

VIA CFTC PORTAL

24 May 2016

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

LCH.Clearnet Limited Self Certification : Election of eligible products by SwapClear Clearing Members

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet Limited ("LCH"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to its rules which codify the process for SwapClear Clearing Members ("SCMs") and Futures Commission Merchant Clearing Members ("FCMs") to elect eligible SwapClear Contracts.

Part I: Explanation and Analysis

LCH's SwapClear service proposes to make rule changes which will codify the existing requirement for SCMs and FCMs to elect, in advance of clearing, products from within the SwapClear eligibility criteria which it will clear. Such election will be approved by the Clearing House, and will be a precondition to the registration of a SwapClear Transaction. The rule change will set out that a SwapClear Contract that is submitted but is not within the scope of an existing formal election may be rejected by the Clearing House. The changes also set out the formal process for such elections.

The rule changes will go live on, or after, June 10, 2016.

Part II: Description of Rule Changes

Section 1.3.1 of Procedures Section 2C and Section 2.1.3(a) of FCM Procedures have been amended to include identical wording which sets out the process which SCMs and FCMs must follow in order to provide the Clearing House notice of the type of SwapClear Contract which may be submitted for registration. Further it sets out that such election will be approved by the Clearing House, and that any SwapClear Contract not part of pre-approved eligible notice may be rejected by the Clearing House.

The text of the changes to Procedures Section 2C (SwapClear) are attached hereto as **Appendix I** and FCM Procedures are attached as **Appendix II**.

Part III: Core Principle Compliance

LCH has reviewed the codification of changes to require pre-election of eligible SwapClear contracts against the requirements of Core Principle C and finds that the service will strengthen LCH's ability to comply with all the requirements and standards therein.

LCH has concluded that compliance with the Core Principles will not be adversely affected by this change.

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.Clearnet 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 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



Julian Oliver

Chief Compliance Officer

LCH.Clearnet Limited

Appendix I
Procedures Section 2C (SwapClear)

Transaction. For the avoidance of doubt, an Executing Party may appoint a third party to present details of a SwapClear Transaction to the Clearing House on its behalf.

Prior to and as a precondition to the registration of an eligible SwapClear Transaction, the relevant SwapClear Clearing Member must provide notice to and receive approval from the Clearing House (or have previously provided such notice and received such approval), in such form as determined by the Clearing House in its sole discretion, with respect to each type of SwapClear Contract to be submitted for registration (be it with respect to tenor, currency or other eligibility criteria). Notwithstanding anything herein to the contrary, if (i) notification pursuant to this paragraph is not received by the Clearing House, (ii) the relevant SwapClear Clearing Member does not receive approval from the Clearing House to register the relevant type of SwapClear Contract or (iii) such approval granted pursuant to this paragraph has been rescinded by the Clearing House, the Clearing House may, in its sole discretion, reject the registration of such SwapClear Transaction.

1.3.2 *Clearing House Notification*

In the case of a SwapClear Clearing Member which has been nominated to register a SwapClear Transaction on behalf of a third party Executing Party other than a SwapClear Dealer, the Clearing House will (only where such SwapClear Transaction is not a US Trading Venue Transaction) provide notification to such SwapClear Clearing Member of the relevant SwapClear Transaction and that it has been so nominated, via member reports, the ClearLink API or otherwise (the "**Notification**"). Where a SwapClear Clearing Member is nominated to clear both SwapClear Contracts arising from the registration of such a SwapClear Transaction (whether for itself or a third party Executing Party) in the capacities described in this paragraph, such SwapClear Clearing Member will receive two separate Notifications from the Clearing House in relation to such SwapClear Transaction. In all other cases, no Notification will be provided to any SwapClear Clearing Member.

In respect of a SwapClear Transaction that is not a US Trading Venue Transaction, following receipt of a Notification, a SwapClear Clearing Member may choose to grant or refuse consent to register the SwapClear Transaction. It is a condition for registration of such a SwapClear Transaction that a SwapClear Clearing Member grants a separate consent (each a "**Necessary Consent**") in respect of each Notification received by it in relation to the registration of such SwapClear Transaction. The Clearing House has an automated system which it operates on each business day (currently at or around 8 pm (London time)) for the purposes of rejecting SwapClear Transactions which have been presented for clearing but in respect of which any Necessary Consent has not been notified to the Clearing House prior to the LCH Cut-off Time. The "LCH Cut-off Time" in respect of a SwapClear Transaction will be the time on the business day following the day when the relevant SwapClear Transaction was presented for clearing at which the reject system is operated by the Clearing House and the relevant SwapClear Transaction is itself rejected by such system. If a SwapClear Clearing Member has not notified the Clearing House of a Necessary Consent by the

Appendix II
FCM Procedures

2.1.2 *Operating Times And Calendars*

(a) *Opening Days*

The Clearing House will publish a circular detailing the days on which the FCM SwapClear clearing system will be open.

(b) *Opening Hours*

Unless notified otherwise, the FCM SwapClear clearing system will be operational during the following hours:

05:00 London time to 19:00 hours New York time (a “**Business Day**”).

However, FCM Clearing Members should note that FCM Acceptances of an FCM Notification submitted during a Business Day shall be accepted by the Clearing House until 19:01 New York time on the following day. The Clearing House will notify FCM Clearing Members in the event that the FCM SwapClear clearing system is scheduled for closure for operational or other reasons (including compression runs).

(c) *FCM SwapClear Clearing System Calendars*

The FCM SwapClear clearing system uses the SwapsMonitor Financial Calendar for its processing. This will require all FCM Clearing Members to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM SwapClear clearing system, will be available online for inspection and for file download from FCM Clearing Member Reporting (see Section 2.1.1(c)).

2.1.3 *Registration*

(a) *Submission for Registration*

Prior to and as a precondition to the registration of an eligible FCM SwapClear Transaction, the relevant FCM Clearing Member must provide notice to and receive approval from the Clearing House (or have previously provided such notice and received such approval), in such form as determined by the Clearing House in its sole discretion, with respect to each type of FCM SwapClear Contract to be submitted for registration (be it with respect to tenor, currency or other eligibility criteria). Notwithstanding anything herein to the contrary, if (i) notification pursuant to this paragraph is not received by the Clearing House, (ii) the relevant FCM Clearing Member does not receive approval from the Clearing House to register the relevant type of SwapClear Contract or (iii) such approval granted pursuant to this paragraph has been rescinded by the Clearing House, the Clearing House may, in its sole discretion, reject the registration of such FCM SwapClear Transaction.