which clears listed interest rate derivatives traded on NASDAQ OMX NLX ("NLX") and CurveGlobal. LCH proposes to amend its procedures to set out the times at which the service is operational. The changes also include new information on the LCH delivery accounts at the relevant CSD for the two trading venues.

The proposed rule changes are not applicable to Future Commission Merchants ("FCMs") and their Clients.

The changes will go live on, or after, October 17, 2016.

Part II: Description of Rule Changes

Procedures Section 2J (Listed Interest Rates clearing service) has been amended in section 1.2.1 (b) with the schedule of the service's operating times; certain parts of this section will be redundant, therefore they have been deleted. Further, the following sections have been amended with new LCH delivery account numbers and settlement instructions, which are separate for NLX and CurveGlobal, at the relevant CSD:

- section 1.10.1 on deliveries under the Long Gilt contract

- section 1.11.1 on deliveries under the German Government Bond (Euro Bund) contract
- section 1.12.1 on deliveries under the German Government Bond (BOBL) contract
- section 1.13.1 on deliveries under the German Government Bond (Schatz) contract

Throughout Section 1 relevant contact details for the service have been updated.

The texts of the changes to the Procedures section 2J are attached hereto as **Appendix I**.

Part III: Core Principle Compliance

LCH has reviewed the changes to its rules against the Core Principles and finds that these will continue to comply with all the requirements and standards therein.

Part IV: Public Information

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

<http://www.lch.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

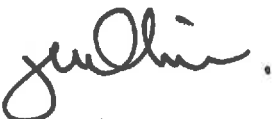
There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants that were not incorporated into the rule.

Certification

LCH 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 please contact me at julian.oliver@lch.com .

Yours sincerely



Julian Oliver

Chief Compliance Officer

LCH.Clearmet Limited

Appendix I
Procedures Section 2J (Listed Interest Rates clearing service)



LCH.CLEARNET LIMITED

PROCEDURES SECTION 2J

LISTED INTEREST RATES CLEARING SERVICE

1. THE LISTED INTEREST RATES CLEARING SERVICE

1.1 Introduction

1.1.1 Background

These Procedures apply to the clearing of Listed Interest Rates Eligible Products listed for trading on Rates Exchanges, and form part of the Rulebook (the Clearing House's General Regulations, Default Rules and Procedures) and must be read in conjunction with the other parts of the Rulebook.

Listed Interest Rates Clearing Members must inform themselves fully of their obligations under the Rulebook and other relevant documentation, such as the Clearing Membership Agreement and the terms of any approval by the Clearing House to extend clearing activities. Listed Interest Rates Clearing Members should also familiarise themselves with the relevant Rates Exchange Rules and the Listed Interest Rates Contract Terms.

Please note that both the Rulebook (including these Procedures) and the Listed Interest Rates Contract Terms are subject to change from time to time. Enquiries regarding these Procedures or any other aspects of the operation of the Listed Interest Rates Clearing Service should be directed to the Listed Rates Clearing House ~~Operations and Client Servicing (“OCS”)~~ [Services](#) Department on +44 7426 7651 or ListedRates.Ops.UK@lchclearnet.com. Enquiries regarding Listed Interest Rates Clearing Member status should be directed to the Onboarding Department on +44 (0) 20 7426 7949 or membership@lchclearnet.com.

In the event of any conflict between any provision of these Procedures and any requirement or provision of any third party (including but not limited to any requirement or provision in any Rates Exchange Rules), these Procedures shall prevail.

Enquiries relating to (i) trading Listed Interest Rates Contracts; (ii) Rates Exchange Rules; or (iii) the Listed Interest Rates Contract Terms of any Listed Interest Rates Contract other than a Designated Listed Interest Rates Contract should be directed to the relevant Rates Exchange. Enquiries relating to (i) clearing Listed Interest Rates Contracts; (ii) the Rulebook or Default Rules; or (iii) the Listed Interest Rates Contract Terms of any Designated Listed Interest Rates Contracts should be directed to the Clearing House.

1.1.2 Interpretation

Capitalised terms used in these Procedures not otherwise defined herein have the meanings ascribed to them in the Rulebook.

Except where otherwise stated, all times shown are London time and the twenty four hour clock is used.

1.1.3 Listed Interest Rates Eligible Products

Listed Interest Rates Clearing Members are advised for the purposes of the Regulations and these Procedures, that the eligibility criteria for Listed Interest

- (b) The Clearing House does not seek to limit or exclude any liability for personal injury or death caused by its negligence, or for fraud or wilful default on the part of the Clearing House.

1.1.7 Rates Exchange Status

Application for Rates Exchange status shall be made in accordance with the policies published from time to time on the Clearing House's website. A list of Rates Exchanges currently approved by the Clearing House, as well as an indication of whether Listed Interest Rates Eligible Products listed on such Rates Exchange are registered by the Clearing House through an open offer or through novation, shall be made available by the Clearing House. Where the Clearing House approves additional Rates Exchanges, it will notify Listed Interest Rates Clearing Members via a member circular.

1.2 General Information

1.2.1 Service Operation

- (a) Trading and Clearing System Functions

The respective functions of a Rates Exchange's trading system and the Clearing House's clearing system are contained in the relevant Service Description. All enquiries regarding the Listed Interest Rates Clearing Service should be directed to ~~the OCS Client Services Department~~ on +44 7426 7651 or ListedRates.Ops.UK@lch.com.

- (b) Operating Times

Unless notified otherwise, the Listed Interest Rates Clearing Service clearing system will be operational as follows:

<u>Time (LDN)</u>	<u>Process</u>
<u>07:00</u>	<u>Clearing House's Listed Interest Rates Clearing Service clearing system available to accept trades</u>
<u>21:00</u>	<u>Listed Interest Rates Eligible Product receipt deadline</u>
<u>21:00 – 21:45</u>	<u>Position maintenance window (trading ceases at 21:00)</u>
<u>21:45 – 01:00</u>	<u>Clearing system starts end of day processing, which shall include portfolio margining</u>

The Listed Interest Rates Clearing Service clearing system uses the SwapsMonitor Financial Calendar. The calendars, as applicable to the

[Listed Interest Rates Clearing Service, will be available on the Clearing House's website.](#)

~~The Clearing House will publish by Clearing Member circular and on its website details of the days and times during which the Listed Interest Rates Clearing Service will be operational.~~

~~(b) Trade Acceptance Hours~~

~~The trade acceptance hours of a given Rates Exchange are set out in the relevant Service Description.~~

(c) System Requirements

Clearing Members must have in their office, at a minimum, a PC configured to access the Clearing System GUI, a printer and back-up connectivity to the Clearing System as required by the Clearing House.

1.2.2 *Member Reporting*

The Clearing House makes available appropriate clearing information via reports, real-time confirmations and other means. Full details are contained in the relevant Service Description documentation.

1.2.3 *Clearing House Reporting*

The Clearing House (acting, where applicable, through the entity to which it has elected to delegate the relevant reporting obligation) shall report to a trade repository or similar body the details of a Listed Interest Rates Contract and any modification or termination of such contract without duplication and no later than the working day following the conclusion, modification or termination of such contract, in line with the requirements of applicable law.

1.2.4 *Static Data*

Prior to submission of any Listed Interest Rates Eligible Product for registration as a Listed Interest Rates Contract, a Listed Interest Rates Clearing Member is required to provide sufficient information in respect of the Rates Exchange from which such trade will be submitted. This applies also to any Listed Interest Rates Eligible Product traded pursuant to any agency arrangements permitted by the rules of that Rates Exchange.

The format, contents and completion process of the Static Data Form in respect of each Rates Exchange is prescribed from time to time by the Clearing House. Copies of the prescribed forms, for each Rates Exchange, are available from the Clearing House Onboarding Department.

Failure to provide the correct information in respect of the particular Rates Exchange and in respect of the particular type of Listed Interest Rates Eligible Product may result in the rejection of trades.

Each contract is exercised through the Clearing System. Exercise Rules are specified by the relevant Rates Exchange Rules and/or the relevant Listed Interest Rates Contract Terms, which determine the form and manner in which exercise notifications must be given, and the time frames for doing so. Exercise may be automatic or manual.

Options are exercised manually except on the last trading day when a combination of auto exercise and manual exercise is used and open futures contracts are created.

When exercised against, the Clearing House will select sellers against which to exercise, based on their open position. The method of allocation used for options is random scatter. The allocation process randomly determines each lot to be assigned in such a way that its selection is independent of either the preceding lot or of the subsequent lot in the selection process.

An option shall be deemed to be exercised at such time as confirmed by the Clearing House on the Clearing System.

Exercised Index Option contracts are settled in cash. The settlement amount is the difference between the strike price of the contract and the relevant Final Settlement Price (FSP).

Listed Interest Rates Clearing Members should consult the Service Description for more information and refer any enquiries to the ~~OCS-Client Services Department~~ on +44 7426 7651 or ListedRates.Ops.UK@lch.com. to the 'Synapse Derivatives Member User Guide' for operating instructions and full details.

(a) *Options Exercise Instructions*

(i) *Manual Exercise*

Exercise instructions are submitted via the Options Exercise screen on the Clearing System, between times as specified by relevant Rates Exchange Rules and/or the relevant Listed Interest Rates Contract Terms on any business day from the business day following the day of trade until the expiry day.

Exercise instructions can be cancelled via the Options Exercise screen up until the exercise deadline on the day the exercise instruction is input to the Clearing System.

Warning messages will be displayed on the following conditions:

- when an exercise is performed on Out-of-the-Money options;
- when a cancel is performed on In-the-Money options;
- the number of lots exceed the lot limit, if the lot limit parameter is set by the Clearing Member in the BP Exercise Limit screen; and

- early exercise i.e. non-spot month, if this parameter is set by the Clearing Member in the BP Exercise Limit screens.

An option exercise maker-checker facility ensures exercise instructions are authorised by another authorised person before being submitted. Listed Interest Rates Clearing Members should ensure that they allow sufficient time for submitting instructions within contract deadlines, if this facility is switched on.

(ii) *Automatic Exercise on Expiry Day*

Preset limits within the Clearing System define which options will be subject to automatic exercise at expiry.

Buyers of options may, in accordance with the relevant Listed Interest Rates Contract Terms, choose not to exercise option series that would be subject to automatic exercise. Listed Interest Rates Clearing Members that wish not to exercise such options must have done so by the exercise deadline of the expiring options. Failure to do so will result in the automatic exercise of the series.

(b) *Expiry Day*

Options expire at the time specified by relevant Listed Interest Rates Contract Terms on the expiry date. Listed Interest Rates Clearing Members who wish to exercise positions for strike prices which are not subject to automatic exercise for the expiring series, must do so by this time.

It is not possible for Listed Interest Rates Clearing Members to input exercise or exercise cancellation instructions after the expiry time.

(c) *Unavailability of System for Options Exercise*

In the event that the Clearing System option exercise facilities are unavailable (in particular if an expiry or exercise deadline is imminent), it is essential that the Listed Interest Rates Clearing Member contacts ~~LCH.Clearnet Operations and Client Servicing Services~~ the ~~OCS Department~~ on +44 7426 7651.

1.8 [Reserved]

1.9 Deliverable Bond Futures – Delivery Procedures

These delivery procedures should be read in conjunction with the rest of this document, the Rulebook, the relevant Rates Exchange Rules and the relevant Listed Interest Rates Contract Terms. Listed Interest Rates Clearing Members must be fully aware of their obligations under the relevant contracts.

In the event of any conflict between the Rulebook and the relevant Rates Exchange Rules and the Listed Interest Rates Contract Terms, the Rulebook shall prevail.

Enquiries concerning the procedures in this Section should be directed to [OES Department Client Services](#) staff at the Clearing House.

1.9.1 *Common Delivery Procedures*

(a) Allocation Method

For all deliverable bond contracts the following method is used by the Clearing House to allocate stock delivered by Sellers to Buyers:

- (i) Buying Clearing Members' accounts are listed in mnemonic sequence and numbered sequentially;
- (ii) a number is chosen at random;
- (iii) the allocation of the lowest coupon bond commences with the selected mnemonic and progresses through the list referred to in (a) above; and
- (iv) when no further allocation of the lowest coupon bond can be made, the allocation continues with the next lowest coupon bond and so on, until the process is completed with the allocation of the highest coupon bond.

If bonds of equal coupon but with different maturity dates have been nominated then the bond with the earliest maturity will be allocated first.

For the purpose of settlement efficiency the results of the allocation will be subject to settlement shaping with each instruction not exceeding a nominal value of GBP 50 million for Gilts or EUR 50 million for Bund, Bobl and Schatz.

(b) Clearing Accounts

Clearing Members' position keeping accounts, following any applicable netting, are aggregated to settlement account level for deliveries. Clearing Members must submit separate notifications (Seller's Delivery Notices, etc) to the Clearing House for each settlement account.

(c) Final Settlement Prices (FSP)

The FSP for bond deliveries will be determined in accordance with the relevant Listed Interest Rates Contract Terms. This is published as soon as possible after it has been set.

(d) Days and Times

All days are London business days unless otherwise stated.

All times are London times unless otherwise stated.

(e) Margin

The Clearing House continues to require Collateral in respect of initial and contingent variation margin requirements on open delivery contracts.

(f) The Delivery System

'The Delivery System' is the Clearing House Delivery System for deliverable Listed Interest Rates Contracts, which allows users to send and receive data to and from the Clearing House.

Clearing Members must submit delivery information using the Delivery System GUI.

When using the Delivery System GUI Clearing Members must always ensure that they allow sufficient time to input their delivery details within the deadlines prescribed in these procedures. Failure to do so will constitute late delivery of documentation and may be subject to disciplinary action. Clearing Members experiencing connection difficulties should contact ~~OCS~~ [Client Services Department](#) staff at the Clearing House immediately.

(g) Seller's Delivery Notice

Sellers must submit a *Delivery Notice* to the Clearing House via the Delivery System.

(h) Delivery Failure – Designated Listed Interest Rates Contracts Only

This paragraph 1.9.1(h) applies only in respect of Designated Listed Interest Rates Contracts. For all other Listed Interest Rates Contracts, the treatment of delivery failures is set out in the relevant Rates Exchange Rules.

Where the seller does not make delivery, or the buyer make payment, this will constitute a “delivery failure” within the meaning of Regulation 35 (Delivery (or other) Failures). A delivery failure may occur for any reason whatsoever, including, without limitation:

- (i) the failure of the Clearing House’s clearing system to effect settlement of such delivery or payment;
- (ii) any error, failure, closure or suspension of the Clearing House’s clearing system;

- (iii) a failure by any third party to make any required transfer of such deliverable bonds to seller or any settlement agent for seller in time to enable seller to make delivery to buyer; or
- (iv) any failure by either buyer or seller, or any settlement agent for either buyer or seller, to input any necessary instructions required by the Clearing House's clearing system or pursuant to the Regulations to effect settlement, including as a result of any fault or failure of any computer or communication system.

Where a delivery failure occurs, any decision as to alternative settlement procedures made by the Clearing House shall be binding on buyer and seller. The Clearing House may, but is not required to, require the buyer to pay an amount ("**Settlement Adjustment Amount**") equal to the product of: (i) the settlement payment required under the contract; (ii) the average of the Clearing House's base rate as at the close of each business day during the period that settlement is delayed; and (iii) the number of calendar days in the settlement delay period over 365.

In addition, if a delivery failure occurs and any dividend or coupon is paid on the deliverable bonds during the delayed settlement period, the Clearing House may, but is not required to, require the seller to pay an amount ("**Dividend Adjustment Amount**") equal to the gross amount of such dividend (without any withholding or deduction on account of any tax).

The delivery failure shall be "cured" on the business day on which the delivery has been made by the seller (including, where applicable, any Dividend Adjustment Amount) and the buyer to make payment (including, where applicable, any Settlement Adjustment Amount).

1.10 Long Gilt

The following abbreviations are used in these procedures:

- DVP means delivery versus payment;
- RVP means receipt versus payment;
- Delivery and receipt versus payment means a transfer of Gilts, against payment of the consideration amount specified in the Gilt contract terms; and
- Euroclear UK and Ireland - The Euroclear UK and Ireland System.

1.10.1 *Delivery Mechanism*

Deliveries under the Gilt contract must be made or taken via an account at Euroclear UK and Ireland (EUI).

(a) *Clearing House Delivery Account Details*

Details of the Clearing House's account at Euroclear UK and Ireland (EUI) are as follows:

Clearing House account number 5172

Clearing Members must ensure that Long Gilt settlement instructions originating from the Curve Exchange must be submitted and matched in Euroclear UK and Ireland with a trade system of origin (“TSO”) name as London Stock Exchange, whereas instructions originating from the NLX Exchange must be submitted and matched in Euroclear UK and Ireland with a blank TSO.

1.10.2 *Delivery Communication and the Delivery System*

Delivery documentation must be submitted using The Delivery System. When using The Delivery System, Clearing Members must always ensure they allow sufficient time to input their delivery details within the deadlines prescribed in these procedures. Failure to do so will constitute late delivery of documentation and may be subject to disciplinary action. Clearing Members experiencing difficulties should contact ~~OCS-Client Services Department~~ staff at the Clearing House immediately.

1.10.3 *Consideration Value Calculation*

The amount due to Sellers and payable by Buyers is calculated in accordance with the Gilt contract terms (all values in GBP):

Consideration value per lot = (1000 x FSP x Price Factor) + Initial Accrued + (Daily Accrued x Delivery Days in Month)

Consideration Calculation Example

FSP(N)	=	107.41
Price Factor	=	1.2554334
Initial Accrued	=	1746.58
Daily Accrued	=	17.1233
Delivery Days in Month	=	10
Single lot value	=	(1000 x 107.41 x 1.2554334) + 1746.58 + (17.1233 x 10)
	=	136,763.914494
Consideration value per lot	=	136,763.91

The Clearing House establishes the consideration amount by calculating the full value of **1 lot** using the formula (i.e. up to 7 decimal places on the price factor and 5 on the FSP) and rounding to the nearest whole penny (.5 rounded down). This **per** lot value is then multiplied by the number of lots to establish the total consideration value.

The Seller must ensure that their Euroclear UK & Ireland priority settings and cap permit their trades to settle before the Clearing House settlement deadline.

By 13:00 hours

Gilts will have passed from the Seller's Euroclear UK & Ireland account to the Clearing House's Euroclear UK & Ireland account (5172) and subsequently to the Buyer's Euroclear UK & Ireland account on Settlement Day.

The Buyers and the Clearing House's settlement bank will effect payment by the end of the day across Real Time Gross Settlement (RTGS) accounts at the Bank of England.

The Clearing House releases Collateral in respect of initial and contingent variation margin for successfully completed deliveries.

1.11 German Government Bond (Euro Bund)

The following abbreviations are used in these procedures:

- DVP means delivery versus payment;
- RVP means receipt versus payment;
- Delivery and receipt versus payment means a transfer of Bunds, against payment of the consideration amount specified in the Listed Interest Rates Contract Terms for German Government Euro Bund Contracts;
- Euroclear - The Euroclear System; and
- Securities correspondent - Euroclear, Clearstream Luxemburg SA or Clearstream Frankfurt.

1.11.1 *Delivery Mechanism*

Deliveries under the Euro Bund contract must be made or taken via accounts at one or more of the following delivery systems:

- Clearstream Frankfurt;
- Euroclear; and
- Clearstream Luxemburg.

(a) *Clearing House Delivery Account Details*

The Clearing House's delivery agents and account details at the Clearstream Frankfurt are as follows:

Deutsche Bank AG
Securities & Custody Services

PO Box 65755
 Eschborn
 Germany

Clearing House account number [for NLX transactions](#) : 7077

[Clearing House account number for Curve transactions](#) : [7770](#)

Details of the Clearing House's accounts at Euroclear and Clearstream Luxembourg are as follows:

Euroclear : Clearing House account number [for NLX transactions 10167](#)

[Clearing House account number for Curve transactions 79317](#)~~10167~~

Clearstream Luxembourg : Clearing House account number [for NLX transactions 18764](#)

[Clearing House account number for Curve transactions 24270](#)

~~18764~~

The Clearing House retains the right to amend the above list without prior notification to Clearing Members.

For each Euro Bund delivery, Clearing Members are advised of the Clearing House's delivery systems, agents, accounts and reference numbers, on the *Delivery Instructions Report*.

1.11.2 *Delivery Communication and the Delivery System*

Delivery documentation must be submitted using The Delivery System. When using The Delivery System, Clearing Members must always ensure they allow sufficient time to input their delivery details within the deadlines prescribed in these procedures. Failure to do so will constitute late delivery of documentation and may be subject to disciplinary action. Clearing Members experiencing difficulties should contact ~~OCS Department~~ [Client Services](#) staff at the Clearing House immediately.

1.11.3 *Consideration Value Calculation*

The amounts due to Sellers from Buyers are calculated in accordance with the Euro Bund contract terms.

Consideration value per lot = (1000 x FSP x Price Factor) + Accrued Interest

All costs arising as a result of failure to deliver to the Clearing House in the Euroclear/ Clearstream Luxemburg overnight processing cycle will be passed to the defaulting Selling Clearing Member.

During Clearstream Frankfurt standard cycle

Where the Clearing House is taking delivery of Bunds via one of its Clearstream Frankfurt agents, and a Seller fails to deliver to the Clearing House Deliverable Bonds in the standard cycle, the Clearing House will attempt to borrow stock.

All costs arising as a result of failure to deliver to the Clearing House (in the standard cycle) will be passed to the defaulting Selling Clearing Member.

- (f) *S + 1 The first Frankfurt working day immediately following Settlement Day (LTD + 3)*

The Clearing House releases Collateral in respect of initial and contingent variation margin for successfully completed deliveries.

1.12 German Government Bond (BOBL)

The following abbreviations are used in these procedures:

- DVP means delivery versus payment;
- RVP means receipt versus payment;
- Delivery and receipt versus payment means a transfer of Bonds, against payment of the invoicing amount specified in the Listed Interest Rates Contract Terms for Bobl Futures Contracts;
- Euroclear - The Euroclear System; and
- Securities correspondent - Euroclear, Clearstream Luxemburg SA or Clearstream Frankfurt.

1.12.1 Delivery Mechanism

Deliveries under the Bobl contract must be made or taken via accounts at one or more of the following delivery systems:

- Clearstream Frankfurt;
- Euroclear; and
- Clearstream Luxemburg.

- (a) *Clearing House Delivery Account Details*

The Clearing House's delivery agents and account details at the Clearstream Frankfurt are as follows:

Deutsche Bank AG

Securities & Custody Services
PO Box 65755
Eschborn
Germany

Clearing House account number [for NLX transactions](#) : 7077

[Clearing House account number for Curve transactions](#) : 7770

Details of the Clearing House's accounts at Euroclear and Clearstream Luxembourg are as follows:

Euroclear : Clearing House account number [for NLX transactions 10167](#)

[Clearing House account number for Curve transactions 79317](#)~~+10167~~

Clearstream Luxembourg : Clearing House account number [for NLX transactions 18764](#)

[Clearing House account number for Curve transactions 24270](#)

~~18764~~

The Clearing House retains the right to amend the above list without prior notification to Clearing Members.

For each delivery, Clearing Members are advised of the Clearing House's delivery systems, agents, accounts and reference numbers, on the *Delivery Instructions Report*.

1.12.2 *Delivery Communication and the Delivery System*

Delivery documentation must be submitted using The Delivery System. When using The Delivery System, Clearing Members must always ensure they allow sufficient time to input their delivery details within the deadlines prescribed in these procedures. Failure to do so will constitute late delivery of documentation and may be subject to disciplinary action. Clearing Members experiencing difficulties should contact ~~OCS Department~~[Client Services](#) staff at the Clearing House immediately.

1.12.3 *Consideration Value Calculation*

The amounts due to Sellers from Buyers are calculated in accordance with the Bobl Futures Contract terms.

Consideration value per lot = (1000 x FSP x Price Factor) + Accrued Interest

Consideration Calculation Example

All costs arising as a result of failure to deliver to the Clearing House in the Euroclear/ Clearstream Luxemburg overnight processing cycle will be passed to the defaulting Selling Clearing Member.

During Clearstream Frankfurt standard cycle

Where the Clearing House is taking delivery of Bonds via one of its Clearstream Frankfurt agents, and a Seller fails to deliver to the Clearing House Deliverable Bonds in the standard cycle, the Clearing House will attempt to borrow stock.

All costs arising as a result of failure to deliver to the Clearing House (in the Clearstream Frankfurt standard cycle) will be passed to the defaulting Selling Clearing Member.

- (f) *S + 1 The first Frankfurt working day immediately following Settlement Day (LTD + 3)*

The Clearing House releases Collateral in respect of initial and contingent variation margin for successfully completed deliveries.

1.13 German Government Bond (Schatz)

The following abbreviations are used in these procedures:

- DVP means delivery versus payment;
- RVP means receipt versus payment;
- Delivery and receipt versus payment means a transfer of Bonds, against payment of the invoicing amount specified in the Listed Interest Rates Contract Terms for Schatz Futures Contracts;
- Euroclear - The Euroclear System; and
- Securities correspondent - Euroclear, Clearstream Luxemburg SA or Clearstream Frankfurt.

1.13.1 Delivery Mechanism

Deliveries under the Schatz contract must be made or taken via accounts at one or more of the following delivery systems:

- Clearstream Frankfurt;
- Euroclear; and
- Clearstream Luxemburg.

- (a) *Clearing House Delivery Account Details*

The Clearing House's delivery agents and account details at the Clearstream Frankfurt are as follows:

Deutsche Bank AG

Securities & Custody Services
PO Box 65755
Eschborn
Germany

Clearing House account number [for NLX transactions](#) : 7077

[Clearing House account number for Curve transactions](#) : 7770

Details of the Clearing House's accounts at Euroclear and Clearstream Luxembourg are as follows:

Euroclear : Clearing House account number [for NLX transactions 10167](#)

[Clearing House account number for Curve transactions 79317](#)~~10167~~

Clearstream Luxembourg : Clearing House account number [for NLX transactions 18764](#)

[Clearing House account number for Curve transactions 24270](#)

~~18764~~

The Clearing House retains the right to amend the above list without prior notification to Clearing Members.

For each delivery, Clearing Members are advised of the Clearing House's delivery systems, agents, accounts and reference numbers, on the *Delivery Instructions Report*.

1.13.2 *Delivery Communication and the Delivery System*

Delivery documentation must be submitted using The Delivery System. When using The Delivery System, Clearing Members must always ensure they allow sufficient time to input their delivery details within the deadlines prescribed in these procedures. Failure to do so will constitute late delivery of documentation and may be subject to disciplinary action. Clearing Members experiencing difficulties should contact ~~OCS Department~~[Client Services](#) at the Clearing House immediately.

1.13.3 *Consideration Value Calculation*

The amounts due to Sellers from Buyers, are calculated in accordance with the Listed Interest Rates Contract Terms for Schatz Futures Contracts.

Consideration value per lot = (1000 x FSP x Price Factor) + Accrued Interest

Consideration Calculation Example