

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCH

Date: July 24, 2012

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 - Amended Section 4, subsection 4.17.1

DESCRIPTION

Corrections to the Clearing House Procedures allowing delivery of precious metals as margin collateral.

SUBMISSION OF AMENDMENTS TO THE CLEARINGHOUSE RULES

TO THE

COMMODITY FUTURES TRADING COMMISSION

SUBMITTED BY

LCH.Clearnet Limited

an English limited company

FILING AS A REGISTERED DERIVATIVES CLEARING ORGANIZATION

Pursuant to Commission Regulation § 40.6

**Submission of Amendments to the Clearing House
Procedures:**

- **Clearing House Procedures Section 4**

Submitted: July 24th, 2012

LCH.CLEARNET LIMITED SELF-CERTIFICATION OF AMENDMENTS TO THE CLEARING HOUSE PROCEDURES SECTIONS 3 AND 4

LCH.Clearnet Limited (“LCH.Clearnet”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification, pursuant to CFTC Regulation §40.6, amendments to LCH.Clearnet’s existing Clearing House Procedures Section 4 (the “Procedures”) which form part of LCH.Clearnet’s Rules and Regulations. The amended Procedures will be implemented and become effective on August 8th, 2012.

Part I: Explanation and Analysis

The operation, purpose and effect of the amendments to the Procedures is to correct and clarify the class of clearing members eligible to deliver precious metals as collateral for the purpose of meeting margin requirements.

The proposed rule change will clarify that only LCH.Clearnet EnClear OTC Clearing Members approved to clear in the Precious Metals Division are permitted to deliver precious metals as margin collateral. The existing rule would have allowed all EnClear OTC Clearing Members to deliver precious metals, but this was not the intention of the rule.

HKMEx Service Clearing Members remain eligible to deliver precious metals as margin collateral.

A further clarifying amendment has been made to the same rule to state that (for the avoidance of doubt), precious metals may be allocated to more than one vault by the Collateral Agent.

The amendments to Section 4, subsection 4.17.1, are attached in blackline as Exhibit A.

Part II: Certification by LCH.Clearnet

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the amendments to Section 4 of the Clearing House Procedures complies with the Commodity Exchange Act and the CFTC Regulations promulgated thereunder. In addition, LCH.Clearnet certifies that 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/proposed_rules.asp

A signed certification is attached to this submission as Exhibit B.

Part III: Compliance with Core Principles

LCH.Clearnet complies, and will continue to comply, with all of the Core Principles.

LCH.Clearnet will continue to comply with all Core Principles following these amendments to the Clearing House Procedures.

Part IV: 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.

Exhibit A
Clearing House Procedures, subsection 4.17.1

4.17 Precious Metals

4.17.1 General information

Only Clearing Members [who have been approved to clear on LCH EnClear OTC Contracts in the Precious Metals Division](#) and/or HKMEx [Service Clearing Members](#) are eligible to provide [Precious Metals](#) as collateral to cover liabilities ~~on those markets~~. ~~Please refer to Sections 2E and 2I of these procedures.~~

Clearing Members may lodge Precious Metals in unallocated form via a London Precious Metals Clearing Ltd (LPMCL) Clearing Member (referred to as Collateral Agents in this procedure) by transferring to the LCH.Clearnet Ltd Unallocated Precious Metals account:

- Barclays Bank plc (SWIFT BARCGB22PMD)
- a/c LCH Collateral Account
- a/c 32989

Once the Clearing House has converted it into allocated form, the Precious Metals can then be used as cover. [The Clearing House Collateral Agent may allocate the Precious Metals to more than one vault.](#)

In these procedures, “S” refers to settlement day, “S-1” the business day prior to settlement day, “S+1” the business day after settlement day.

This service will not be operational on UK Bank Holidays.

Please refer Appendix 4M and 4N for information on Lodgement and Release forms.

Exhibit B
Self-certification



AMENDED RULES SELF CERTIFICATION

LCH.Clearnet Limited ("LCH") hereby certifies to the Commodity Futures Trading Commission ("CFTC"), pursuant to the procedures set forth in the Commission Regulations 40.6, that the following:

- Amendments to the rules in LCH.Clearnet's Clearing House Procedures Section 4, concerning the provision of precious metals as margin collateral, comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Signed as of July 24, 2012

By: 

Name: Jay Iyer

Title: Chief Compliance Officer

LCH.Clearnet Limited