

VIA CFTC PORTAL

16 Sep 2016

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH.Clearnet Limited Self Certification: Tenor extensions to Norwegian, Polish and Danish (NOK, PLN and DKK) currencies

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH.Clearnet Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its rules to extend the tenors (Maximum Residual Term) of swaps cleared in Norwegian, Polish and Danish currencies.

Part I: Explanation and Analysis

LCH is proposing rule changes that will extend the tenors of swaps cleared in NOK, PLN and DKK currencies. The currently eligible maximum tenor for each of these is 10 years. The changes propose to extend this to 15.5 years for NOK and PLN and 31 years for DKK. This will allow the Clearing Members to clear Swaps denominated in these currencies for longer tenors with SwapClear. This change will be available to both SCMs and FCMs.

The changes will go live on, or after, October 3, 2016.

Part II: Description of Rule Changes

Product Specific Contract Terms and Eligibility Criteria Manual

Section 1.2 (SwapClear Product Eligibility Criteria for a SwapClear Transaction) and Section 2.1.3 (Minimum and Maximum Residual Term of the Trade (Termination date – Today)) have been amended to reflect the changed tenors for the respective currencies.

FCM Product Specific Contract Terms and Eligibility Criteria Manual

Section 1.1(a) (FCM SwapClear Product Eligibility Criteria for a SwapClear Transaction) and Section 2.1(c) (Additional FCM SwapClear Product Eligibility Criteria) have been amended to reflect the changed tenors for the respective currencies.

The text of the changes to Product Specific Contract Terms and Eligibility Criteria Manual is attached hereto as **Appendix I** and the text of the changes to FCM Product Specific Contract Terms and Eligibility Criteria Manual is attached hereto as **Appendix II**.

Part III: Core Principle Compliance

LCH has concluded that compliance with the Core Principles will not be adversely affected by these changes.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at: <http://www.lch.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants that were not incorporated into the rule.

Certification

LCH 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@lch.com.

Yours sincerely



Julian Oliver

Chief Compliance Officer

LCH.Cleantnet Limited

Appendix I
Product Specific Contract Terms and Eligibility Criteria Manual



**PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL**

Instrument	Acceptable Currencies	Acceptable Indices ⁶	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
	Czech Koruna (CZK)	CZK-PRIBOR-PRBO	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Danish Krone (DKK)	DKK-CIBOR-DKNA13	Fixed vs. Floating	Single currency	3,850 11,375 days	0.01-99,999,999,999.99
		See Article 7.1(e)(i) for definition	Floating vs. Floating			
		DKK-CIBOR2-DKNA13				
		See Article 7.1(e)(ii) for definition				
	Hong Kong Dollar (HKD)	HKD-HIBOR-HIBOR=	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(g)(ii) for definition	Floating vs. Floating			
		HKD-HIBOR-HKAB				
		See Article 7.1(g)(iii) for definition				
		HKD-HIBOR-ISDC				
		See Article 7.1(g)(i) for definition				
	Hungarian Forint (HUF)	HUF - BUBOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	1-10,000,000,000,000
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Japanese Yen (JPY)	JPY-LIBOR-BBA	Fixed vs. Floating	Single currency	15,025 days	1-10,000,000,000,000
		See Article 7.1(l)(iv) for definition	Floating vs. Floating			
		JPY-TONA-OIS-COMPOUND	Fixed vs. Floating	Single currency	11,375 days	1-10,000,000,000,000
		See Article 7.1(l)(xix) for definition				
	New Zealand Dollar (NZD)	NZD-BBR-Telerate	Fixed vs. Floating	Single currency	5,700 days	0.01-99,999,999,999.99
		See Article 7.1(l)(iii) for definition	Floating vs. Floating			
		NZD-BBR-FRA	Fixed vs. Floating	Single currency	5,700 days	

Instrument	Acceptable Currencies	Acceptable Indices ⁶	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
		See Article 7.1(p)(iii) for definition	Floating vs. Floating			
	Norwegian Krone (NOK)	NOK-NIBOR-NIBR	Fixed vs. Floating	Single currency	5,700 3,850 days	0.01-99,999,999,999.99
		See Article 7.1(q)(i) for definition	Floating vs. Floating			
	Singapore Dollar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Procedure 2C.1.8.12.(a)(xxi) for definition	Floating vs. Floating			
		SGD-SOR-VWAP	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(t)(iii) for definition	Floating vs. Floating			
	Swedish Krona (SEK)	SEK-STIBOR-SIDE	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(x)(i) for definition	Floating vs. Floating			
	Swiss Franc (CHF)	CHF-LIBOR-BBA	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(y)(ii) for definition	Floating vs. Floating			
		CHF-TOIS_OIS_CO MPOUND	Fixed vs. Floating	Single currency	850 days	
		See Article 7.1(y)(iv) for definition	Floating vs. Floating			
	Polish Zloty (PLN)	PLN	FIXED vs. FLOAT	Single currency	3,850 5,700 days	0.01-99,999,999,999.99
		WIBOR-WIBO				
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	South African Rand (ZAR)	ZAR	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		JIBAR-SAFEX				
		See Article 7.1v(i) for definition	FLOAT vs. FLOAT			

Maximum Residual Term of trade:

Termination date - Today <= 3,670 days for ~~DKK~~, HKD, ~~NOK, PLN~~, ZAR, SGD, HUF & CZK (10 years)

Termination date - Today <= 5,495 days for NZD

Termination date - Today <= 5,700 days for NOK & PLN

Termination date - Today <= 10,970 days for AUD, CAD, CHF & SEK (30 years)

Termination date - Today <= 11,375 days for DKK

Termination date – Today <= 14,620 days for JPY (40 years)

Termination date – Today <= 18,275 days for GBP, EUR & USD (50 years)

Maximum Residual Term to Maturity for Forward Rate Agreements

The maximum residual term to maturity for forward rate agreements is as follows:

<u>Currency</u>	<u>Maximum Residual Term to Maturity</u>
EUR, JPY, USD, GBP	1105 days (3 years)
CHF, DKK, NOK, PLN, SEK, CZK, HUF	740 days (2 years)

The Clearing House will accept inflation swaps for registration: (a) in the case of uninterpolated indices, up to the end of the month prior to the final Reference Month; and (b) in the case of interpolated indices, up to the end of the final Reference Month.

2.1.4 *Designated Maturity*

The Designated Maturity must be no less than one month and no more than twelve months. The Clearing House will, excepting stub periods, only accept a Designated Maturity that is a whole calendar month.

2.1.5 *Calculation Periods*

(See Article 4.13 of the ISDA 2000 Definitions and Article 4.13 of the ISDA 2006 Definitions for definition.)

For vanilla interest rate swaps with constant notional principal and variable notional swaps the Clearing House will only accept non standard Calculation Periods ("**stub periods**") at either the start or end of the contract. Transactions with stub periods at both the start and end of the transaction will not be eligible as SwapClear Transactions.

Appendix II
FCM Product Specific Contract Terms and Eligibility Criteria Manual

FCM PRODUCT SPECIFIC CONTRACT TERMS AND
ELIGIBILITY CRITERIA MANUAL

Instrument	Acceptable Currencies	Acceptable Indices⁵	Types		Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
		See Article 7.1(b) (viii) for definition				
		CAD-CORRA-OIS-COMPOUND	Floating vs. Floating	Single currency	850 days	0.01–99,999,999,999.99
		See Article 7.1(b) (xii) for definition				
	Czech Koruna (CZK)	CZK-PRIBOR-PRBO	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	Danish Krone (DKK)	DKK-CIBOR-DKNA13	Fixed vs. Floating	Single currency	3,850 <u>11,375</u> days	0.01-99,999,999,999.99
		See Article 7.1(e) (i) for definition	Floating vs. Floating			
		DKK-CIBOR2-DKNA13				
		See Article 7.1(e) (ii) for definition				
	Hong Kong Dollar (HKD)	HKD-HIBOR-HIBOR=	Fixed vs. Floating	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(g) (ii) for definition	Floating vs. Floating			

Instrument	Acceptable Currencies	Acceptable Indices⁵	Types		Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
		See Article 7.1(p) (iii) for definition	Floating vs. Floating			
	New Zealand Dollar (NZD)	NZD-BBR-FRA	Fixed vs. Floating	Single currency	5,700 days	0.01-99,999,999,999.99
		See Article 7.1(p) (iii) for definition	Floating vs. Floating			
	Norwegian Krone (NOK)	NOK-NIBOR-NIBR	Fixed vs. Floating	Single currency	3,850 5,700 days	0.01-99,999,999,999.99
		See Article 7.1(q) (i) for definition	Floating vs. Floating			
	Singapore Dollar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See Article 7.1(t) (iii) for definition	Floating vs. Floating			
		SGD-SOR-VWAP	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		See FCM Procedure 2A.7.12(v) for definition	Floating vs. Floating			
	Swedish Krona (SEK)	SEK-STIBOR-SIDE	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(x) (i) for definition	Floating vs. Floating			

Instrument	Acceptable Currencies	Acceptable Indices⁵	Types		Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
	Swiss Franc (CHF)	CHF-LIBOR-BBA	Fixed vs. Floating	Single currency	11,375 days	0.01-99,999,999,999.99
		See Article 7.1(y) (ii) for definition				
		CHF-TOIS_OIS_COMPOUND	Fixed vs. Floating	Single currency	850 days	
		See Article 7.1(y) (iv) for definition	Floating vs. Floating			
	Polish Zloty(PLN)	PLN	FIXED vs. FLOAT	Single currency	3,850 5,700 days	0.01-99,999,999,999.99
		WIBOR-WIBO				
		See Article 7.1r (i) for definition	FLOAT vs. FLOAT			
	South African Rand (ZAR)	ZAR	FIXED vs. FLOAT	Single currency	3,850 days	0.01-99,999,999,999.99
		JIBAR-SAFEX				
		See Article 7.1v (i) for definition	FLOAT vs. FLOAT			

(c) **Minimum and Maximum Residual Term of the Trade (Termination date – Today)**

Trades in respect of vanilla interest rate swaps with constant notional principal and variable notional swaps are subject to a minimum and maximum Residual Term on the day they are received by SwapClear.

(i) Minimum Residual Term of trade:

Termination date - Today ≥ 1 + currency settlement lag

where currency settlement lag is:

- 1 day for EUR, USD, GBP and CAD denominated trades
- 2 days for JPY, CHF, AUD, DKK, HKD, NZD, SEK, NOK, PLN, ZAR, SAD, HUF & CZK denominated trades

(ii) Maximum Residual Term of trade:

Termination date - Today $\leq 3,670$ days for ~~DKK~~, HKD, NZD, ~~NOK~~, ~~PLN~~, ZAR, SAD, HUF & CZK (10 years)

Termination date – Today $\leq 5,700$ days for NOK & PLN

Termination date - Today $\leq 10,970$ days for AUD, CAD, CHF & SEK (30 years)

Termination date – Today $\leq 11,375$ days for DKK

Termination date – Today $\leq 14,620$ days for JPY (40 years)

Termination date – Today $\leq 18,275$ days for GBP, EUR & USD (50 years)

(iii) Maximum Residual Term to Maturity for Forward Rate Agreements

The maximum residual term to maturity for forward rate agreements is as follows:

Currency	Maximum Residual Term to Maturity
EUR, JPY, USD, GBP	1105 days (3 years)
AUD, CAD, CHF, DKK, NOK, NZD, PLN, SEK, ZAR, CZK, HUF	740 days (2 years)

The Clearing House will accept FCM SwapClear Transactions that are inflation swaps for registration: (a) in the case of uninterpolated indices, up to