



VIA EMAIL TO: SECRETARY@CFTC.GOV

18 March 2014

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"), submits for self-certification clarifying changes to its rulebook for the transfer of client and proprietary contracts. These rulebook changes will be implemented and become effective on 1 April 2014.

Please find attached as appendices the Submission Cover Sheet, and the relevant changes to the LCH.Clearnet rulebook in blackline form.

Part I: Explanation and Analysis

LCH.Clearnet is amending its rulebook to clarify language regarding the transfer of Contracts between Clients Accounts and Proprietary Accounts. The updated language clarifies the workflow used for the transfer of Contracts belonging to a Client in case of a client default, or as permitted by Commission regulation and the Procedures of the Clearing House. Accordingly, Contracts of defaulting clients may be transferred into the Proprietary Account of the same FCM Clearing Member; and the Contracts from a Proprietary Account of an FCM Clearing Member may be transferred to the Proprietary Account of another Clearing Member.

Part II: Description of rule changes

The changes described above are reflected in Regulation 108 of the Clearing House Rulebook.

Part III: Core Principle Compliance

The rule amendments relate primarily to LCH.Clearnet's compliance with Core Principles G (Default Procedures). LCH.Clearnet has concluded that its compliance with the Core Principles will not be adversely affected by these changes; and that the changes reflected herein will ensure continued compliance with these Core Principles and CFTC Regulation Part 22.



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 its governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated in the changes.

Certification

LCH.Clearnet LLC hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that this submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at laurian.cristea@lchclearnet.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Laurian Cristea', enclosed within a blue oval scribble.

Laurian Cristea
Senior Vice President, Compliance & Regulation
US Contact: +1 212.513.5610



Appendix I
Submission Cover Sheet



Appendix II
Rulebook Changes

by the Receiving FCM Clearing Member to the Clearing House and subject to the security interest granted by the Receiving FCM Clearing Member pursuant to Regulation 109(n) and pursuant to its Clearing Membership Agreement. Furthermore, and for the avoidance of doubt, the Carrying FCM Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Porting Collateral transferred.

- (B) Where all or a portion of the Porting Collateral have been accepted by the Receiving FCM Clearing Member, the transfer of the Porting Contracts and the accepted Porting Collateral shall be deemed to occur simultaneously, and the transfer of the Porting Contracts shall be conditioned on the transfer of the accepted Porting Collateral, and vice versa.
- (C) If the transfer of all Porting Contracts and (if applicable) all accepted Porting Collateral is not completed for any reason, then any actual transfer of Porting Collateral or Porting Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of Porting Collateral or Porting Contracts that has occurred shall be immediately unwound.

(d) Transfers of Contracts between Proprietary Accounts and Client Accounts of same FCM Clearing Member. If and to the extent permitted under the Procedures, a Clearing Member may:

- (i) transfer Contracts from its Proprietary Account to the Proprietary Account of ~~an FCM Clearing Member that is an Affiliate of the transferring FCM~~ another Clearing Member; ~~and~~
- (ii) transfer Contracts from accounts of its Clients to its Proprietary Account upon a client default or otherwise as permitted under and subject to applicable provisions of the CEA and the CFTC Regulations regarding segregation of assets, and in accordance with the Procedures; ~~and~~
- ~~(iii) transfer Contracts registered on behalf of its Clients to the Proprietary Account of a different FCM Clearing Member.~~

(e) Transfers between Proprietary Accounts of Two Clearing Members. To the extent permitted by and in accordance with the Procedures, a Clearing Member may transfer a Contract registered in its Proprietary Account to another Clearing Member's Proprietary Account. In addition to any other requirements or conditions set forth in the Procedures or required by the Clearing House (in its sole discretion), any such transfer is subject to the following conditions:

- (i) the Clearing House shall have received the consent of both Clearing Members to the transfer;
- (ii) neither Clearing Member shall be a Defaulter (or would become a Defaulter upon the consummation of the transfer); and

- (iii) the Clearing House shall have determined that the Clearing Member that is the transferee has sufficient Margin to register such transferred Contract.

~~(f) Transfers between Client Accounts and Proprietary Accounts of a different Clearing Member. To the extent permitted by and in accordance with the Procedures, Contracts registered on behalf of Clients may be transferred to the Proprietary Account of a different Clearing Member.~~

~~(g)~~(f) Clearing Member Instructions.

- (i) Subject to paragraph (ii) below, but otherwise notwithstanding anything to the contrary in the Rulebook, in making any transfer of Porting Contracts and Porting Collateral pursuant to this Regulation 108, the Clearing House shall be authorized and entitled to rely conclusively on the instructions of and information provided by the relevant Clearing Member(s), which shall be solely responsible for all such instructions and information, including (A) ensuring that the transfer is properly authorized or rejected (as the case may be) and (B) the transfer is being made from the appropriate Client Sub-Account and that the appropriate account, Contracts and Collateral has been identified, the Clearing House shall have no responsibility or liability therefor.
- (ii) The Clearing House shall verify that the Porting Contracts identified to it by the applicable FCM Clearing Member as being the subject of such a transfer correspond to Contracts which, according to its records, are registered in the name of the Carrying FCM Clearing Member on behalf of the relevant Client. In the event that the Clearing House identifies a discrepancy, it will notify the relevant FCM Clearing Member(s) and no transfer will occur pursuant to this Regulation 108 until such time as the Porting Contracts identified to the Clearing House by the relevant FCM Clearing Member(s) can be verified by the Clearing House.

~~(h)~~(g) No Assignment of Rights under a Contract. Except as may be permitted by paragraphs (d), ~~and~~ (e) ~~and (f)~~ above, expressly permitted by other parts of the Rulebook or as may otherwise be expressly permitted by the Clearing House in writing, rights under a Contract shall not be capable of assignment by a Clearing Member. Any such purported assignment by a Clearing Member, or any purported transfer that is not in compliance with this Regulation 108, shall be void.

~~(i)~~(h) Indemnity. The Carrying FCM Clearing Member agrees to indemnify the Clearing House in respect of all liabilities, costs, loss, fees, damages or expenses suffered or incurred by the Clearing House (howsoever arising or occurring) by reason of a proposed transfer being rejected by the Carrying FCM Clearing Member other than pursuant to the grounds set out in the final paragraph of Regulation 108(a).