



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Clearing and Risk

Ananda Radhakrishnan
Director

May 23, 2013

ELECTRONIC MAIL

Susan Milligan
Interim Chief Compliance Officer
LCH.Clearnet LLC
17 State Street, 28th Floor
New York, NY 10004

Re: Confirmation of Demonstrated Compliance with the Straight-Through-Processing Condition Contained in the LCH.Clearnet LLC Amended Order of Registration

Dear Ms. Milligan:

By letter dated May 22, 2013, LCH.Clearnet LLC ("LCH"), a registered derivatives clearing organization ("DCO"), requested that the Division of Clearing and Risk ("Division") confirm that LCH has demonstrated compliance with the condition to the commencement of its clearing operations ("Straight-Through-Processing Condition") set forth in LCH's Amended Order of Registration, dated January 23, 2013 ("Amended Order").

Paragraph 4 of the Amended Order provides as follows:

(4) Straight-Through-Processing. Pursuant to Regulation 39.12(b)(7), LCH shall accept or reject each trade submitted to it for clearing by or for a clearing member or a customer of a clearing member as quickly as would be technologically practicable if fully automated systems were used and in no event later than 60 seconds after submission. LCH shall not commence clearing or settling transactions involving the Cleared Products prior to demonstrating compliance with this paragraph, such demonstration to be made to the Division of Clearing and Risk or any successor division of the Commission.

In its May 22, 2013 letter, LCH represented that it will comply with Commission Regulation 39.12(b)(7)¹ upon the commencement of its SwapClear US clearing service. LCH further represented that it has demonstrated compliance with the Straight-Through-Processing Condition based on the following factors: (i) LCH Regulation 401(d) requires LCH to accept or

¹ 17 C.F.R. § 39.12(b)(7).

Susan Milligan

May 23, 2013

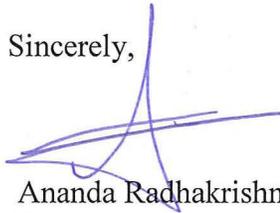
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reject trades in accordance with Commission Regulation 39.12(b)(7);² (ii) LCH held a demonstration for Division staff on May 15, 2013, which showed that LCH's technology system is capable of accepting or rejecting trades within 60 seconds after submission in a test environment; and (iii) LCH presented data from the first two days of clearing by LCH.Clearnet Ltd using the same technology system that will be employed by LCH, which demonstrated that the technology system is capable of accepting or rejecting actual trades within 60 seconds after submission.

The Division has reviewed LCH's request and based on the representations contained in the request and, in particular, the specific factors outlined above, the Division confirms that LCH has demonstrated compliance with the Straight-Through-Processing Condition. LCH may therefore commence clearing and settling transactions pursuant to the Amended Order.

This confirmation is given by the Division in reliance on the representations contained in LCH's request and the demonstrations of compliance with Commission Regulation 39.12(b)(7) outlined above. In the event of any changes to, or omissions in, the material facts or circumstances pursuant to which this confirmation is being given, or for the failure of LCH to comply with Commission Regulation 39.12(b)(7) upon commencement of clearing and settling transactions or thereafter, the Division may recommend to the Commission that it further condition, modify, suspend, terminate or otherwise restrict the terms of the Amended Order, as appropriate and as permitted by law.

Sincerely,



Ananda Radhakrishnan
Director

² LCH Regulation 401(d), as self-certified to the Commission on May 13, 2013, states, "The Clearing House shall register or reject the registration of two SwapClear Contracts in respect of a SwapClear Transaction presented for registration as quickly as would be technologically practicable if fully automated systems were used (the standard required in Part 39 of the CFTC Regulations)..." Letter from Laurian Cristea, Senior Vice President of LCH, to Melissa Jurgens, Secretary of the Commission (May 13, 2013), *available at* <http://www.cftc.gov/stellent/groups/public/@rulesandproducts/documents/ifdocs/rul0513131ch001.pdf>.