21 September 2015

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 changes to its rules which will provide a further way in which SwapClear Clearing Members (including Futures Commission Merchants “FCMs”) can provide notice of SwapClear Contracts which should be compressed, and improve flexibility in recording FCM SwapClear Contracts affected or introduced by compression runs.

Part I: Explanation and Analysis

Currently, SwapClear Clearing Members provide notice to LCH.Clearnet through the SwapClear API of SwapClear contracts which should be compressed. As a result of these rule changes SwapClear Clearing Members will be able to provide such notice through an Approved Trade Source System (“ATSS”), which has been approved for this purpose by LCH.Clearnet. A SwapClear Clearing Member may request that an ATSS be approved for this purpose in writing and using standard LCH.Clearnet documentation.

Further to this, the rule changes also allow an approved ATSS to amend or assign trade identifiers of FCM SwapClear Contracts in the FCM’s accounts, provided that this does not affect LCH.Clearnet’s own trade identifiers.

The changes will go live on, or after, October 12th, 2015.

Part II: Description of Rule Changes

FCM Procedures sections 2.1.11 a, c, d and Procedures Section 2C (SwapClear) sections 1.5.2(b) and 1.6 have been amended to include language concerning the approval of an ATSS for the purpose of providing notice of SwapClear Contracts which should be compressed, and the conditions of such notice. Finally these sections have been updated to provide clarity on the treatment of notices sent after cut-off times.
FCM Procedures section 2.1.5(b) has been amended to allow an ATSS, which is approved to do so, to amend or assign trade identifiers of SwapClear Contracts in the accounts of SwapClear Clearing Members.

The text of the changes to FCM Procedures are attached hereto as Appendix I and the changes to Procedures Section 2C (SwapClear) are attached as Appendix II.

**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:


**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,

[Signature]

Julian Oliver
Chief Compliance Officer
LCH.Clearnet Limited
Appendix I

LCH.Clearnet FCM Procedures
FCM Procedures

Transaction as a condition thereto (taking into account available SwapClear Tolerance, if any).

The Clearing House may limit the number of FCM SwapClear Transactions that may be included in a Package Transaction by way of member circular.

2.1.4 Allocation Notices

In respect of an Allocation Notice, the Clearing House will notify the relevant Pre-Allocation FCM Clearing Member and Post-Allocation FCM Clearing Member via member reports, the SwapClear API or otherwise, that an Allocation Notice has been submitted to allocate some or all of notional value of an Unallocated FCM SwapClear Contract from the FCM SwapClear Suspension Sub-Account of that Pre-Allocation FCM Clearing Member to the Client Segregated Sub-Account or Proprietary Account of the Post Allocation FCM Clearing Member.

Following receipt of this notification, a Pre-Allocation FCM Clearing Member or Post-Allocation FCM Clearing Member may choose to accept or refuse to register the Allocation Notice as if such Allocation Notice were a new FCM SwapClear Transaction, as described above.

2.1.5 Position Accounts

(a) FCM Accounts

For identification purposes each FCM Clearing Member is assigned a unique three-character mnemonic with respect to its accounts relating to FCM SwapClear Contracts. An FCM Clearing Member's position and financial information are further identified by a single character code: C for client business; and H for house business.

(b) Position-Keeping Accounts

FCM Clearing Member Accounts

The account types are: H for house business (Proprietary Account); and C for segregated client business (an FCM Omnibus SwapClear Client Account with LCH). An FCM Clearing Member's FCM SwapClear Contract positions are also recorded within the FCM SwapClear clearing system in SwapClear accounts.

All registered FCM SwapClear Contracts will be identifiable to FCM Clearing Members via SwapClear FCM Clearing Member Reporting (see Section 2.1.1(c)). All registered FCM SwapClear Contracts will be maintained only in SwapClear accounts (identified as such by a unique three letter mnemonic). Each FCM SwapClear Contract will also be assigned a unique trade identifier by the Clearing House. The SwapClear FCM Clearing Member Reporting functionality also allows
each FCM Clearing Member to identify all FCM SwapClear Contracts registered in its name. At the request of an FCM Clearing Member, the Clearing House may permit the FCM Clearing Member and/or its agent or designee (that has previously been approved by the Clearing House for such purpose) to assign or amend a trade identifier to an FCM SwapClear Contract in its accounts, provided that no such assignment or amendment shall in any way affect the Clearing House trade identifiers in respect of each such FCM SwapClear Contract. By making such request, such FCM Clearing Member acknowledges that the Clearing House shall have no liability for any direct or indirect consequence of the use or assignment of such additional trade identifiers.

Any request for the Clearing House to approve an agent or designee for the purposes of this Section 2.1.5 must be made in writing and using the Clearing House’s standard documentation. Through making a request, an FCM Clearing Member is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

Notwithstanding anything in this Section 2.1.5 of the FCM Procedures, the Clearing House trade identifiers and records in relation to FCM SwapClear Contracts shall be the definitive version for all purposes involving the Clearing House or any service or product offered by it, and shall prevail over any versions otherwise maintained by or on behalf of any FCM Clearing Member.

2.1.6 Financial Accounts

FCM Clearing Member accounts have financial accounts associated with them. These are, *inter alia*, used to record cash balances and securities/documentary credits. Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

(a) Relationship with Position-Keeping Accounts

<table>
<thead>
<tr>
<th>Position-keeping Account</th>
<th>Financial Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>H House H</td>
<td>Proprietary Account</td>
</tr>
<tr>
<td>C Client C</td>
<td>LCH SwapClear Client Segregated Depository Account used for Initial Margin Flows</td>
</tr>
<tr>
<td></td>
<td>Client L LCH SwapClear Client Segregated Depository Account used for Variation Margin Flows</td>
</tr>
</tbody>
</table>
Cash payments in respect of intra-day Margin requirements are accepted only in USD by the Clearing House.

It is the responsibility of the FCM to ensure that they have sufficient cash funds in place with their PPS bank(s) in order to avoid any intra-day liquidity issues.

2.1.11 Compression

(a) Pursuant to FCM Regulation 4546(m) (Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts), an FCM Clearing Member may compress existing FCM SwapClear Contracts in accordance with that FCM Regulation. There are two options available to an FCM Clearing Member that wishes to compress existing FCM SwapClear Contracts:

(i) An FCM Clearing Member can request that all FCM SwapClear Contracts entered into (i) on behalf of a designated FCM Client or (ii) in such FCM Clearing Member's Proprietary Account be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the FCM Clearing Member after the applicable scheduled compression run) until the FCM Clearing Member notifies the Clearing House to discontinue such compression of FCM SwapClear Contracts. FCM Clearing Members should contact the Clearing House's Membership Department to request such a compression of FCM SwapClear Contracts.

An FCM Clearing Member may notify the Clearing House directly through the SwapClear API, specifying which FCM SwapClear Contracts should be compressed. Additionally, an FCM Clearing Member may provide such notice to the Clearing House through any FCM Approved Trade Source System previously approved for this purpose by the Clearing House, but only where the compression is by way of netting in respect of one or more pairs of FCM SwapClear Contracts that have substantially the same Economic Terms and fixed rate but for which the position of the FCM Clearing Member (on its own behalf or on behalf of the relevant FCM Client) is (x) in the opposite direction on each leg of such pair (i.e., obligations to make payment netted against rights to receive payment), such that the FCM SwapClear Contract that replaces such pair of FCM SwapClear Contracts to be compressed shall have a notional amount equal to the net notional amount of the original pair of FCM SwapClear Contracts or (y) in the same direction on each leg of such pair (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the FCM SwapClear Contract that replaces the compressed FCM SwapClear Contracts shall have a notional amount equal to the total notional amount of the original pair of FCM SwapClear Contracts. The FCM Clearing Member will be notified after the applicable scheduled compression run whether compression has
occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

Any request for the Clearing House to approve an FCM Approved Trade Source System for the purposes of this Section 2.1.11(a) must be made in writing and using the Clearing House’s standard documentation. Through making a request, an FCM Clearing Member is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

(b) In order to compress an FCM SwapClear Contract, an FCM Clearing Member must have in its applicable FCM Client Sub-Account or Proprietary Account two or more FCM SwapClear Contracts with the same compression identifier (being an identifier applied by the Clearing House which indicates that such FCM SwapClear Contracts are eligible for compression) and shall then follow the process for compression as set out above.

(c) In respect of each compression, the Clearing House will notify Clearing Members of the cut-off time by which the Clearing House must be notified of the relevant SwapClear Contracts to be compressed in order for such SwapClear Contracts to be included in the relevant compression run. The Clearing House shall process the compression of all FCM SwapClear Contracts notified to it prior such cut-off time. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day, and the Clearing House shall notify the applicable FCM Clearing Member after the applicable compression run of the result of such compression procedure. An FCM Clearing Member may, with the prior approval of the Clearing House, elect to receive such notification via any FCM Approved Trade Source System previously approved by the Clearing House for such purpose. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day.

Any request for the Clearing House to approve an FCM Approved Trade Source System for the purposes of this Section 2.1.11(c) must be made in writing and using the Clearing House’s standard documentation. Through making a request, an FCM Clearing Member is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

(d) An FCM Clearing Member that elects to provide notices or reports to the Clearing House through any FCM Approved Trade Source System specifying which FCM SwapClear Contracts should be compressed, have been compressed or any other information in relation to compressions, or to receive any notices or reports from the Clearing House in connection with compressions via an FCM Approved Trade Source System acknowledges and agrees that (i) the Clearing House makes no warranty (and will accept no liability) as to the effectiveness,
efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any compression-related details by that FCM Approved Trade Source System to the Clearing House of the FCM Clearing Member. (ii) the Clearing House will process and use any compression-related information provided to it via an FCM Approved Trade Source System on an “as is” basis (with no obligation to verify any details). (iii) the Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to the FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House or the FCM Clearing Member. In the event that the Clearing House terminates, registers or otherwise effects an action in connection with a compression relating to any FCM SwapClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System, the FCM Clearing Member concerned shall be bound by the results of such actions. Such matters form part of the relationship between the FCM Clearing Member and the relevant FCM Approved Trade Source System. Notwithstanding anything in this Section 2.1.11 of the FCM Procedures, the Clearing House records in relation to any compression and the status of any FCM SwapClear Contract prior to, during or following a compression run shall be the definitive record in connection therewith and shall prevail over any such records maintained by any FCM Approved Trade Source System.

Any election from an FCM Clearing Member to provide notices or reports to the Clearing House through an FCM Approved Trade Source System must be made in writing and using the Clearing House’s standard documentation. Through making an election, an FCM Clearing Member is deemed to represent and warrant that the individual making the election is appropriately authorized to do so.

(e) Following the compression process described above and as further set out in FCM Regulation 45(m) (Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts), the applicable FCM Clearing Member shall promptly notify the Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed FCM SwapClear Contracts as notified to the FCM Clearing Member by the Clearing House.

2.1.12 Transfers of FCM Clients

In certain circumstance the Clearing House will transfer FCM SwapClear Contracts from one FCM Clearing Member to another FCM Clearing Member, pursuant to and in accordance with FCM Regulation 13 (Transfer) and these FCM Procedures.

(a) Partial Transfers of FCM Clients
Appendix II

LCH.Clearnet Procedures Section 2C (SwapClear)
the Bank Identifier Code ("BIC") of the SCM. Each SwapClear Account must map to a Clearing Member account.

All registered SwapClear Contracts will be identifiable to SCMs via SwapClear Clearing Member reporting (see Section 1.1.3). Each SwapClear Contract will also be assigned a unique trade identifier by the Clearing House. The SwapClear Clearing Member reporting functionality also allows SCMs to identify all SwapClear Contracts, registered in their name, and, if submitted by an SD, the submitting SD. At the request of an SCM, the Clearing House may permit the SCM and/or its agent or designee (that has previously been approved by the Clearing House for such purpose) to assign or amend a trade identifier to a SwapClear Contract in its accounts, provided that no such assignment or amendment shall in any way affect the Clearing House trade identifiers in respect of each such SwapClear Contract. By making such request, such SCM acknowledges that the Clearing House shall have no liability for any direct or indirect consequence of the use or assignment of such additional trade identifiers.

Notwithstanding anything in this Section 1.5.2 of the Procedures, the Clearing House trade identifiers and records in relation to SwapClear Contracts shall be the definitive version for all purposes involving the Clearing House or any service or product offered by it, and shall prevail over any versions otherwise maintained by or on behalf of any SCM.

Any request for the Clearing House to approve an agent or designee for the purposes of this Section 1.5.2 must be made in writing and using the Clearing House’s standard documentation. Through making a request, an SCM is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

1.6 Collateral Accounts

Clearing Member position accounts have collateral accounts associated with them. These are, inter alia, used to record cash balances and securities. Information contained within a position-keeping account is consolidated with the associated collateral account, as follows:

1.6.1 Relationship with Position-Keeping Accounts and Collateral Accounts

<table>
<thead>
<tr>
<th>Position-keeping Account</th>
<th>Collateral Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>Proprietary</td>
</tr>
<tr>
<td>C</td>
<td>Client</td>
</tr>
<tr>
<td></td>
<td>H</td>
</tr>
<tr>
<td></td>
<td>C</td>
</tr>
</tbody>
</table>

Each client "C" position-keeping account and the client "C" collateral account of an SCM may hold any number of segregated sub-accounts. Each Individual Segregated Account of the SCM will map onto one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account.
(a) A SwapClear Clearing Member can request that all SwapClear Contracts entered into on behalf of a designated SwapClear Clearing Client or on such SwapClear Clearing Member’s own behalf be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the SwapClear Clearing Member after the applicable scheduled compression run) until the SwapClear Clearing Member notifies the Clearing House to discontinue such compression of SwapClear Contracts. SwapClear Clearing Members should contact the Clearing House’s Membership Department to request such a compression of SwapClear Contracts.

(b) A SwapClear Clearing Member may notify the Clearing House directly through the SwapClear API specifying which SwapClear Contracts should be compressed. Additionally, a SwapClear Clearing Member may provide such notice to the Clearing House through any Approved Trade Source System previously approved for this purpose by the Clearing House, but only where the compression is by way of netting in respect of one or more pairs of SwapClear Contracts that have substantially the same Economic Terms and fixed rate but for which the position of the SwapClear Clearing Member (on its own behalf or on behalf of the relevant SwapClear Clearing Client) is (x) in the opposite direction on each leg of such pair (i.e., obligations to make payment netted against rights to receive payment), such that the SwapClear Contract that replaces such pair of SwapClear Contracts to be compressed shall have a notional amount equal to the net notional amount of the original pair of SwapClear Contracts or (y) in the same direction on each leg of such pair (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the SwapClear Contract that replaces the compressed SwapClear Contracts shall have a notional amount equal to the total notional amount of the original pair of SwapClear Contracts. The SwapClear Clearing Member will be notified after the applicable scheduled compression run whether compression has occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

In order to compress a SwapClear Contract, a SwapClear Clearing Member must have in its applicable Client Account or Proprietary Account SwapClear Contracts with the same compression identifier (being an identifier applied by the Clearing House which indicates that such SwapClear Contracts are eligible for compression) and shall then follow the process for compression as set out above.

In respect of each compression, the Clearing House will notify SwapClear Clearing Members of the cut-off time by which the Clearing House must be notified of the relevant SwapClear Contracts to be compressed in order for such SwapClear Contracts to be included in the relevant compression run. The Clearing House shall process the compression of all SwapClear Contracts notified to it prior to such cut-off time. A notification received after the relevant cut-off time shall be treated as if such notification was submitted on the following day. The Clearing House shall notify the applicable SwapClear Clearing Member after the applicable compression run of the result of such compression procedure. A SwapClear Clearing Member may, with the prior approval of the Clearing House, elect to receive such notification via any Approved Trade Source System previously approved by the Clearing House for such
A SwapClear Clearing Member that elects to provide notices or reports to the Clearing House through any Approved Trade Source System specifying which SwapClear Contracts should be compressed, have been compressed or any other information in relation to compressions, or to receive any notices or reports from the Clearing House in connection with compressions via an Approved Trade Source System acknowledges and agrees that (i) the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any Approved Trade Source System or the timeliness or otherwise of the delivery of any compression-related details by that Approved Trade Source System to the Clearing House of the SwapClear Clearing Member, (ii) the Clearing House will process and use any compression-related information provided to it via an Approved Trade Source System on an “as is” basis (with no obligation to verify any details), (iii) the Clearing House accepts no liability for any error within or corruption of any data sent by an Approved Trade Source System to the Clearing House or to the SwapClear Clearing Member or any delay in or failure of the transmission of such data to the Clearing House or the SwapClear Clearing Member. In the event that the Clearing House terminates, registers or otherwise effects an action in connection with a compression relating to any SwapClear Contract on the basis of incorrect or corrupted data sent to it by an Approved Trade Source System, the SwapClear Clearing Member concerned shall be bound by the results of such actions. Such matters form part of the relationship between the SwapClear Clearing Member and the relevant Approved Trade Source System. Notwithstanding anything in this Section 1.16 of the Procedures, the Clearing House records in relation to any compression and the status of any SwapClear Contract prior to, during or following a compression run shall be the definitive record in connection therewith and shall prevail over any such records maintained by any Approved Trade Source System.

Any request for the Clearing House to approve an Approved Trade Source System for the purposes of this Section 1.16 must be made in writing and using the Clearing House’s standard documentation. Through making a request, an SCM is deemed to represent and warrant that the individual making the request is appropriately authorized to do so.

Following the compression process described above and as further set out in Regulation 56, the applicable SwapClear Clearing Member shall promptly notify the Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed SwapClear Contracts as notified to the SwapClear Clearing Member by the Clearing House.

1.17 Cleared Trade Removal Agreement

SwapClear Contracts may be transferred from a Client Account to the relevant SCM’s Proprietary Account in accordance with Section 1.13. In the event that an SCM wishes to remove a SwapClear Contract submitted through the SWIFT trade source it should complete a Cleared Trade Removal Agreement as set out in Schedule 3 of Procedure 4 (Margin and Collateral) and a corresponding Cleared Trade Removal