



VIA EMAIL TO: SUBMISSIONS@CFTC.GOV

25 September 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 Limited (“LCH.Clearnet”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its Rulebook which further modify the changes previously submitted for self-certification on 13 September 2013 (LSOC with Excess).

Please find the Submission Cover Sheet and Rulebook attached as appendices.

Part I: Explanation and Analysis

After further consultation with its non-US regulator(s), LCH.Clearnet is removing several provisions from its Rulebook that were previously submitted for self-certification on 13 September 2013 and were to be implemented on 30 September 2013. The provisions detailing the procedures for customer close-outs will not be implemented on 30 September 2013. For the avoidance of doubt, LCH.Clearnet may proceed to close-out customer positions in line with its current procedures and powers as permissible under the Rulebook in effect at the time of a customer default.

Part II: Description of Rule Changes

The following provisions of the Clearing House Procedures have been removed and reserved for later revision: 2A.12.5; 2A.12.6; 2A.13; 2B18.5; 2B.18.6; and 2C.1.20. The relevant pages of the Rulebook, in blackline form, are attached hereto as Appendix II.

Part III: Core Principle Compliance

These rule changes relate primarily to LCH.Clearnet’s compliance with Core Principle G (Default Rules). LCH.Clearnet has concluded that compliance with the Core Principles will not be adversely affected by these changes.

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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/ltd/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 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 laurian.cristea@lchclearnet.com.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'L' and 'C' followed by a horizontal line.

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



Appendix I
Submission Cover Sheet

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLTD Date: 25 Sept 13

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

Clearing House Procedures: 2A.12.5; 2A.12.6; 2A.13; 2B18.5; 2B.18.6; and 2C.1.20.

DESCRIPTION

LCH.Clearnet Limited is modifying its previous self-certification by removing the customer closeout provisions from the Clearing House Procedures and reserving these sections for future revision.



Appendix II
LCH.Clearnet Limited Rulebook

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<u>Time</u> (all references below are to New York City time)	<u>Partial Transfer</u>	<u>Full Transfer (with Collateral)</u>	<u>Full Transfer (without Collateral)</u>
	Contracts.	and associated Collateral.	SwapClear Contracts.

The timings and processes listed in the table above may be amended from time to time by the Clearing House in its full discretion via Member Circular.

~~2A.12.5 Transactions in Respect of FCM Clients and Affiliates in Default to FCM Clearing Member~~

~~This Section describes certain transactions that, under certain conditions, can be carried out by an FCM Clearing Member in respect of one of its FCM Clients or one of its Affiliates that has defaulted in its obligations to the FCM Clearing Member.~~

~~A request or instruction from an FCM Clearing Member to the Clearing House to carry out a transaction described in Sections 2A.12.5.1, 2A.12.5.2 or 2A.12.5.3 below shall in every case be deemed a representation by the FCM Clearing Member to the Clearing House that (i) the affected FCM Client or Affiliate is in default of its obligations to the FCM Clearing Member, (ii) the FCM Clearing Member has provided and will provide (as applicable) any required notices to the FCM Client or Affiliate of its default and the FCM Clearing Member's transactions effected under Sections 2A.12.5.1, 2A.12.5.2 and/or 2A.12.5.3 below, and (iii) the FCM Clearing Member is permitted by its agreements with the FCM Client or Affiliate and applicable law, and has authority to effect the transactions specified in the FCM Clearing Member's requests and/or instructions to the Clearing House in respect of such FCM Client or Affiliate. FCM Clearing Members are not permitted to effect or attempt to effect a transaction described in Sections 2A.12.5.1, 2A.12.5.2 or 2A.12.5.3 below where the preceding representations are not satisfied.~~

~~Notwithstanding anything to the contrary contained in this Section 2A.12.5, the transactions described in this section are subject to all applicable provisions of the GEA and the CFTC Regulations (including without limitation Part 22 thereof).~~

~~2A.12.5.1 Transfers between Proprietary Accounts and Client Accounts of the Same FCM Clearing Member~~

~~Pursuant to FCM Regulation 8(g), an FCM Clearing Member may, in connection with a defaulted FCM Client, transfer an FCM SwapClear Contract from the applicable FCM Client Sub-Account to its Proprietary Account, or transfer an FCM SwapClear Contract from its Proprietary Account to the applicable FCM Client Sub-Account, provided that the following conditions are met (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2A.12.5 are not or would not be breached;~~
- ~~(b) satisfactory evidence of the FCM Client's default in its obligations to the FCM Clearing Member is presented to the Clearing House, which evidence~~

~~may be, to the extent permitted by the Clearing House in its sole discretion, nothing other than the FCM Clearing Member's instruction to effect the transfer (provided that the Clearing House shall be entitled to request additional evidence in its discretion);~~

- ~~(c) at all times the FCM Clearing Member maintains sufficient Margin in its Proprietary Account and the applicable FCM Client Sub-Account, taking into account that (i) the FCM Clearing Member may request that Collateral held in the Proprietary Account be transferred to a client account in connection with a transfer of an FCM SwapClear Contract from the Proprietary Account to an FCM Client Sub-Account (Collateral held in the client account may in no circumstances be transferred to a Proprietary Account), and (ii) Collateral transfers may not be requested by the FCM Clearing Member in connection with a transfer of an FCM SwapClear Contract from an FCM Client Sub-Account to the Proprietary Account; and~~
- ~~(d) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~The Clearing House will typically (but shall not be required to) transfer the relevant FCM SwapClear Contract within 24 hours of receipt of the above.~~

~~An FCM SwapClear Contract transferred in this manner shall be through novation, from the FCM Client to the FCM Clearing Member in the case of a transfer from an FCM Client Sub-Account to the Proprietary Account, and from the FCM Clearing Member to the FCM Client in the case of a transfer from a Proprietary Account to an FCM Client Sub-Account.~~

~~2A.12.5.2 FCM SwapClear Contracts Entered into on Behalf of Defaulted Clients~~

~~An FCM Clearing Member may register, in the name of a defaulted FCM Client but without the direction of such FCM Client, FCM SwapClear Contracts (including hedging and/or compression transactions) to such FCM Client's FCM Client Sub-Account under the following conditions (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2A.12.5 are not or would not be breached;~~
- ~~(b) at all times the FCM Clearing Member maintains sufficient Margin in the applicable FCM Client Sub-Account; and~~
- ~~(c) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~Such an FCM SwapClear Contract submitted for registration in the name of a defaulted FCM Client must reference the applicable FCM Client and FCM Client Sub-Account as would ordinarily occur; however, the transaction may be submitted using either the FCM Client's MarkitWire identification number or an alternative MarkitWire identification number other than that of the FCM Client (e.g., the FCM Clearing Member's or one of its Affiliate's MarkitWire identification numbers), as applicable. Where the transaction is submitted using an alternative MarkitWire identification number other than that of the FCM Client, the Clearing~~

~~House may in its discretion request satisfactory evidence of the FCM Client's default in its obligations to the FCM Clearing Member and an indemnity from the FCM Clearing Member in a form suitable to the Clearing House.~~

~~2A.12.5.3 FCM SwapClear Contracts Entered into on Behalf of Defaulted Affiliates~~

~~An FCM Clearing Member may register, in the name of a defaulted Affiliate but without the direction of such Affiliate, FCM SwapClear Contracts (including hedging and/or compression transactions) to such Affiliate through the Proprietary Account under the following conditions (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2A.12.5 are not or would not be breached;~~
- ~~(b) at all times the FCM Clearing Member maintains sufficient Margin in its Proprietary Account; and~~
- ~~(c) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~Such an FCM SwapClear Contract submitted for registration in the name of a defaulted Affiliate must reference the applicable Affiliate as would ordinarily occur; however, the transaction may be submitted using either the Affiliate's MarkitWire identification number or an alternative MarkitWire identification number other than that of the Affiliate (e.g., the FCM Clearing Member's or one of its other Affiliate's MarkitWire identification numbers), as applicable. Where the transaction is submitted using an alternative MarkitWire identification number other than that of the Affiliate, the Clearing House may in its discretion request satisfactory evidence of the Affiliate's default in its obligations to the FCM Clearing Member and an indemnity from the FCM Clearing Member in a form suitable to the Clearing House.~~

~~2A.12.6 Transfers of FCM SwapClear Contracts of FCM Clients to the Proprietary Account of a Different FCM Clearing Member or a SwapClear Clearing Member~~

~~FCM Clearing Members are permitted under certain conditions to transfer Open Contracts registered on behalf of their FCM Clients to the Proprietary Account of a different FCM Clearing Member or a SwapClear Clearing Member. FCM Clearing Members interested in providing these services to their FCM Clients should contact the Clearing House's SwapClear Client Services department.~~

[2A.12.5 \[Reserved\]](#)

[2A.12.6 \[Reserved\]](#)

2A.13 Proprietary Account Position Transfers

The FCM SwapClear clearing system provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account, either in respect of FCM SwapClear Contracts held on an FCM Clearing Member's own behalf or in respect of FCM SwapClear Contracts held on behalf of an Affiliate, ~~to another FCM Clearing Member or SwapClear Clearing Member~~. In either case, any such transfer may only occur if the [receiving](#) FCM Clearing Member ~~or SwapClear~~

~~Clearing Member receiving the transfer~~ is an Affiliate of the ~~transferring~~carrying FCM Clearing Member.

An FCM Clearing Member ~~that~~who wishes to effect a position transfer to another FCM Clearing Member ~~or to a SwapClear Clearing Member~~ should contact the Clearing House's Risk Management Department. Transfers will only be effected once adequate Margin cover has been provided by both parties to the transfer. Transfers of Affiliate positions shall not be permitted to another FCM Clearing Member's Proprietary Account unless such Affiliate is an Affiliate of the FCM Clearing Member receiving the transferred position.

2A.13.1 Legal Documentation

The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authorized by both parties and by individuals with appropriate signing authority.

2A.13.2 Position Transfer Notice Period

The Clearing House will usually require five Business Days' notice ahead of an intended transfer.

2A.14 Amendment of Trade References

Sometimes FCM Clearing Members wish to change their own trade reference numbers/codes by which they identify trades registered in the FCM SwapClear Service. Subject to any such FCM Clearing Member meeting all the Clearing House's requirements including under these FCM Procedures, the Clearing House will, as part of its service to FCM Clearing Members, amend its records in order to reflect any such change. Such change has no effect whatsoever on the terms of any registered FCM SwapClear Contract or any other obligations of the FCM Clearing Member party to such contract.

2A.14.1 Trade Reference Amendment Request Form

The Clearing House requires a completed Trade Amendment Request Form (in the form prescribed by the Clearing House) to be submitted by any FCM Clearing Member wishing to amend a trade reference. The form must be signed by two persons from within the FCM Clearing Member with appropriate signing authority and must set out the required full details of each registered trade in respect of which the FCM Clearing Member wishes to change its trade reference. Evidence of such signing authority may be required by the Clearing House. All parts of the form must be properly and fully completed, including the requested date for trade reference amendment, and, in respect of each trade identified therein, details of the current trade reference and the new trade reference and the Clearing House trade reference number.

The requested date for trade reference amendment must be no earlier than two Business Days (the "**Trade Reference Amendment Notice Period**") after the date upon which the form is received by the Clearing House. While the Clearing House will do what it reasonably can to meet the requested date for the amendment it is under no obligation to do so. The date for the amendment in the Clearing House's records and FCM SwapClear clearing system is a matter entirely within the discretion of the Clearing House and the FCM Clearing Member will be advised in due course of the date set by the Clearing House.

~~2B.18.5 Transactions in Respect of FCM Clients and Affiliates in Default to FCM Clearing Member~~

~~This Section describes certain transactions that, under certain conditions, can be carried out by an FCM Clearing Member in respect of one of its FCM Clients that has defaulted in its obligations to the FCM Clearing Member.~~

~~A request or instruction from an FCM Clearing Member to the Clearing House to carry out a transaction described in Sections 2B.18.5.1, 2B.18.5.2 or 2B.18.5.3 below shall in every case be deemed a representation by the FCM Clearing Member to the Clearing House that (i) the affected FCM Client is in default of its obligations to the FCM Clearing Member, (ii) the FCM Clearing Member has provided and will provide (as applicable) any required notices to the FCM Client of its default and the FCM Clearing Member's transactions effected under Sections 2B.18.5.1, 2B.18.5.2 and/or 2B.18.5.3 below, and (iii) the FCM Clearing Member is permitted by its agreements with the FCM Client and applicable law, and has authority to effect the transactions specified in the FCM Clearing Member's requests and/or instructions to the Clearing House in respect of such FCM Client. FCM Clearing Members are not permitted to effect or attempt to effect a transaction described in Sections 2B.18.5.1, 2B.18.5.2 or 2B.18.5.3 below where the preceding representations are not satisfied.~~

~~Notwithstanding anything to the contrary contained in this Section 2B.18.5, the transactions described in this section are subject to all applicable provisions of the CEA and the CFTC Regulations (including without limitation Part 22 thereof).~~

~~2B.18.5.1 Transfers between Proprietary Accounts and Client Accounts of the Same FCM Clearing Member~~

~~Pursuant to FCM Regulation 8(g), an FCM Clearing Member may, in connection with a defaulted FCM Client, transfer an FCM ForexClear Contract from the applicable FCM Client Sub-Account to its Proprietary Account, or transfer an FCM ForexClear Contract from its Proprietary Account to the applicable FCM Client Sub-Account, provided that the following conditions are met (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2B.18.5 are not or would not be breached;~~
- ~~(b) satisfactory evidence of the FCM Client's default in its obligations to the FCM Clearing Member is presented to the Clearing House, which evidence may be, to the extent permitted by the Clearing House in its sole discretion, nothing other than the FCM Clearing Member's instruction to effect the transfer (provided that the Clearing House shall be entitled to request additional evidence in its discretion);~~
- ~~(c) at all times the FCM Clearing Member maintains sufficient Margin in its Proprietary Account and the applicable FCM Client Sub-Account, taking into account that (i) the FCM Clearing Member may request that Collateral attributed to the Proprietary Account be transferred to the FCM Omnibus ForexClear Client Account with LCH in connection with a transfer of an FCM ForexClear Contract from the Proprietary Account to an FCM Client Sub-Account (Collateral attributed to the FCM Omnibus ForexClear Client Account with LCH may in no circumstances be transferred to a Proprietary Account), and (ii) Collateral transfers may not be requested by the FCM~~

~~Clearing Member in connection with a transfer of an FCM ForexClear Contract from an FCM Client Sub-Account to the Proprietary Account; and~~

- ~~(d) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~The Clearing House will typically (but shall not be required to) transfer the relevant FCM ForexClear Contract within 24 hours of receipt of the above.~~

~~An FCM ForexClear Contract transferred in this manner shall be through novation, from the FCM Client to the FCM Clearing Member in the case of a transfer from an FCM Client Sub-Account to the Proprietary Account, and from the FCM Clearing Member to the FCM Client in the case of a transfer from a Proprietary Account to an FCM Client Sub-Account.~~

~~2B.18.5.2 FCM ForexClear Contracts Entered into on Behalf of Defaulted Clients~~

~~An FCM Clearing Member may register, in the name of a defaulted FCM Client but without the direction of such FCM Client, FCM ForexClear Contracts (including hedging and/or compression transactions) to such FCM Client's FCM Client Sub-Account under the following conditions (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2B.18.5 are not or would not be breached;~~
- ~~(b) at all times the FCM Clearing Member maintains sufficient Margin in the applicable FCM Client Sub-Account; and~~
- ~~(c) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~Such an FCM ForexClear Contract submitted for registration in the name of a defaulted FCM Client must reference the applicable FCM Client and FCM Client Sub-Account as would ordinarily occur; however, the transaction may be submitted using either the FCM Client's FCM Approved Trade Source System identification number or an alternative FCM Approved Trade Source System identification number other than that of the FCM Client (e.g., the FCM Clearing Member's or one of its Affiliate's FCM Approved Trade Source System identification numbers), as applicable. Where the transaction is submitted using an alternative FCM Approved Trade Source System identification number other than that of the FCM Client, the Clearing House may in its discretion request satisfactory evidence of the FCM Client's default in its obligations to the FCM Clearing Member and an indemnity from the FCM Clearing Member in a form suitable to the Clearing House.~~

~~2B.18.5.3 FCM ForexClear Contracts Entered into on Behalf of Defaulted Affiliates~~

~~An FCM Clearing Member may register, in the name of a defaulted Affiliate but without the direction of such Affiliate, FCM ForexClear Contracts (including hedging and/or compression transactions) to such Affiliate through the Proprietary Account under the following conditions (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2A.12.5 are not or would not be breached;~~

~~(b) at all times the FCM Clearing Member maintains sufficient Margin in its Proprietary Account; and~~

~~(c) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~Such an FCM ForexClear Contract submitted for registration in the name of a defaulted Affiliate must reference the applicable Affiliate as would ordinarily occur.~~

~~2B.18.6 Transfers of FCM ForexClear Contracts of FCM Clients to the Proprietary Account of a Different FCM Clearing Member or a ForexClear Clearing Member~~

~~FCM Clearing Members are permitted under certain conditions to transfer Open Contracts registered on behalf of their FCM Clients to the Proprietary Account of a different FCM Clearing Member or a ForexClear Clearing Member. FCM Clearing Members interested in providing these services to their FCM Clients should contact the Clearing House's ForexClear Client Services department.~~

[2B.18.5 \[Reserved\]](#)

[2B.18.6 \[Reserved\]](#)

2B.19 Proprietary Account Position Transfers

The FCM ForexClear Clearing System provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account, either in respect of FCM ForexClear Contracts held on an FCM Clearing Member's own behalf or in respect of FCM ForexClear Contracts held on behalf of an Affiliate. In either case, any such transfer may only occur if the Receiving FCM Clearing Member is an Affiliate of the Carrying FCM Clearing Member. An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House's Risk Management Department.

Before the completion of a portfolio transfer, the Clearing House will perform a margin impact analysis of the transfer to the source and destination portfolios. The Clearing House will advise the relevant FX FCM regarding any additional Collateral that may be required in order to complete the portfolio transfer. Transfers will only be effected once adequate Margin has been provided by both parties to the transfer. Transfers of Affiliate positions shall not be permitted to another FCM Clearing Member's Proprietary Account unless such Affiliate is an Affiliate of the FCM Clearing Member receiving the transferred position.

2B.20 FCM Clearing Member's Client Fund Transfer

The FCM ForexClear Clearing System provides functionality for the transfer of an individual FCM ForexClear Contract whereby an FCM Client has incorrectly booked the FCM ForexClear Contract to a fund, and wishes to re-locate the FCM ForexClear Contract to an alternative fund within the accounts of the same FCM Clearing Member.

Transfers can only occur based upon the below rules:

- A valid request has been received by the Clearing House from the applicable FCM Clearing Member on behalf of the FCM Client, as per Appendix 2B.B.

Details of tariffs and any changes thereto will be notified to ECFCMs by means of Member circulars.

For further details regarding fees (including details of how information regarding charges made for FCM EnClear Contracts registered by the Clearing House is communicated to ECFCMs), please see Section 3.6 of these FCM Procedures. ECFCMs should also have regard for the individual sections of this Section 2C of these FCM Procedures which may contain further information regarding fees.

2C.1.19 Tax

ECFCMs should take their own legal and accounting advice regarding any taxation liabilities in any country in which a liability to pay tax may arise.

In the event that the Clearing House incurs any liability to pay any tax in respect of or in connection with any FCM EnClear Contract, it shall have the right to require reimbursement of such tax liability, together with any costs or expenses incurred by the Clearing House in connection with the administration and processing of such tax liability, from the ECFCM who is or was party to that FCM EnClear Contract and whom, in the Clearing House's reasonable opinion, should be responsible for meeting such tax liability, costs and expenses. The Clearing House will collect such payments through the Clearing House Protected Payments System.

To the extent that VAT or any equivalent tax is due or becomes due in respect of a transaction under any FCM EnClear Contract, the consideration which the parties have agreed is due under the contract will be regarded as VAT exclusive and VAT will be charged in addition to this amount.

~~2C.1.20 Transactions in Respect of FCM Clients and Affiliates in Default to FCM Clearing Member~~

~~This Section describes certain transactions that, under certain conditions, can be carried out by an FCM Clearing Member in respect of one of its FCM Clients that has defaulted in its obligations to the FCM Clearing Member.~~

~~A request or instruction from an FCM Clearing Member to the Clearing House to carry out a transaction described in Sections 2C.1.20.1, 2C.1.20.2 or 2C.1.20.3 below shall in every case be deemed a representation by the FCM Clearing Member to the Clearing House that (i) the affected FCM Client is in default of its obligations to the FCM Clearing Member, (ii) the FCM Clearing Member has provided and will provide (as applicable) any required notices to the FCM Client of its default and the FCM Clearing Member's transactions effected under Sections 2C.1.20.1, 2C.1.20.2 and/or 2C.1.20.3 below, and (iii) the FCM Clearing Member is permitted by its agreements with the FCM Client and applicable law, and has authority to effect the transactions specified in the FCM Clearing Member's requests and/or instructions to the Clearing House in respect of such FCM Client. FCM Clearing Members are not permitted to effect or attempt to effect a transaction described in Sections 2C.1.20.1, 2C.1.20.2 or 2C.1.20.3 below where the preceding representations are not satisfied.~~

~~Notwithstanding anything to the contrary contained in this Section 2C.1.20, the transactions described in this section are subject to all applicable provisions of the GEA and the CFTC Regulations (including without limitation Part 22 thereof).~~

~~2C.1.20.1 Transfers between Proprietary Accounts and Client Accounts of the Same FCM Clearing Member~~

~~Pursuant to FCM Regulation 8(g), an FCM Clearing Member may, in connection with a defaulted FCM Client, transfer an FCM EnClear Contract from the applicable FCM Client Sub-Account to its Proprietary Account, or transfer an FCM EnClear Contract from its Proprietary Account to the applicable FCM Client Sub-Account, provided that the following conditions are met (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2C.1.20 are not or would not be breached;~~
- ~~(b) satisfactory evidence of the FCM Client's default in its obligations to the FCM Clearing Member is presented to the Clearing House, which evidence may be, to the extent permitted by the Clearing House in its sole discretion, nothing other than the FCM Clearing Member's instruction to effect the transfer (provided that the Clearing House shall be entitled to request additional evidence in its discretion);~~
- ~~(c) at all times the FCM Clearing Member maintains sufficient Margin in its Proprietary Account and the applicable FCM Client Sub-Account, taking into account that (i) the FCM Clearing Member may request that Collateral attributed to the Proprietary Account be transferred to the FCM Omnibus EnClear Client Account with LCH in connection with a transfer of an FCM EnClear Contract from the Proprietary Account to an FCM Client Sub-Account (Collateral attributed to the FCM Omnibus EnClear Client Account with LCH may in no circumstances be transferred to a Proprietary Account), and (ii) Collateral transfers may not be requested by the FCM Clearing Member in connection with a transfer of an FCM EnClear Contract from an FCM Client Sub-Account to the Proprietary Account; and~~
- ~~(d) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~The Clearing House will typically (but shall not be required to) transfer the relevant FCM EnClear Contract within 24 hours of receipt of the above.~~

~~An FCM EnClear Contract transferred in this manner shall be through novation, from the FCM Client to the FCM Clearing Member in the case of a transfer from an FCM Client Sub-Account to the Proprietary Account, and from the FCM Clearing Member to the FCM Client in the case of a transfer from a Proprietary Account to an FCM Client Sub-Account.~~

~~2C.1.20.2 FCM EnClear Contracts Entered into on Behalf of Defaulted Clients~~

~~An FCM Clearing Member may register, in the name of a defaulted FCM Client but without the direction of such FCM Client, FCM EnClear Contracts (including hedging and/or compression transactions) to such FCM Client's FCM Client Sub-Account under the following conditions (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2C.1.20 are not or would not be breached;~~

- ~~(b) at all times the FCM Clearing Member maintains sufficient Margin in the applicable FCM Client Sub-Account; and~~
- ~~(c) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~Such an FCM EnClear Contract submitted for registration in the name of a defaulted FCM Client must reference the applicable FCM Client and FCM Client Sub-Account as would ordinarily occur. The Clearing House may in its discretion request satisfactory evidence of the FCM Client's default in its obligations to the FCM Clearing Member and an indemnity from the FCM Clearing Member in a form suitable to the Clearing House.~~

~~2C.1.20.3 FCM EnClear Contracts Entered into on Behalf of Defaulted Affiliates~~

~~An FCM Clearing Member may register, in the name of a defaulted Affiliate but without the direction of such Affiliate, FCM EnClear Contracts (including hedging and/or compression transactions) to such Affiliate through the Proprietary Account under the following conditions (in addition to any other generally applicable provisions of the FCM Rulebook):~~

- ~~(a) the representations described above in Section 2A.12.5 are not or would not be breached;~~
- ~~(b) at all times the FCM Clearing Member maintains sufficient Margin in its Proprietary Account; and~~
- ~~(c) on demand from the Clearing House, an indemnity from the FCM Clearing Member in a form suitable to the Clearing House is provided to the Clearing House.~~

~~Such an FCM EnClear Contract submitted for registration in the name of a defaulted Affiliate must reference the applicable Affiliate as would ordinarily occur; however, the transaction may be submitted using either the Affiliate's MarkitWire identification number or an alternative MarkitWire identification number other than that of the Affiliate (e.g., the FCM Clearing Member's or one of its other Affiliate's MarkitWire identification numbers), as applicable. Where the transaction is submitted using an alternative MarkitWire identification number other than that of the Affiliate, the Clearing House may in its discretion request satisfactory evidence of the Affiliate's default in its obligations to the FCM Clearing Member and an indemnity from the FCM Clearing Member in a form suitable to the Clearing House.~~

~~2C.20.4 Transfers of FCM EnClear Contracts of FCM Clients to the Proprietary Account of a Different FCM Clearing Member or an LCH EnClear OTC Clearing Member~~

~~FCM Clearing Members are permitted under certain conditions to transfer Open Contracts registered on behalf of their FCM Clients to the Proprietary Account of a different FCM Clearing Member or an LCH EnClear OTC Clearing Member. FCM Clearing Members interested in providing these services to their FCM Clients should contact the Clearing House's EnClear Client Services department.~~

2C.1.20 [Reserved]