



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

November 13, 2014

Mr. Chris 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 LLC ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to the Clearing House Rulebook described in full below. The Rulebook changes will be effective and implemented on December 1, 2014.

A black-lined version of the relevant pages of the Clearing House Procedures and Regulations (together the Clearing House Rulebook) are attached hereto as appendices.

## **Part I: Explanation and Analysis**

### **Introduction**

LCH.Clearnet is making a number of changes to the Clearing House Rulebook as described below in order to provide it with additional tools in the event of a liquidity shortfall:

### **Part II: Description of rule changes**

1. Ability to disable the auto-repayment functionality for the Proprietary accounts of members

Auto-repay is a facility that clearing members activate that returns all excess margin to them where their initial margin call decreases. Turning it off will provide the clearing house with additional liquidity.

2. Allowing the application of cash and non-cash collateral to clearing members' liabilities in the order and at the discretion of the clearing house

The rulebook is currently silent on whether cash or non-cash is applied first so the proposed change clarifies that LLC has the flexibility to apply non-cash and hold on the cash when a clearing member's IM call increases.

3. Ability to vary the minimum threshold and notice period for substitution of collateral

Currently, LLC requires 2 days notice from a clearing member where it wishes to substitute more than \$75m of cash collateral with non-cash collateral. The rulebook changes would allow LLC to increase the 2 day notice or reduce the minimum threshold by written notice to clearing members.

**LCH.Clearnet LLC, 17 State Street, 28 Floor, New York, NY 10004**  
Tel: +212 513 8282 Fax: +212 513 8290 [www.lchclearnet.com](http://www.lchclearnet.com)

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



### **Part III: Core Principle Compliance**

LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by this change and that the change reflected herein will ensure continued compliance with the Core Principles.

### **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](http://www.lchclearnet.com/rules_and_regulations/lc/default.asp).

### **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 the rule.

### **Certification**

LCH.Clearnet LLC 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.

If you any questions, please contact me at [suprio.chaudhuri@lchclearnet.com](mailto:suprio.chaudhuri@lchclearnet.com).

Yours Sincerely,

A handwritten signature in blue ink that reads 'Suprio Chaudhuri'.

Suprio Chaudhuri  
Chief Compliance Officer  
US Contact: +1 212.513.5629

cc: Parisa Abadi, Division of Clearing and Risk



**Appendix I**

**LCH.Clearnet LLC Rulebook**