



Matt Lisle
Deputy Chief Regulatory Officer
NYSE Liffe US
100 South Wacker Drive,
18th Floor
Chicago, IL 60606
T +1 312 442 7984

By Electronic Mail
April 22, 2012

Mr. David A. Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: NYSE Liffe US Submission 2012-110 – Notice Announcing Amendments to Customer Margin-Related Rules Reflecting Transfer of Responsibility to Clearing Service Provider.

Dear Mr. Stawick:

I am the Deputy Chief Regulatory Officer of NYSE Liffe US LLC (“NYSE Liffe US” or the “Exchange”). Pursuant to Section 5c(c) of the Commodity Exchange Act, as amended (the “Act”), and U.S. Commodity Futures Trading Commission (the “Commission”) Regulations (the “Regulations”) Section 40.6(a), I enclose a Cover Sheet for NYSE Liffe US Submission 2012-110 and NYSE Liffe US Notice 12/2012 which notifies Members that the Exchange is adopting rule amendments intended to conform Exchange Rules to reflect the transfer of responsibility for establishing customer margin requirements from the Exchange to the Clearing Service Provider, which amendments will include requiring that Clearing Members must collect Customer Margin at levels set by the clearing service provider and amending the definition of “Emergency” to include events that threaten the timely collection and payment of funds in connection with clearing and settlement.

NYSE Liffe US hereby certifies that: (i) Notice 12/2012 and the rule amendments described therein comply with the Act and the regulations thereunder, and (ii) a notice and copy of this submission has been concurrently posted on the Exchange’s web site. Additionally, a concise explanation and analysis of the rule amendments described in Notice 12/2012 and its compliance with applicable provisions of the Act, including core principles and the Commission’s regulations thereunder, is attached. Notice 12/2012 sets forth the text of the rule amendments, marked to show additions and deletions. No substantive opposing views were expressed by members or others with respect to the rule amendments.

If you have any questions, please call me at (312) 442-7984.

Yours Truly,

Matt Lisle
Enclosures

**Designated Contract Market Core Principles Implicated by
NYSE Liffe US Submission 2012-110**

CORE PRINCIPLE	ANALYSIS
<i>Core Principle 6: Emergency Authority</i>	<p>Core Principle 6 requires the Exchange to adopt rules to provide for the exercise of emergency authority. Rule 124, which defines the term “Emergency,” and Rule 425, which describes the actions the Exchange may take in the event of an Emergency, address this core principle. The amendments to Rule 124 are consistent with the Commission’s definition of “Emergency” in Regulation 40.1 and makes clear that the Exchange emergency authority is applicable in the event of (i) a disruption in the timely collection and payment of funds in connection with clearing and settlement by a Clearing Service Provider, (ii) the insolvency of a clearing organization, or (iii) other circumstances that may have a severe, adverse effect upon the functioning of a Clearing Service Provider.</p>
<i>Core Principle 11: Financial Integrity of Transactions</i>	<p>Core Principle 11 requires the Exchange to establish and enforce rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization). The amendments to 516, 517 and 527 are being made in recognition of Commission Regulation 39.13(g)(8)(ii) which requires derivatives clearing organizations to implement rules requiring clearing members to collect initial margin from customers in an amount set by the derivatives clearing organization, and Commission Regulation 39.13(g)(8)(iii) which requires derivatives clearing organizations to implement rules requiring clearing members to ensure that their customers do not withdraw funds from their accounts unless the margin deposits remaining after such withdrawal are sufficient to meet the customer initial margin requirements. The Exchange expects its Clearing Service Providers to adopt rules to address Commission Regulation 39.13(g)(8). The amendments to Rule 516 are intended to ensure the financial integrity of Members and the protection of customer funds by requiring Members to collect Customer Margin at a level established by the Exchange or the Clearing Service Provider, as applicable to the relevant Member. The amendments to Rule 517 acknowledge the limitations on withdrawals from a customer account and require any such withdrawals to comply with Clearing Service Provider rules. The amendments to Rule 527 require that margin deposits are made in currency or instruments that comply with Clearing Service Provider Rules. The Exchange believes that these rule amendments will enhance the financial integrity of transactions on the Exchange.</p>



NYSE LIFFE US NOTICE No. 12/2012

ISSUE DATE: April 22, 2012
EFFECTIVE DATE: May 7, 2012

Amendments to Customer Margin-Related Rules Reflecting Transfer of Responsibility to Clearing Service Provider

Summary

This Notice announces that the Exchange is adopting rule amendments intended to conform Exchange Rules to reflect the transfer of the responsibility for establishing customer margin requirements from the Exchange to the Clearing Service Provider, which amendments will include requiring Clearing Members to collect customer margin at levels set by the clearing service provider and amending the definition of "Emergency" to include events that threaten the timely collection and payment of funds in connection with clearing and settlement.

1 Customer Margin

- 1.1 Rules adopted by the Commodity Futures Trading Commission ("CFTC"), which become effective on May 7, 2012, oblige derivatives clearing organizations to require their clearing members to collect customer margin at a level set by such derivatives clearing organization.
- 1.2 NYSE Liffe US Rules 516-521 set forth the requirements of Members to collect margin from Customers and rules related to the holding and return of such Customer margin.
- 1.3 The Exchange is amending Rule 516 to specify that a Member must collect margin from its Customers at a level determined by the Exchange and the Clearing Service Provider, if applicable.
- 1.4 The Exchange is amending Rules 517, 518 and 519 to specify that any return of customer margin, treatment of omnibus accounts and aggregation of identically-owned accounts by a Clearing Member must comply with the Rules of the Clearing Service Provider.
- 1.5 The Exchange is amending Rule 521 to specify that the Clearing Service Provider may limit the types of collateral that a Clearing Member may post as margin.

2 Emergency Authority

- 2.1 The Exchange is amending Rule 124, “Emergency,” to include events that threaten the timely collection and payment of funds in connection with clearing and settlement.

3 Text of Amendments

- 3.1 For Members’ convenience, the text of the amendments to the Chapter 5 and the definition of “Emergency” in rule 124 are set forth in the attached Appendix

Members who have questions or seek additional information in respect of this Notice should contact:

New York Office
Chicago Office

+1 212 656 4300
+1 312 442 7730

nyseliffeus@nyx.com

APPENDIX TO NYSE LIFFE US NOTICE 12/2012

CHAPTER 1
DEFINITIONS AND INTERPRETATION

Definitions

101 through 123

No Changes.

124. Emergency

The term “Emergency” means any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contracts, or the timely collection and payment of funds in connection with clearing and settlement by a Clearing Service Provider, and which, in the opinion of the President or his or her designee, requires immediate action, including: any manipulative or attempted manipulative activity; any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions; any circumstances which may materially affect the performance of agreements, Contracts or transactions traded on the Exchange, including failure of the payment system or the bankruptcy or insolvency of any Member or any other Person; any action taken by any Governmental Authority or any other board of trade, market-~~or~~, facility or clearing organization which may have a direct impact on trading on the Exchange or clearing and settlement by a Clearing Service Provider; and any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange-or a Clearing Service Provider.

125 through 159

No Changes.

Rules of Interpretation

No Changes.

CHAPTERS 2 THROUGH 4

No Changes.

CHAPTER 5
OBLIGATIONS OF MEMBERS

501 through 515

No Changes.

516. Customer Margin

(a) A Member shall not effect a transaction or carry an account for a Customer without obtaining margin at the times, in the amounts, and in the forms required by the Exchange and the Clearing Service Provider, if applicable.

(b) The Exchange will publish the minimum initial and maintenance margin requirements for each Contract or combination of Contracts, which shall be no less than that established by the Clearing Service Provider.

(c) Any changes in Contract margin requirements will apply to both new and existing Contracts in a Customer's account.

~~(d) Unless otherwise stated in these Rules, a Member must use a risk-based portfolio margining system acceptable to the Exchange to calculate margin requirements for Customer accounts.~~

~~(e)~~(d) If a Member does not obtain and maintain the required minimum margin deposits for a Customer's account pursuant to this Rule, the Exchange may require the Member to immediately liquidate Contracts in the Customer account to eliminate the margin requirement shortfall.

~~(f)~~(e) The Exchange, the Clearing Service Provider or a Member may impose margin requirements on a Customer that are in excess of the existing margin requirements imposed by this Rule.

~~(g)~~(f) Terms used in this Rule, but not otherwise defined by these Rules, carry the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, a Member must adhere to the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the Member unless the Manual is inconsistent with the Exchange's Rules, in which case the Exchange's Rules will prevail.

~~(h)~~(g) A Member must collect at least the minimum margin requirements established by the Exchange and the Clearing Service Provider, if applicable, for its Contracts in a Customer account.

~~(i)~~(h) The full premium value for a long call or put on an Option on a Future Contract must be collected from the Customer.

~~(j)~~(i) When additional margin deposits are required pursuant to a Rule of the Exchange Rules or a Rule of the Clearing Service Provider, as applicable, a Member must call for the additional margin in a prompt manner not to be any later than one business day after the event giving rise to the call. The margin call must be sufficient to ensure the Customer's account will at least meet the minimum initial margin requirement (i) when the margin equity in the account initially falls below the minimum maintenance requirements and (ii) subsequently when the margin equity plus existing margin calls on the account are less than the minimum maintenance margin requirements.

~~(k)~~(j) The Member must collect the full amount of the margin call from a Customer in a prompt manner and within a reasonable period.

~~(l)~~(k) If a margin call is outstanding for an unreasonable time, the Member may only accept Orders from the Customer that will reduce the Customer's margin requirements.

~~(m)~~(l) If a Customer fails to deposit the required margin deposit within a reasonable time, the Member may, but is not required to, liquidate all or a portion of the Customer's Contracts to restore the Customer's account to a properly margined level. However, the

inability of the Member to liquidate all or a portion of a Customer's Contracts does not affect any liability of the Customer to the Member.

~~(n)~~(m) A Member must make and retain a written record of margin calls to Customers that reflects date, amount and other relevant information for all margin calls made (whether made by telephone, in writing or by other means) as well as margin calls reduced, satisfied or relieved.

517. Release of Customer Margin

A Member may only release free funds in connection with a Customer's account if after the release the Customer's account has equity at least equal to the initial margin requirement level, provided however a Clearing Member may not release free funds except in compliance with the Rules of the Clearing Service Provider.

518. Omnibus Accounts

A Member must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross Contract basis and in accordance with the Rules of the Clearing Service Provider, if a Clearing Member. However, a Member may impose maintenance margin rates for Contracts in the omnibus account. A Member must obtain written representation of spread or hedge positions from an omnibus account and, if a Clearing Member, comply with the Rules of the Clearing Service Provider, in order to afford any Contracts in the account spread or hedge margin treatment.

519. Aggregation

(a) When determining margin requirements, margin calls and release of margin deposits, a Member may aggregate identically-owned accounts within the same regulatory account classification of Customer segregated, Customer secured and non-segregated, provided however a Clearing Member may only aggregate identically-owned accounts for purposes of determining margin requirements, margin calls and releases in compliance with the rules of the Clearing Service Provider.

(b) In satisfaction of a margin deficiency, a Member may not apply available free funds from an identically-owned account that has a different regulatory classification. The Member must transfer the free-funds from the identically-owned account to the account having the margin deficiency, provided however a Clearing Member may not apply free funds in a manner inconsistent with the rules of the Clearing Service Provider.

(c) Except for omnibus accounts, a Member may calculate margin requirements on a net basis for concurrent long and short Contracts in identically-owned accounts within the same regulatory account classification, provided however a Clearing Member must calculate margin requirements in compliance with the rules of the Clearing Service Provider.

520. Extension of Credit

No Changes.

521. Allowable Margin Deposits³³

- (a) A Member may only accept the following as margin deposits:
- (i) U.S. dollars and foreign currencies,
 - (ii) U.S. government treasury and agency securities,
 - (iii) Municipal securities,
 - (iv) Readily marketable securities (which means securities traded on a “ready market” as defined by SEC Rule 15c3-1(c)(11)),
 - (v) Money market mutual funds that meet the requirements of Commission Regulation § 1.25 (other than securities issued by the Customer or an affiliate of the Customer),
 - (vi) Irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the Clearing Service Provider (other than letters of credit issued by the Customer or an affiliate of the Customer)
 - (vii) Vault receipts and WDRs that are eligible for delivery in satisfaction of futures contracts at the Exchange, and /or
 - (viii) “London Good Delivery” gold, as defined by the London Bullion Market Association.

(b) Notwithstanding paragraph (a), the Rules of the Clearing Service Provider may limit acceptable margin deposits.

(c) ~~(b)~~ The assets, securities and instruments accepted by a Member to meet a Customer’s margin requirements must be and remain unencumbered by third party claims.

(d) ~~(e)~~ Securities must be valued at no greater than their current market value less any haircuts specified by SEC Rule 15c3-1.

(e) ~~(d)~~ No guarantee against a margin deficiency for a Customer account from any party may be considered.