

**LCH.CLEARNET LIMITED – FORM DCO AMENDMENT
JANUARY 10, 2014**

EXHIBIT A-3 – PROPOSED CLEARING ACTIVITIES

Attach as Exhibit A-3, a narrative summary of Applicant's proposed clearing activities including (I) the anticipated start date of clearing products (or, if Applicant is already clearing products, the anticipated start date of activities for which Applicant is seeking an amendment to its registration) and (ii) a description of the scope of Applicant's proposed clearing activities (e.g., clearing for a designated contract market; clearing for a swap execution facility; clearing bilaterally executed products).

LCH.Clearnet Limited (“**Limited**”) originally registered with the CFTC as a derivatives clearing organization (“**DCO**”) on October 29, 2001. The CFTC’s Order of Registration (the “**Original Order**”) restricted Limited’s DCO license to clear over-the-counter (“**OTC**”) derivatives contracts, agreements or transactions that were at the time excluded or exempt from regulation under Sections 2(c), 2(d), 2(f), 2(g), 2(h) or 4(c) of the Commodity Exchange Act, as amended (“**CEA**”) or that were “OTC derivative instruments” as defined in Section 408 of the Federal Deposit Insurance Corporation Improvement Act. Limited subsequently requested, and obtained, an amendment to the Original Order to permit clearing of financial futures (and options thereon) traded on, or pursuant to the rules of, US designated contract markets (“**DCMs**”), derivatives transaction execution facilities and exempt boards of trade. The CFTC issued an Amended Order of Registration (the “**Second Order**”) permitting Limited to offer such clearing services on May 11, 2004.

Limited is submitting this Form DCO application to amend and consolidate the CFTC’s Original Order and Second Order: (1) to permit Limited to provide clearing services in respect of “swaps” as defined in the CEA and CFTC Regulations by replacing references to “OTC derivative contracts” and “OTC derivative instruments”; and (2) to permit Limited to engage in its proposed DCM Futures Clearing Business, including the Nodal Clearing Service, each as described below.

Clearing “Swaps”. The enactment of the Dodd-Frank Act added the definition of term “swap” in Section 1a(47) of the CEA; the CFTC subsequently promulgated a rule further defining the term “swap” in CFTC Regulation 1.3(xxx). Limited is currently engaged, and has been engaged for almost fifteen years, in the clearing of “swaps”, through its SwapClear, ForexClear and EnClear businesses. Such swaps may be executed in a number of ways. Limited currently clears interest rate swaps listed for trading on DCMs and temporarily-registered swap execution facilities (“**SEFs**”) in reliance on no-action relief from the CFTC that expires on the earlier of: (1) March 31, 2014; or (2) the date on which the CFTC approves this application for an amendment to, and consolidation of, the CFTC’s Original Order and Second Order.¹ The nature of the clearing services that Limited will provide in respect of interest rate swaps executed on SEFs and DCMs will be substantially identical to those that are currently provided by Limited with respect to its existing OTC interest rate swap clearing business. The provisions set forth in Limited’s rules and procedures and as set out in Limited’s prior submissions to the CFTC regarding its compliance with CFTC Regulations and DCO Core Principles will be equally applicable to the clearing of swaps executed on DCMs and SEFs.

DCM Futures Clearing Business. For the reasons identified in Exhibit A-4, Limited intends to expand its line of clearing businesses to include clearing all futures contracts (and options thereon), regardless of the underlying asset class, that are listed for trading on, or pursuant to the rules of, DCMs (collectively, the “**DCM Futures Clearing Business**”). Limited believes that amending its DCO license in this way will

¹ See CFTC Letter No. 13-52 (September 23, 2013). Limited currently provides clearing services for swaps executed on, or pursuant to the rules of, TW SEF LLC, DW SEF LLC and trueEx LLC.

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ensure Limited's right to accept for clearing all contracts, agreements or transactions within the jurisdiction of the CFTC. In the initial phase of its DCM Futures Clearing Business, Limited will continue to provide clearing services for the futures contracts (and options thereon) listed for trading on Nodal Exchange LLC (the "**Nodal Clearing Service**"). Nodal was designated as a contract market by the CFTC on September 30, 2013. Limited has provided clearing services to Nodal Exchange LLC since the latter's launch in 2009. Limited also intends to clear certain energy contracts that are currently traded on an OTC basis through Limited's EnClear service, to the extent that such energy contracts are listed on, or pursuant to the rules of, one or more DCMs (the "**Energy Futures Clearing Service**").