



VIA CFTC PORTAL

12 December 2014

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mr Kirkpatrick:

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 a Circular to SwapClear Clearing Members which describes certain changes to its Client Deposit Rate (“CDR”).

Please find the Circular attached as an appendix.

Part I: Explanation and Analysis

LCH.Clearnet pays interest on cash posted to cover Client initial margin requirements in its SwapClear service at a rate known as CDR. CDR is published in three currencies (USD, EUR & GBP), is calculated by adjusting an external benchmark interest rate by a spread. A floor of 0% is currently applied.

LCH.Clearnet intends to remove the floor in all three currencies, such that CDR may be negative. A change will also be made to the spread to ENOIA in EUR, from its current level of -30 to an improved level of -15. In USD and GBP there will be no change to the spread.

The new CDR rates will be:

Currency	Benchmark	Spread as of 2 nd January '15
EUR	EONIA	-15
USD	FedFunds	-5
GBP	SONIA	-10

The change to CDR will be made live on January 2nd, 2015.

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Part II: Description of Rule Changes

This Submission does not require any changes to the Rulebook. LCH.Clearnet is issuing a Circular to SwapClear Clearing Members. The Circular is attached hereto as Appendix I.

Part III: Core Principle Compliance

LCH.Clearnet has concluded that compliance with the Core Principles will not be adversely affected by this change.

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-regulations/proposed-rules-changes>

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 julian.oliver@lchclearnet.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Julian Oliver', written over a blue circular stamp.

Julian Oliver
Chief Compliance Officer
LCH.Clearnet Limited

Appendix I
LCH.Clearnet Limited Circular

Client Deposit Rate (CDR)

LCH.Clearnet Ltd pays interest on cash posted to cover Client initial margin requirements in its SwapClear service at a rate known as Client Deposit Rate (CDR). We publish a CDR in 3 currencies: USD, EUR & GBP. CDR is calculated by adjusting an external benchmark interest rate by a spread. We also currently apply a floor of 0%.

Based on recent developments in global money markets, this floor can no longer be sustained. Therefore, as of 2nd January 2015, we will be amending SwapClear's CDRs as follows:

- We will remove the floor in all 3 currencies such that CDR may be negative
- In EUR, we will amend the spread to EONIA, from its current level of -30 to an improved level of -15
- In USD and GBP, there will be no change to the spread

As a result, the new CDR rates will be:

Currency	Benchmark	Spread as of 2 nd January '15
EUR	EONIA	-15
USD	FedFunds	-5
GBP	SONIA	-10

We expect to monitor and potentially revise these spreads more actively going forward in anticipation of more volatile reinvestment conditions.

Terms used in this circular and not defined herein shall have the meaning assigned in the Clearing House Rulebook.

Further information

If you have any queries or require access to the secure website please contact Client Services at swapclearclientservices@lchclearnet.com