

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLTD Date: 18 February 2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION LCH.Clearnet Limited

FILING AS A: DCM SEF DCO SDR
ECM/SPDC

TYPE OF FILING

• Rules and Rule Amendments

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

• Products

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

No changes to the LCH.Clearnet Rules & Regulations or Procedures.

DESCRIPTION

Self-certification pursuant to §40.6(a) relating to implementation of a Liquidity and Concentration Risk Model for the Nodal Clearing Service.



VIA EMAIL TO: SUBMISSIONS@CFTC.GOV

18 February 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 Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to Nodal Clearing Service margin model introducing Liquidity and Concentration add-on ("LCRM"). LCH.Clearnet notes that while these changes will result in no changes to the LCH.Clearnet Rules and Regulations, they are however within the definition of a "Rule" as contained in §40.1(i) and therefore being submitted for the Commission's review.

Please find attached as appendices: the Submission Cover Sheet; and a paper describing the LCRM Model.

Part I: Explanation and Analysis

LCH.Clearnet uses a VaR based model, for the Nodal Clearing Service. LCH.Clearnet intend to introduce an enhancement to the model, to cover liquidation risk related to trading out of a portfolio of contracts listed on the Nodal Exchange, the LCRM model, to calculate liquidity risk via portfolio specific holding periods derived using average daily volume and minimum transaction sizes.

The existing IM model remains unchanged as result of the application of the LCRM model.

LCH.Clearnet plans to implement the LCRM model in early March 2014.

Part II: Description of Rule Changes

No changes to the LCH.Clearnet Limited Rulebook or FCM Rulebook, Regulations and Procedures are required to implement the LCRM model.

Part III: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the introduction of the proposed changes to the Nodal Margin Model. LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by these changes, in particular Core Principle D.

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LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA | LCH.Clearnet LLC



Part IV: Public Information

LCH.Clearnet, in accordance with Commission Regulation 145.9(d), has respectfully requested confidential treatment under the Freedom of Information Act (the "FOIA"), 5 U.S.C. § 552, for material set out in Appendix 2, including subsequent emails and replies between LCH.Clearnet and Commission staff, regarding the introduction of the LCRM. As such a copy of the self-certification submission has not been published on LCH.Clearnet's public website.

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 this proposal.

Certification

LCH.Clearnet Limited 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 jay.iyer@lchclearnet.com or Vikesh Patel at vikesh.patel@lchclearnet.com

Yours sincerely,

A handwritten signature in black ink, appearing to be "Jay Iyer", written over a horizontal line.

Jay Iyer, Chief Compliance Officer,
LCH.Clearnet Limited