

VIA CFTC PORTAL

7 Nov 2016

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

LCH.Clearnet Limited Self Certification: Rule changes related to restrictions on Clearing Members and their clients operating in the Japanese jurisdiction, establishment of Hedged Accounts, Clearing Member responsibilities towards the Clearing House and providing risk disclosure to clients operating through a branch in Singapore.

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 changes for self-certification:

- 1. Restrictions on Clearing Members, branches of Clearing Members and clients operating in the Japanese jurisdiction:* changes to its rules to include restrictions applicable to Clearing Members, branches of Clearing Members, and their Japanese incorporated or domiciled clients ("Japanese clients") in respect of Portfolio Margining service, clearing of SwapClear Settled-To-Market ("STM") contracts and Yen-denominated SwapClear contracts. These restrictions provide additional legal certainty to the rules and procedures currently applicable to the Clearing Members and their clients operating in Japan.
- 2. Establishment of Hedged Accounts following the default of a Rates Clearing Member:* changes to its rules to provide LCH the flexibility to establish more than one separate Hedged Account.
- 3. Clearing Member responsibilities towards the Clearing House:* changes to its rules to further articulate Clearing Member responsibilities towards the Clearing House.
- 4. Providing risk disclosure to clients operating through a branch in Singapore:* changes to its rules to expand the provision of risk disclosure by Clearing Members to clients operating in Singapore through a branch.

Part I: Explanation and Analysis

Restrictions on Clearing Members, branches of Clearing Members and clients operating in the Japanese jurisdiction

The rule changes introduce 3 restrictions, as follows:

- (i) LCH proposes to make rule changes which will restrict the Japanese incorporated or domiciled Clearing Members (“Japanese SCMs”), SCM branches in Japan and Japanese clients from participating in LCH’s Portfolio Margining service. In addition, the rule changes will restrict Futures Commission Merchants (“FCMs”) from participating in the Portfolio Margining service on behalf of their Japanese clients. The new restriction provides additional legal certainty with respect to the Japanese jurisdiction.
- (ii) STM contracts are those that have their variation margin settled on a daily basis with the Clearing House as opposed to marked to market on a daily basis. Currently, LCH offers clearing of STM contracts to SCMs. LCH proposes to make rule changes which will restrict Japanese SCMs and SCM branches in Japan from clearing STM contracts for their own account or on behalf of Japanese clients. This restriction is in line with requirements imposed on LCH by the Japanese regulator.
- (iii) LCH proposes to make rule changes which will restrict the Japanese SCMs, SCM branches in Japan and Japanese clients from clearing Yen-denominated SwapClear contracts. In addition, the rule changes will restrict FCMs from clearing Yen-denominated contracts on behalf of their Japanese clients. This is to ensure that the existing restriction under LCH’s license in Japan is reflected in the rules.

Establishment of Hedged Accounts following the default of a Rates Clearing Member

Hedged Accounts are accounts established at the Clearing House for the purpose of facilitating liquidation of the contracts entered into by the defaulting Clearing Member in respect of one or more of its clients. LCH proposes to make rule changes which will provide it the flexibility to establish more than one separate Hedged Account for the Rates service, as it considers appropriate to facilitate efficient liquidation of the contracts. The Rates service includes both the SwapClear service and the Listed Rates service, following the recent implementation of the LCH’s Portfolio Margining service. This change will initially only be available in relation to SwapClear Clearing Members (SCMs). A separate rule change will be submitted at a later date to make this change available to the Futures Commission Merchants (FCMs).

Clearing Member responsibilities towards the Clearing House

The rule changes further articulate Clearing Member responsibilities towards the Clearing House. They emphasise that the Clearing Member will follow the Rulebook in a manner that promotes and maintains;

- (i) the Clearing House’s legal or regulatory status under relevant Applicable Law, jurisdictions and regulations,
- (ii) reputation and integrity of itself and the Clearing House, and
- (iii) Clearing House’s obligation to act fairly and professionally in accordance with the best interest of its stakeholders.

Providing risk disclosure to clients operating through a branch in Singapore

Clearing Members are required to provide a copy of a risk disclosure to Clearing Clients incorporated in Singapore. This is a Singapore jurisdiction requirement. The proposed rule changes extend this provision to clients operating in Singapore through a branch.

The above changes will go live on, or after, December 5, 2016.

Part II: Description of Rule Changes

Restrictions on Clearing Members, branches of Clearing Members and clients operating in the Japanese jurisdiction

Procedures section 1 (Clearing Member, Non-member market participant and Dealer Status)

Section 1.12 (Jurisdictional Requirements) has been updated to reflect the addition of new restrictions on Japanese SCMs, SCM branches in Japan and Japanese clients.

Specifically,

- (i) Sections 1.12.2(a) and 1.12.3(a) have been added to reflect the restrictions in relation to Portfolio Margining service.
- (ii) Sections 1.12.2(b) and 1.12.3(b) have been added to reflect the restrictions in relation to clearing STM contracts.
- (iii) Sections 1.12.2(c) and 1.12.3(c) have been added to reflect the restrictions in relation to clearing Yen-denominated contracts.

FCM Procedures

Section 1.9 (FCM Clearing Member Status - Other Conditions) has been updated to reflect the addition of new restrictions on the FCMs.

Section 1.9.2(a) and (b) have been added to reflect the restriction on FCMs from participating in the Portfolio Margining service and clearing Yen-denominated contracts respectively, on behalf of their Japanese clients.

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

Establishment of Hedged Accounts following the default of a Rates Clearing Member

Procedures section 2C (SwapClear Clearing Service)

Section 1.27.9 (Default Management) has been updated to reflect the flexibility to establish more than one Hedged Accounts in the Rates service.

The text of the changes to the Procedures section 2C is attached hereto as **Appendix III**.

Clearing Member responsibilities towards the Clearing House

General Regulations

Regulation 48 (Interpretation of These Regulations) has been amended to reflect further articulation of Clearing Member responsibilities towards the Clearing House.

FCM Regulations

Regulation 40 (Interpretation of These FCM Regulations) has been amended to reflect further articulation of Clearing Member responsibilities towards the Clearing House.

The text of the changes to General Regulations is attached hereto as **Appendix IV** and that of FCM Regulations is attached as **Appendix V**.

Providing risk disclosure to clients operating through a branch in Singapore

Procedures Section 1

Section 1.12 (Jurisdictional Requirements) has been amended to reflect that Clearing Members are required to provide a risk disclosure to clients operating through a branch in Singapore.

FCM Procedures

Section 1.9 (Other Conditions) has been amended to reflect that Clearing Members are required to provide a risk disclosure to clients operating through a branch in Singapore.

The text of the changes to Procedures Section 1 is attached hereto as **Appendix VI** and that of FCM Procedures is attached as **Appendix VII**.

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 julian.oliver@lch.com.

Yours sincerely



Julian Oliver

Chief Compliance Officer

LCH.Clearent Limited

Appendix I
Procedures Section 1



LCH.CLEARNET LIMITED

PROCEDURES SECTION 1

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

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.

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-ltd/annual-account-structure-fees>.

1.12.2 Restrictions on Clearing Members and SCM Branches incorporated in or domiciled in Japan (each a “**Japanese Clearing Member**” or “**Japanese SCM Branch**”, respectively)

- (a) Japanese Clearing Members and Japanese SCM Branches are not permitted to participate in the Portfolio Margining Service.
- (b) Japanese Clearing Members and Japanese SCM Branches are not permitted to clear SwapClear STM Contracts.
- (c) Japanese Clearing Members and Japanese SCM Branches shall not clear Yen-denominated SwapClear Contracts.

1.12.3 Restrictions on Clearing Clients incorporated in or domiciled in Japan (“**Japanese Clearing Clients**”)

- (a) Clearing Members may not participate in the Portfolio Margining Service on behalf of Japanese Clearing Clients.
- (b) Clearing Members may not clear SwapClear STM Contracts on behalf of Japanese Clearing Clients.
- ~~(a)~~(c) Clearing Members shall not clear Yen-denominated SwapClear Contracts on behalf of Japanese Clearing Clients.

Appendix II
FCM Procedures



**FCM PROCEDURES OF
THE CLEARING HOUSE**

LCH.CLEARNET LIMITED

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

1.9 Other Conditions

1.9.1 Singaporean Clients

FCM Clearing Members are required to provide a copy of the 'Notice to Singapore Clearing Clients' to FCM Clients incorporated in Singapore. The 'Notice to Singaporean Clearing Clients' is available here: <http://www.lchclearnet.com/members-clients/members/fees-ltd/annual-account-structure-fees>.

1.9.2 Restrictions on Japanese FCM Clients

(a) FCM Clearing Members shall not permit FCM Clients incorporated in or domiciled in Japan to participate in the Portfolio Margining Service.

~~(b)~~ FCM Clearing Members shall not clear Yen-denominated FCM SwapClear Contracts on behalf of FCM Clients incorporated in or domiciled in Japan.

Appendix III
Procedures Section 2C



LCH.CLEARNET LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

Each SCM who makes available a representative to serve on the Rates Service DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the Rates Service DMG complies with Schedule 5 covering confidentiality, non-disclosure and other terms.

1.27.9 *Procedures for Liquidation of Rates Service Contracts of Clearing Clients*

Upon the default of a Rates Service Clearing Member, the Clearing House has the power and authority, pursuant to the Rulebook, to liquidate the Rates Service Contracts of Clearing Clients which, pursuant to the Rulebook, would be conducted in accordance with the Rates Service DMP Annex. This section sets forth certain supplementary procedures (in addition to the Default Rules and other applicable provisions of the Rulebook) that will apply under such circumstances.

In certain circumstances the Clearing House may deem, in its sole discretion, that the Rates Service Contracts entered into by the defaulting Rates Service Clearing Member in respect of one or more Clearing Clients should be liquidated. Such determination may result from factors including: (i) the Clearing House determining that the Rates Service Contracts entered into by the defaulting Rates Service Clearing Member in respect of the Clearing Client pose too great a risk to the Clearing House and should therefore be liquidated, (ii) the Clearing House becoming aware of the Clearing Client becoming insolvent or otherwise failing in its obligations to the defaulting Rates Service Clearing Member, (iii) the relevant Clearing Client requesting that it be liquidated, or (iv) a request or instruction from a Regulatory Body, whether orally or in writing. In the event of such liquidation the Clearing House shall transfer (either physically or by book-entry) the Rates Service Contracts to be liquidated into an account at the Clearing House established for purposes of liquidating the Rates Service Contracts entered into by the defaulting Rates Service Clearing Member in respect of its Clearing Clients (such account, a “**Hedged Account**”). The Clearing House ~~shall~~ may establish ~~a one or more~~ separate Hedged Account(s) for ~~each currency of~~ Rates Service Contracts that are non-transferable and will be subject to liquidation and, if applicable, will ~~may~~ include in each such Hedged Account the Rates Service Contracts ~~in the applicable currency~~ that are to be liquidated, regardless of the Clearing Clients for which such Rates Service Contracts are held. The provisions of this section shall apply equally to any such Hedged Account. Additionally, no Contracts other than Rates Service Contracts will be transferred into a Hedged Account established for liquidating Rates Service Contracts.

A Clearing Client whose Rates Service Contracts are transferred into a Hedged Account is referred to as a “**Non-Porting Client**”. The Clearing House shall hold the relevant Collateral in the relevant Client Account, in each case until the liquidation of the entire Hedged Account and all Rates Service Contracts and other positions therein, as described below. At the time that the Rates Service Contracts of a Non-Porting Client are transferred into a Hedged Account, any outstanding and accrued but unpaid Variation Margin in respect of such Rates Service Contracts shall be discharged as of the time such Rates

Appendix IV
General Regulations



**GENERAL REGULATIONS OF
LCH.CLEARNET LIMITED**

REGULATION 48 INTERPRETATION OF THESE REGULATIONS

- (a) In the event of inconsistency between the provisions of these Regulations and Exchange Rules, or between these Regulations and the rules or regulations or other contractual provisions of any trading platform or other undertaking, the provisions of these Regulations shall prevail.
- (b) The headings to these Regulations are for convenience only and shall not affect their interpretation.
- (c) Members shall at all times observe, interpret and give effect to the provisions of the Rulebook in a manner which promotes and maintains:
- (i) the Clearing House's status as a recognised central counterparty under EMIR and a registered derivatives clearing organization under the United States Commodity Exchange Act and any other legal or regulatory status it has from time to time under any other Applicable Law;
 - (ii) the good reputation and integrity of the Clearing House and the Members; and
 - (iii) the Clearing House's obligations under EMIR and any other Applicable Law to act fairly and professionally in accordance with the best interests of Members and, where applicable, Clearing Clients and sound risk management.
- Members shall perform their obligations and exercise their rights under the Rulebook in accordance with Applicable Law.

Regulation	Title
and (c)	
Regulation 17	Trading Information
Regulation 20	Margin and Collateral
Regulation 22	Official Quotations and Reference Price
Regulation 25	Other Modes of Settlement and Revaluation
Regulation 37	Market Disorders, Impossibility of Performance, Trade Emergency
Regulation 38	Force Majeure
Regulation 39	Invoicing Back
Regulation 40	Currency Conversion
Regulation 41	Disclosure and Reporting
Regulation 42	Fees and Other Charges
Regulation 43	Records
Regulation 44	Alteration of Regulations and the Procedures
Regulation 45 and Regulation 46	Netting and Distribution of Assets
Regulation 47	Procedures
Regulation 48 (b)	Interpretation of these Regulations
Regulation 49	Waiver
Regulation 50(a)	Validity of Regulations and Action
Regulation 51	Governing Law and Jurisdiction
Regulation 52	Exclusion of Liability
Regulation 54 to Regulation 60	SwapClear Regulations
Default Rules	Default Rules (including Rates Service DMP Annex)
Settlement Finality Regulations	Settlement Finality Regulations

Regulation	Title
Regulation 19	Transactions entered into through an Automated Trading System or Platform
Regulation 20	Margin and Collateral
Regulation 22	Official Quotations and Reference Price
Regulation 25	Other modes of settlement and Revaluation
Regulation 35	Delivery (or other) Failures
Regulation 37	Market Disorders, Impossibility of Performance, Trade Emergency
Regulation 38	Force Majeure
Regulation 39	Invoicing Back
Regulation 40	Currency Conversion
Regulation 41	Disclosure and Reporting
Regulation 42	Fees and Other Charges
Regulation 43	Records
Regulation 44	Alteration of Regulations and the Procedures
Regulation 45 and Regulation 46	Netting and Distribution of Assets
Regulation 47	Procedures
Regulation 48 (b)	Interpretation of these Regulations
Regulation 49	Waiver
Regulation 50(a)	Validity of Regulations and Action
Regulation 51(a) and (c) to (e)	Governing Law and Jurisdiction
Regulation 52	Exclusion of Liability
Regulation 61 to Regulation 66	RepoClear Regulations
Default Rules	Default Rules (including RepoClear DMP Annex)

Regulation	Title
Regulation 17	Trading Information
Regulation 18	Transfer
Regulation 19	Transactions entered into through an Automated Trading System or Platform
Regulation 20	Margin and Collateral
Regulation 21	Premium under Option Contracts
Regulation 22	Official Quotations and Reference Price
Regulation 33	Arbitration: Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts, EquityClear Contracts or LCH EnClear Contracts (for Physical Delivery)
Regulation 34	Collateral in Event of a Claim
Regulation 35	Delivery (or other) Failures
Regulation 37	Market Disorders, Impossibility of Performance, Trade Emergency
Regulation 38	Force Majeure
Regulation 39	Invoicing Back
Regulation 40	Currency Conversion
Regulation 41	Disclosure and Reporting
Regulation 42	Fees and Other Charges
Regulation 43	Records
Regulation 44	Alteration of Regulations and the Procedures
Regulation 45 and Regulation 46	Netting and Distribution of Assets
Regulation 47	Procedures
Regulation 48 (b)	Interpretation of these Regulations
Regulation 49	Waiver
Regulation 50(a)	Validity of Regulations and Action

Regulation	Title
Regulation 20	Margin and Collateral
Regulation 22	Official Quotations and Reference Price
Regulation 25	Other modes of settlement and Revaluation
Regulation 33	Arbitration: Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts, EquityClear Contracts or LCH EnClear Contracts (for Physical Delivery)
Regulation 34	Collateral in Event of a Claim
Regulation 37	Market Disorders, Impossibility of Performance, Trade Emergency
Regulation 38	Force Majeure
Regulation 39	Invoicing Back
Regulation 40	Currency Conversion
Regulation 41	Disclosure and Reporting
Regulation 42	Fees and Other Charges
Regulation 43	Records
Regulation 44	Alteration of Regulations and the Procedures
Regulation 45 and Regulation 46	Netting and Distribution of Assets
Regulation 47	Procedures
Regulation 48 (b)	Interpretation of these Regulations
Regulation 49	Waiver
Regulation 50(a)	Validity of Regulations and Action
Regulation 51(a) and (c) to (e)	Governing Law and Jurisdiction
Regulation 52	Exclusion of Liability
Regulation 73 to Regulation 75	LCH EnClear Regulations

<i>Regulation</i>	<i>Title</i>
Regulation 43	Records
Regulation 44	Alteration of Regulations and the Procedures
Regulation 45 and Regulation 46	Netting and Distribution of Assets
Regulation 47	Procedures
Regulation 48 (b)	Interpretation of these Regulations
Regulation 49	Waiver
Regulation 50(a)	Validity of Regulations and Action
Regulation 51(a) and (c) to (e)	Governing Law and Jurisdiction
Regulation 52	Exclusion of Liability
Regulation 76 to Regulation 87	LSE Derivatives Markets Regulations
Default Rules	Default Rules
Settlement Finality Regulations	Settlement Finality Regulations

Regulation	Title
and (m))	
Regulation 17	Trading Information
Regulation 18	Transfer
Regulation 20	Margin and Collateral
Regulation 22	Official Quotations and Reference Price
Regulation 37	Market Disorders, Impossibility of Performance, Trade Emergency
Regulation 38	Force Majeure
Regulation 39	Invoicing Back
Regulation 40	Currency Conversion
Regulation 41	Disclosure and Reporting
Regulation 42	Fees and Other Charges
Regulation 43	Records
Regulation 44	Alteration of Regulations and the Procedures
Regulation 45 and Regulation 46	Netting and Distribution of Assets
Regulation 47	Procedures
Regulation 48 (b)	Interpretation of these Regulations
Regulation 49	Waiver
Regulation 50(a)	Validity of Regulations and Action
Regulation 51(a) and (c) to (e)	Governing Law and Jurisdiction
Regulation 52	Exclusion of Liability
Regulation 90 to Regulation 94	ForexClear Regulations

Appendix V
FCM Regulations

**FCM REGULATIONS OF
THE CLEARING HOUSE
LCH.CLEARNET LIMITED**

REGULATION 40 INTERPRETATION OF THESE FCM REGULATIONS

- (a) In the event of inconsistency between the provisions of these FCM Regulations and the rules or regulations or other contractual provisions of any trading platform or other undertaking the provisions of these FCM Regulations shall prevail.
- (b) The headings to these FCM Regulations are for convenience only and shall not affect their interpretation.

(c) FCMs shall at all times observe, interpret and give effect to the provisions of the Rulebook in a manner which promotes and maintains:

- (i) the Clearing House's status as a recognised central counterparty under EMIR and a registered derivatives clearing organization under the United States Commodity Exchange Act and any other legal or regulatory status it has from time to time under any other Applicable Law;
- (ii) the good reputation and integrity of the Clearing House and FCMs; and
- (iii) the Clearing House's obligations under EMIR and any Applicable Law to act fairly and professionally in accordance with the best interests of FCMs and, where applicable, FCM Clients and sound risk management.

FCMs shall perform their obligations and exercise their rights under the Rulebook in accordance with Applicable Law.

Appendix VI
Procedures Section 1



LCH.CLEARNET LIMITED

PROCEDURES SECTION 1

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

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.

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 [or operating through a branch in](#) Singapore. The 'Notice to Singapore Clearing Clients' is available

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

Appendix VII
FCM Procedures



**FCM PROCEDURES OF
THE CLEARING HOUSE**

LCH.CLEARNET LIMITED

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

1.9 **Other Conditions**

1.9.1 Singaporean Clients

FCM Clearing Members are required to provide a copy of the 'Notice to Singapore Clearing Clients' to FCM Clients incorporated in or operating through a branch in Singapore. The 'Notice to Singapore~~an~~ Clearing Clients' is available here: <http://www.lchclearnet.com/members-clients/members/fees-ltd/annual-account-structure-fees>.