

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

**In the Matter of the Application of
LCH.Clearnet SA
For Registration as a Derivatives Clearing Organization**

ORDER OF REGISTRATION

Banque Centrale de Compensation, doing business as LCH.Clearnet SA (“LCH.C SA”), has submitted to the Commodity Futures Trading Commission (the “Commission”), pursuant to Section 5b of the Commodity Exchange Act (the “Act”), 7 U.S.C. § 7a-1, an application for registration as a derivatives clearing organization (“DCO”).

The Commission has reviewed the application and finds that LCH.C SA has demonstrated compliance with the requirements of the Act and applicable Commission regulations thereunder.

In light of the foregoing, **IT IS ORDERED**, pursuant to Section 5b of the Act, 7 U.S.C. § 7a-1, that LCH.C SA is granted registration as a DCO subject to the terms and conditions specified herein:

(1) Cleared Products. LCH.C SA is permitted to clear, in its capacity as a registered DCO, credit default swaps and such other swaps that the Commission determines LCH.C SA is eligible to clear, subject to the requirements of Regulation 39.5(a)(2) and the limitations set forth in paragraph 5 herein (collectively, “Cleared Products”).

(2) Compliance with the Act and Commission Regulations.

(a) LCH.C SA shall comply, and shall demonstrate compliance as requested by the Commission, with applicable provisions of the Act, including the core principles set forth

in Section 5b of the Act (“Core Principles”), and Commission regulations, as may be amended or adopted from time to time. LCH.C SA shall fulfill each of the representations it has made relating to compliance with the Core Principles and Commission regulations.

(b) LCH.C SA shall ensure compliance with all reporting and recordkeeping requirements under the Act and applicable regulations including, among others, Regulations 1.31, 39.19, and 39.20. In furtherance of this, at all times, LCH.C SA shall make all documents, books, records, reports, and other information related to LCH’s operation as a DCO (“Books and Records”) open to inspection and copying by any representative of the Commission; and in response to a request by any representative of the Commission, LCH will, promptly and in the form specified, make the requested Books and Records available and supply them directly to Commission representatives.

(3) New Regulations. Should the Commission promulgate or amend a regulation addressing or otherwise affecting any aspect of this Order, then such regulation will apply and supersede the applicable term(s) in this Order.

(4) Financial Reporting. LCH.C SA shall submit to the Commission all required financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) or International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB IFRS”); except that any financial statements that are required to be submitted to the Commission less than 90 days after the date of this Order may be prepared in accordance with French Generally Accepted Accounting Principles, U.S. GAAP or IASB IFRS. All financial statements that are required to be submitted to the Commission shall include U.S. dollar equivalents for all non-U.S. dollar amounts reported.

(5) Ring-Fencing.

(a) LCH.C SA shall restrict its operations and activities to comport with the assumptions referenced in the memorandum entitled “Protection of Cleared Swap Collateral under LCH.Clearnet SA's Proposed CDS Clearing Rules” dated as of September 19, 2013, which was prepared by the French counsel of LCH.C SA, and the memorandum entitled “Cleared Swaps Customer Collateral Under the Commodity Exchange Act” dated as of September 17, 2013, which was prepared by the U. S. counsel of LCH.C SA (the “Ring-Fencing Memoranda”).

(b) LCH.C SA shall promptly notify the Commission if any of the assumptions listed in the Ring Fencing Memoranda change. As part of any future request for relief from the restriction set forth in paragraph 5(a), LCH.C SA shall submit a reasoned memorandum prepared by counsel describing the effect that such relief would have on the conclusions of the Ring-Fencing Memoranda.

(6) Self-Regulatory Function. LCH.C SA shall ensure the performance of all self-regulatory functions required of it as a registered DCO under the Act and Commission regulations, including, without limitation: (a) monitoring and enforcing clearing member compliance with LCH.C SA admission and continuing eligibility standards, such as capital requirements; (b) conducting examinations of the risk management procedures of each clearing member on a periodic basis; and (c) enforcing clearing member compliance with the terms of all LCH.C SA rules, regulations, and procedures not specifically referenced in clauses (a) and (b) of this section.

(7) Changes in Applicable Law. LCH.C SA shall promptly inform the Commission of any change in French or European law that materially affects LCH.C SA's operation as a central counterparty, including, without limitation: (a) any law related to insolvency that

materially impacts LCH.C SA or its clearing members; (b) any material change in LCH.C SA's registration or licensure status with any regulatory authority in France or Europe; and (c) any change that affects the conclusions of the Ring-Fencing Memoranda.

(8) Agent for Service of Process. LCH.C SA shall maintain a valid, effective, and binding agreement appointing an agent in the United States for purposes of communications, including acceptance, on behalf of LCH.C SA, of any summons, complaints, orders, subpoenas, requests for information, notices, or any other written documents or correspondence issued by or on behalf of the Commission, the United States Department of Justice, or any U.S. clearing member or futures commission merchant clearing member clearing proprietary or customer positions at or through LCH.C SA, and LCH.C SA shall promptly inform the Commission of any change in such agent or such agreement.

(9) Reservation of Rights. This Order is based upon the representations made and supporting material provided to the Commission by LCH.C SA. In the event of any changes to, or omissions in the material facts or circumstances pursuant to which this Order is issued, or for any reason in its own discretion, the Commission may condition, modify, suspend, terminate, or otherwise restrict the terms of this Order, as appropriate and as permitted by law, on its own motion.

Issued in Washington, D.C., this 17th day of December 2013.

By the Commission


Melissa D. Jurgens
Secretary of the Commission