

VIA CFTC PORTAL

3 August 2016

Mr Christopher Kirkpatrick  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

**Re: Self Certification of Procedural Rule Change:**

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 the following change for self-certification:

*Change to Additional Requirements:* Amendment to Section 1 of the LCH Procedures in order to clarify the obligation of Clearing Members to provide the Clearing House with responses to due diligence requests on an ongoing basis, and to comply with applicable anti-money laundering rules and legislation in respect of performing Know Your Customer due diligence on their underlying clients.

**Part I: Explanation and Analysis**

See above.

The above changes will go live on, or after, August 18<sup>th</sup>, 2016.

**Part II: Description of Rule Changes**

See above.

The text of the changes to Procedures section 1 is attached hereto as **Appendix I**.

**Part III: Core Principle Compliance**

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

**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 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 the information below.

Cordially yours,



Suprio Chaudhuri

Chief Compliance Officer, LCH LLC & Interim Head of Core Compliance

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**Appendix I**  
**Procedures Section 1**



**LCH.CLEARNET LIMITED**

**PROCEDURES SECTION 1**

**CLEARING MEMBER, NON-MEMBER MARKET  
PARTICIPANT AND DEALER STATUS**

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## 1.10 Additional Requirements

### Notification of Changes of Ownership

Clearing Members (other than Special Clearing Members, who shall be subject to such specific terms as set out in their Clearing Membership Agreement) are required, under the terms of their Clearing Membership Agreement, to notify or pre-notify the Clearing House of changes in controlling holdings (defined as the exercise or control of 20% or more of the voting power of the firm). The Clearing House recognises that, in the case of Clearing Members which are part of large financial groups, changes in controllers may occur with relative frequency, which may only be known after the event and are unlikely to be significant to the Clearing House. However, in cases of changes in ownership, and particularly where those potentially acquiring a dominant stake in a Clearing Member are not known to the Clearing House, Clearing Members are required to pre-notify the Clearing House of their plans. The proposed change of ownership may be subject to an approval process involving the Risk Committee and Board of the Clearing House.

### Due Diligence and Know Your Customer

Clearing Members are required to respond to all due diligence requests, including but not limited to, annual updates, issued by the Clearing House within a reasonable period of time. In addition, all Clearing Members must ensure that they comply in relevant jurisdictions with all applicable anti-money laundering and sanctions legislation and regulations, including but not limited to, client due diligence and sanctions screening, and upon request from the Clearing House, will be required to evidence the same.

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## 1.11 Other Conditions

The Clearing House may, at any time, impose additional conditions in relation to continued Clearing Member status, and at any time vary or withdraw any such conditions, provided that any such conditions which restrict, or may be considered to have the effect of restricting, access of a Clearing Member to the Clearing House shall be imposed only in circumstances where, and to the extent that, their object is to control the exposure of the Clearing House to risk. Clearing Members are referred to the Clearing House's website at <http://www.lchclearnet.com/risk-collateral-management/risk-management-overview> for further information about the relevant internal risk management policies and procedures of the Clearing House.

The relevant additional conditions imposed on a Clearing Member may include, but are not limited to, a requirement to transfer additional cash or non-cash Collateral to the Clearing House, as determined by the Clearing House.

## 1.12 Jurisdictional Requirements

### 1.12.1 Singaporean Clients

Clearing Members are required to provide a copy of the 'Notice to Singapore Clearing Clients' to Clearing Clients incorporated in Singapore. The 'Notice to Singapore Clearing Clients' is available at:

<http://www.lchclearnet.com/members-clients/members/fees-lts/annual-account-structure-fees>.