

**VIA CFTC Portal**

16 September 2015

Mr. Christopher Kirkpatrick  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> 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") (see Appendix A).

**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.

As of 15<sup>th</sup> October, 2015, the SwapClear CDR will be amended as follows:

- EUR – no change
- USD – changes from -5 to -10
- GBP – changes from -10 to -5

As a result the revised CDR rate will be as per the table below.

Currency	Benchmark	Spread as of 15 <sup>th</sup> October '15
EUR	EONIA	-15
USD	FedFunds	-10
GBP	SONIA	-5

**Part II: Description of Rule Changes**

This submission does not require any changes to the LCH.Clearnet Rulebook.

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LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet LLC | LCH.Clearnet SA



**Part III: Core Principle Compliance**

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

**Part IV: Public Information**

LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of this submission on the LCH.Clearnet 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 this change.

**Certification**

LCH.Clearnet hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in 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 regarding this submission please contact me at [julian.oliver@lchclearnet.com](mailto:julian.oliver@lchclearnet.com).

Yours sincerely,



Julian Oliver, Chief Compliance Officer  
LCH.Clearnet Ltd  
+44 20 7392 8297

**LCH.Clearnet Rule Submission**

**Appendix A**

**SwapClear Member Circular on a change to CDR**

Company Circular No: LCH.Clearnet Ltd Circular No [ ]

Date: [ ~~119~~ ] September 2015

To: All LCH.Clearnet LTD Members

## 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.

As of 15th October 2015, and subject to regulatory approval, we will be amending SwapClear's CDRs as follows:

- In USD, we will amend the spread to FedFunds, from its current level of -5 to a new level of -10
- In GBP, we will amend the spread to SONIA, from its current level of -10 to a new level of -5
- In EUR, there will be no change to the spread

As a result, the new CDR rates will be:

Currency	Benchmark	Spread as of 15 <sup>th</sup> October '15
EUR	EONIA	-15
USD	FedFunds	-10
GBP	SONIA	-5

We are also adopting a new framework for future changes to CDRs. We will review the rates payable on a quarterly basis, and where changes are required, we will announce the changes via Member Circular with an effective date no less than 2 weeks forward.

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](mailto:swapclearclientservices@lchclearnet.com)