



VIA EMAIL TO: SECRETARY@CFTC.GOV

February 12, 2014

Ms. Melissa Jurgens
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Ms. Jurgens:

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet LLC (“LCH.Clearnet”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its rulebook to list two new trading venues as Approved Trade Source Systems (“ATSS”) for the SwapClear US service. These rulebook changes will be implemented and become effective on February 28, 2014.

Please find attached as appendices the Submission Cover Sheet and the relevant changes to the LCH.Clearnet rulebook.

Part I: Explanation and Analysis

LCH.Clearnet has executed Clearing Services Agreements with SwapEx, LLC, and TeraExchange, LLC, both of which are SEFs provisionally registered with the CFTC. LCH.Clearnet will provide clearing services for interest rate swap trades executed on these SEFs and is amending its rulebook to add SwapEx, LLC and TeraExchange, LLC as ATSSs for the SwapClear US service. In accordance with our rulebook obligation to announce the addition of these ATSSs, a member circular will be issued in due course.

Part II: Description of rule changes

The Section 2A.3.4.1 of the Clearing House Procedures are amended to list SwapEx and TeraExchange as ATSSs.

Part III: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the connection of these new ATSSs. LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by these changes. In particular, the addition of these new platforms supports compliance with Core Principle C in promoting fair and open access for participants in the interest rate swap market.

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:

http://www.lchclearnet.com/rules_and_regulations/lc/default.asp.

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

Should you have any questions please contact me at laurian.cristea@lchclearnet.com.

Yours sincerely,



Laurian Cristea
Senior Vice President, Compliance & Regulation
US Contact: +1 212.513.5610



Appendix I
Submission Cover Sheet

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLLC Date: 12 Feb 2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION LCH.Clearnet LLC

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 2A.3.4.1 of the Clearing House Procedures .

DESCRIPTION

Self-certification pursuant to §40.6(a) relating to the addition of two new Approved Trade Source Systems for the SwapClear US service.

Appendix II
Rulebook Changes

The Clearing House will calculate MER for each participating Clearing Member using the same methodology and will publish such methodology to Clearing Members. The Clearing House will provide 30 days' notice before implementing any changes to the methodology used for calculating MER.

Clearing Members are not required to participate in the MER Arrangements unless and until they elect to do so. In the event that a Clearing Member wishes to change its participation status (the "**Participation Status**") from opting in to the MER Arrangements to opting out, or vice versa, it should contact the Clearing House to request applicable documentation (swapclear.clientservices@lchclearnet.com). Changes in Participation Status are processed at the end of each month. All relevant documentation must be completed and returned to the Clearing House no later than 5 Business Days prior to the end of the month preceding the month to which the change in Participation Status applies. A Clearing Member's Participation Status will remain unchanged until the Business Day following the day that the Clearing House confirms via email that the change in Participation Status has been processed. The Clearing House shall be entitled to treat the Participation Status of a Clearing Member as continuing unchanged from month to month until such time as appropriate notice is received from such Clearing Member and processed by the Clearing House in accordance with the provisions of this paragraph.

Each Clearing Member participating in the MER Arrangements will be called for MER Margin separately in respect of its Proprietary Account and/or its Omnibus Client Swaps Account with LCH. MER Margin required by the Clearing House is part of a Clearing Member's required Initial Margin. Hence, for the avoidance of doubt, failure to deliver MER when required by the Clearing House will constitute a breach of these Procedures and the Regulations. MER Margin furnished to an Omnibus Client Swaps Account with LCH is credited to its Buffer Sub-Account, and treated as Buffer. Any Buffer (but not including Encumbered Buffer) maintained in an Omnibus Client Swaps Account with LCH at End of Day is credited towards the satisfaction of any MER requirements applicable to such account during the End of Day margin run.

As SwapClear Contracts are registered to a Clearing Member's relevant accounts, the Clearing House will apply any available MER Margin (which is treated as Buffer when held in an Omnibus Client Swaps Account with LCH) as Initial Margin in respect of such newly registered SwapClear Contracts prior to utilizing any available SwapClear Tolerance (if any).

At each End of Day margin run, the Clearing House will recalculate and call, on an account by account basis, Required Margin in respect of the MER requirements applicable to each Clearing Member participating in the MER Arrangements on such day.

2A.3.4 Approved Trade Source Systems and US Trading Venues

2A.3.4.1 Approved Trade Source Systems

Currently the Approved Trade Source Systems designated by the Clearing House for SwapClear are MarkitWire, Bloomberg, [SwapEx](#), [TeraExchange](#) and Tradeweb.