



VIA EMAIL TO: SECRETARY@CFTC.GOV

May 24, 2013

Ms. Melissa Jurgens
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Ms. Jurgens:

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet LLC ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to the Clearing House Rulebook described in full below. The Rulebook changes will be effective and implemented on June 10, 2013.¹

The submission cover sheet and a black-lined version of the relevant page of the Clearing House Procedures and Regulations (together the Clearing House Rulebook) are attached hereto as appendices.

Part I: Explanation and Analysis

Introduction

LCH.Clearnet is amending its Clearing House Rulebook for the SwapClear US service to provide that SwapClear Tolerance (as described below) will not be available to any Clearing Member after the final Initial Margin call on any business day which precedes a day which is not a business day.

Description of Change:

As part of its implementation of straight through processing, LCH.Clearnet will employ a process whereby the incremental risk and estimated margin requirement of each new transaction will be assessed in order to make a decision to accept or reject the transaction. The decision whether to accept or reject a trade for clearing by SwapClear US will be based on the incremental risk represented by the trade and availability of sufficient cover and SwapClear US Tolerance for each participant to the trade.

Within the SwapClear US service, LCH.Clearnet will utilize a process to establish individual SwapClear Tolerance for each member on a risk assessed basis. The SwapClear Tolerance of a member will be subject to change based on the member's internal credit rating and will be monitored against several warning thresholds.

¹ The change described in this self-certification is being made to the Clearing House Rulebook that was self-certified to the Commission on May 10, 2013. LCH.Clearnet has not yet commenced clearing operations and is expected to launch on June 3, 2013.



LCH.Clearnet has determined to set the SwapClear Tolerance for all Clearing Members to zero (0) after the final Initial Margin call every Friday and on any day that precedes a holiday.

Part II: Description of rule changes

The text of the change made to the LCH.Clearnet rulebook is attached at Appendix II with the additions underlined.

Part III: Core Principle Compliance

The rule change described above relates primarily to LCH.Clearnet's compliance with Core Principle B (Financial Resources) and D (Risk Management). LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by this change and that the change reflected herein will ensure continued compliance with the Core Principles.

Specifically, the change to the availability of the SwapClear Tolerance Limit described will enable LCH.Clearnet to ensure that SwapClear US complies with the relevant provisions of Core Principle B and with Core Principle D.

Part IV: Public Information

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

http://www.lchclearnet.com/rules_and_regulations/lc/default.asp.

Part V: Opposing Views

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

Certification

LCH.Clearnet LLC 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 susan.milligan@lchclearnet.com.

Yours sincerely,

A handwritten signature in black ink that reads 'Susan Milligan' followed by a horizontal line.

Susan Milligan
Interim Chief Compliance Officer
US Contact: +1 212.513.8264

cc: Phyllis Dietz, CFTC
Adam Cohen, CFTC
Laurian Cristea, LCH.Clearnet LLC
John Horkan, LCH.Clearnet LLC



Appendix I
Submission Cover Sheet



Appendix II
LCH.Clearnet LLC Rulebook

2A.1.1 Trade Registration Facilitation: SwapClear Tolerance and Minimum Excess Requirement ("MER")

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The Clearing House will determine, in its sole discretion, the maximum value of the SwapClear Tolerance (which may be zero) (the "**SwapClear Tolerance Limit**") which it will make available to a Clearing Member at any particular time. SwapClear Tolerance is made available by the Clearing House to a Clearing Member at the Clearing House's sole discretion. The Clearing House may adjust the value of a Clearing Member's SwapClear Tolerance Limit, and/or require a Clearing Member to provide Initial Margin in respect of any utilized SwapClear Tolerance, at any time and without prior notice to the relevant Clearing Member. The Clearing House will provide each Clearing Member with information regarding its SwapClear Tolerance Limit and will, as promptly as reasonably practicable, notify it following any adjustment to the amount of its SwapClear Tolerance Limit. Subject to the above, a Clearing Member will typically be required to deliver Initial Margin in respect of any SwapClear Tolerance utilized by it in the margin run immediately following the time of the relevant registration of a SwapClear Contract where SwapClear Tolerance was utilized.

The Clearing House will not make SwapClear Tolerance available after its final Initial Margin call on any Business Day which precedes a day which is not a Business Day.

Any failure of a Clearing Member to satisfy an Initial Margin call relating to utilized SwapClear Tolerance may give rise to a Default by such Clearing Member — just as any failure by a Clearing Member to satisfy any other type of Initial Margin call may give rise to a Default.

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