



**VIA EMAIL TO: SUBMISSIONS@CFTC.GOV**

29 July 2013

Ms. Melissa Jurgens  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> 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 rules in relation business continuity testing, introducing requirements for clearing members to participate in coordination and testing programs. These changes will be implemented and become effective on August 13, 2013.

**Explanation and Analysis**

LCH.Clearnet carries out regular business continuity testing publicising the date of testing and coordinating with members in order to carry out synchronised testing. In order to strengthen LCH.Clearnet's compliance with Core Principle I (System Safeguards) a requirement will be added to the Clearing House Procedures and FCM Procedures for clearing members and FCM clearing members to participate in business continuity planning coordination and testing programs.

**Part II: Amendments to the Rules and Regulations of LCH.Clearnet**

The implementation of these changes requires minor amendments to section 10 of the Procedures and section 5 of the FCM Procedures. These changes are summarised in the table below:

Procedures reference	FCM Procedures reference	Explanation
Section 10, 10.5	Section 5, 5.5	Introduction of wording to set out the requirements of clearing members to participate in business continuity planning coordination and testing programs.

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Tel: +44 (0)20 7426 7000 Fax: +44 (0)20 7426 7001 [www.lchclearnet.com](http://www.lchclearnet.com)  
LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA | LCH.Clearnet LLC



### **Part III: Certification by LCH.Clearnet**

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the planned changes comply with the Commodity Exchange Act and the CFTC Regulations promulgated there under. LCH.Clearnet further certifies that, upon the submission of this material, in compliance with §39.21 of the Commission's regulations, LCH.Clearnet will post 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](http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp)

### **Part IV: Compliance with Core Principles**

LCH.Clearnet will continue to comply with §39.18, Core Principle I (System Safeguards) by explicitly setting out its requirement for clearing members to participate in business continuity planning coordination and testing programs. The changes reflected herein will ensure continued compliance with the Core Principles.

### **Part V: Opposing Views**

There were no opposing views expressed to LCH.Clearnet by its governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated in the changes.

### **Certification**

LCH.Clearnet Limited hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that the attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions regarding this submission please contact me at [jay.iyer@lchclearnet.com](mailto:jay.iyer@lchclearnet.com) or my colleague Charlotte Foy at [charlotte.foy@lchclearnet.com](mailto:charlotte.foy@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 Ltd

Cc: Susan Milligan, LCH.Clearnet  
Adam Cohen, CFTC

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLTD Date: July 29, 2013

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

Section 10 of Clearing House Procedures

Rules: 10.5

FCM Procedures

Rules: 5.5

## DESCRIPTION

Self-certification pursuant to §40.6(a) relating to the introduction of wording to set out the requirements of clearing members to participate in business continuity testing planning coordination and testing programs.



**LCH.Clearnet Rule Submission**

**Appendix A**

10.3.9 **Registration of Contracts**

The Clearing House will register new business in accordance with the Clearing House procedure in section 2A.5.3. However, the Clearing House reserves the right, at its discretion, to amend the timing of registration as it deems necessary. In the event that registration is to be delayed the Clearing House will notify Clearing Members as soon as practically possible.

10.3.10 **New Address for Document Delivery**

Following invocation of the business continuity plans the Clearing House will provide new address details for document delivery. Will arrange to have its mail forwarded to its office recovery site.

10.3.11 **Permanent Change of Address**

The Clearing House is able to occupy the recovery site for a maximum of ninety consecutive days. If the incident is so serious that the Clearing House is unable to reoccupy Aldgate House within this time period, Clearing Members will be informed of the proposed new office location and contact numbers prior to occupation of the premises. This information will be communicated via the methods described in section 10.3.1.

Clearing Members will be informed of the date when the new arrangements will take effect.

10.3.12 **Return to Normal**

When the Clearing House is able to resume a normal service a message will be disseminated using the methods described in section 10.3.1 above. Assuming that it has been possible to return to Aldgate House the following message will be broadcast.

*"The Clearing House has returned to Aldgate House. Please revert to normal contact telephone numbers and procedures."*

If normal working is being resumed at a site other than Aldgate House Clearing Members will already have been informed of the new office location and contact numbers see section 10.3.11 above. The following message will be broadcast.

*"The Clearing House is resuming normal service at <insert location name>. Please use the new contact numbers previously supplied."*

10.4 **CLEARING HOUSE DATA CENTRE**

10.4.1 **Failure of LCH's Data Centre**

If the Clearing House's primary data centre fails during business hours, those Clearing House IT systems that are used by Clearing Members will be temporarily unavailable while processing is transferred to the secondary data centre.

**10.5 COMPLIANCE WITH BUSINESS CONTINUITY TESTING**

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Clearing Members are required to participate in the Clearing House's Business Continuity Planning (BCP) coordination and testing programs, as required by CFTC Regulation § 39.18. The Clearing House will notify Clearing Members when it intends to carry out any such test via a member circular and via a posting on [www.lchclearnet.com](http://www.lchclearnet.com), at least 90 days in advance. The Clearing House will, prior to the date of any such test, provide Clearing Members with further details of the steps that will be required under the relevant program.





**LCH.Clearnet Rule Submission**

**Appendix B**

the Clearing House will notify FCM Clearing Members as soon as practically possible.

#### 5.3.10 New Address for Document Delivery

Following invocation of the business continuity plans the Clearing House will provide new address details for document delivery. Will arrange to have its mail forwarded to its office recovery site.

#### 5.3.11 Permanent Change of Address

If an incident is so serious that the Clearing House is unable to reoccupy Aldgate House, FCM Clearing Members will be informed of the proposed new office location and contact numbers prior to occupation of the premises. This information will be communicated via the methods described in Section 5.3.1.

FCM Clearing Members will be informed of the date when the new arrangements will take effect.

#### 5.3.12 Return to Normal

When the Clearing House is able to resume a normal service a message will be disseminated using the methods described in Section 5.3.1 above. Assuming that it has been possible to return to Aldgate House the following message will be broadcast.

"The Clearing House has returned to Aldgate House. Please revert to normal contact telephone numbers and procedures."

If normal working is being resumed at a site other than Aldgate House FCM Clearing Members will already have been informed of the new office location and contact numbers see Section 5.3.10 above. The following message will be broadcast.

"The Clearing House is resuming normal service at <insert location name>. Please use the new contact numbers previously supplied."

### 5.4 Clearing House Data Centre

#### 5.4.1 Failure of LCH's Data Centre

If the Clearing House's primary data center fails during business hours, those Clearing House IT systems that are used by FCM Clearing Members will be temporarily unavailable while processing is transferred to the secondary data center.

### 5.5 Compliance with Business Continuity Testing

FCM Clearing Members are required to participate in the Clearing House's Business Continuity Planning (BCP) coordination and testing programs, as required by CFTC Regulation § 39.18. The Clearing House will notify Clearing Members when it intends to carry out any such test via a member circular and via a posting on [www.lchclearnet.com](http://www.lchclearnet.com), at least 90 days in advance. The Clearing House will, prior to the date of any such test, provide FCM Clearing

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Members with further details of the steps that will be required under the relevant program.

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