

VIA CFTC PORTAL

27 October 2017

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH Limited Self Certification: Weekly Notification of Rule Amendments for the Week ending 27 October 2017

Dear Mr Kirkpatrick

Please accept this notification of rule amendments to LCH Limited's rulebook pursuant to CFTC regulation §40.6(d), for the following non-substantive rule changes:

- General Regulations: correction of minor spelling error to Regulation 100 (Termination of fungible listed interest rates contracts)
- Procedures Section 2C: in section 1.15.8 (Transfer of Associated Collateral Balance) correction to a section reference, a grammatical error and a clarification that a permitted transfer refers to an Intra-Day Bulk Transfer, which will be shown in the relevant Clearing Member's report.
- FCM Procedures:
 - i) in section 2.1.20 (FCM Portfolio Margining Service), addition of the wording 'FCM Portfolio Margining' in relation to Listed Interest Rates contracts and a reference that the list of contracts eligible for portfolio margining is available on the LCH website.
 - ii) in section 2.1.16 (Default Management) correction of minor drafting errors in paragraph f (ii) (E).
 - iii) in section 2.2.7 (Novation and Registration) correction of a section reference.
- FCM Regulations :
 - i) in Regulation 1 (Definitions) minor drafting changes to the terms "FCM ForexClear Suspension Sub-Account" and "FCM SwapClear Suspension Sub-Account", a clarification to the definition of "FCM Listed Interest Rates Contract Terms", and a minor drafting error in the definition of "FCM Portfolio Margining Eligible FCM Listed Interest Rates Contract".
 - ii) In Regulation 6 (b) (Service withdrawal) correction to a section references and in Regulation 7 (f) (FCM Client Business and FCM Client Account Segregation) a reference to CFTC Regulation 1.12(n) has been added to replace previous wording.
 - iii) In Regulation 14 (Margin and Collateral) minor drafting error in paragraph (y).

The relevant pages of the rulebook are attached at Appendices I-IV in black line form.

Should you have any questions regarding this submission, please contact me at
valentina.cirigliano@lch.com.

Yours sincerely,



Valentina Cirigliano
Regulatory Advisor
LCH Limited

Appendix I
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

REGULATION 100 TERMINATION OF FUNGIBLE LISTED INTEREST RATES CONTRACTS

- (a) The Clearing House may from time to time designate a Rates Exchange in respect of one or more Listed Interest Rates Eligible Products for purposes of these Regulations (such Rates Exchange, a “**Designated Rates Exchange**”). A Rates Exchange seeking designation as a Designated Rates Exchange must submit a written request to the Clearing House in the form and manner required by the Clearing House. Such designation, once made effective by the Clearing House, shall ~~remain~~ remain in effect until such time as the Clearing House agrees, in its sole and absolute discretion, to terminate, modify or suspend such designation.
- (b) The Clearing House may from time to time determine that Listed Interest Rates Eligible Products listed for trading on two or more Designated Rates Exchanges have substantially the same economic terms. Such determination may be made where the Clearing House Risk Committee considers, in its sole discretion and in accordance with applicable risk governance requirements, that such Listed Interest Rates Eligible Products have substantially the same fundamental economic attributes. Following such determination, the Clearing House shall designate all Listed Interest Rates Contracts registered in respect of such Listed Interest Rates Eligible Products as “**Designated Listed Interest Rates Contracts**”.
- (c) Notwithstanding any other provision of these Regulations, where:
- (i) two or more Designated Listed Interest Rates Contracts are registered for the account of a Listed Interest Rates Clearing Member; and
 - (ii) all such Designated Listed Interest Rates Contracts are either: (a) registered on the Listed Interest Rates Clearing Member’s own behalf; or (b) registered on behalf of the same Listed Interest Rates Clearing Client;

then the Clearing House shall compress and combine all such Designated Listed Interest Rates Contracts by terminating the relevant existing Designated Listed Interest Rates Contracts and compressing them into one Designated Listed Interest Rates Contract reflecting the aggregate economic terms, or the net economic terms, as the case may be, of such original Designated Listed Interest Rates Contracts. For the avoidance of doubt, in no circumstances can a Designated Listed Interest Rates Contract registered in the Proprietary Account of a Listed Interest Rates Clearing Member be compressed pursuant to this Regulation 100 with a Designated Listed Interest Rates Contract registered in the Client Account of that Listed Interest Rates Clearing Member.

Appendix II
Procedures Section 2C



LCH LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

Clearing House the specific collateral which should comprise such Associated Collateral Balance(s). In the event that the Carrying Clearing Member fails to notify the Clearing House of the specific collateral which should comprise the Associated Collateral Balance(s), the Clearing House shall identify and select the Collateral it deems appropriate to comprise the Associated Collateral Balance(s) attributable to the Transferring SwapClear Contracts, in its sole discretion. Any Collateral so identified shall be reserved and made available solely in connection with the Permitted Transfer. Once the relevant Associated Collateral Balance(s) of the transfer have been notified by the Clearing House to the Receiving Clearing Member, the Receiving Clearing Member may elect to reject the transfer of some or all of such Associated Collateral Balance(s).

Any such election will not, of itself, prevent the transfer of the Transferring SwapClear Contracts of the Eligible Transferor and any Associated Collateral Balance which has been accepted by the Receiving Clearing Member, **provided that** the conditions set out in Section 1.15.4-5 above are satisfied in relation to such transfer. The Clearing House shall transfer the Associated Collateral Balance that has been identified and consented to ~~be~~ by the Receiving Clearing Member. In the event that, for whatever reason, the Clearing House is unable to transfer such Associated Collateral Balance, the Clearing House will not proceed with the transfer of the Transferring SwapClear Contracts. In such circumstances, the Clearing House will notify the Receiving Clearing Member that the Associated Collateral Balance will not be transferred and, in order to proceed with the transfer of the associated Transferring SwapClear Contracts, the Receiving Clearing Member will have to furnish to the Clearing House sufficient collateral in respect of the Transferring SwapClear Contracts.

Where: (i) the Clearing House transfers an Associated Collateral Balance pursuant to these Procedures and the Regulations; or (ii) a Permitted Transfer that is an Intra-Day Bulk Transfer does not lead to a change in beneficial ownership, the Clearing House will also transfer the aggregate balance held in respect of variation margin and next day settlement coupons and fees associated with the Transferring SwapClear Contracts, and such transfer shall be reflected in the relevant Clearing Member reports.

In the case where a transfer of Transferring SwapClear Contracts pursuant to this Section 1.15.8 will include the transfer of the Associated Collateral Balance(s) to the Transfer Account of the Eligible Transferee:

- (a) In respect of an Associated Collateral Balance that is subject to a Deed of Charge entered into between the Carrying Clearing Member and the Clearing House, such transfer shall be effected as follows:
 - (i) the Carrying Clearing Member shall relinquish all rights to such Associated Collateral Balance (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);

Appendix III
FCM Procedures



FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

Member will use its reasonable efforts to provide such information and support as the Clearing House may reasonably require in order to respond to and effectively deal with the queries raised by HMRC.

2.1.19 *Prescribed Terms*

Pursuant to FCM Regulation 7 the Clearing House may prescribe certain provisions that an FCM Clearing Member must include in its agreement with an FCM Client.

Where an FCM Clearing Member provides FCM Clearing Services to an FCM Client that is a registered investment company, as defined in the Investment Company Act of 1940, it shall include provisions in its agreement with that FCM Client to the following effect:

- (a) the FCM Clearing Member shall comply with Applicable Law relating to the segregation of FCM Client Funds including without limitation Part 22 of the CFTC Regulations;
- (b) FCM Client Funds delivered by the FCM Client shall be held in accordance with the CEA and the CFTC Regulations and the FCM Clearing Member shall obtain an acknowledgement, to the extent required by Parts 1.20 and 22 of the CFTC Regulations, that those FCM Client Funds are being held in accordance with the CEA and the CFTC Regulations;
- (c) the FCM Clearing Member will promptly furnish copies of or extracts from its records or such other information pertaining to the FCM Client's assets as the Securities Exchange Commission, through its employees or agents, may request;
- (d) any gains on FCM SwapClear Contracts held on behalf of an FCM Client (other than de minimus amounts) may be maintained by the FCM Clearing Member only until the next Business Day following receipt;
- (e) the FCM Client has the ability to withdraw its assets from the FCM Clearing Member as soon as reasonably practicable if the FCM Clearing Member's or the Clearing House's custody of FCM Client Funds no longer meets the requirements of Rule 17f-6 under the Investment Company Act of 1940.

2.1.20 *FCM Portfolio Margining Service*

(a) *Introduction*

The Clearing House offers FCM Clients of FCM Clearing Members an optional service ("**FCM Portfolio Margining Service**") that provides portfolio-margining functionality in respect of pairs of accounts that are held in the FCM SwapClear Clearing Service and FCM Listed Interest Rates Clearing Services by transferring [FCM Portfolio Margining](#) Eligible FCM Listed Interest Rates Contracts between

accounts in each Service (such transferred [FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts](#), “**FCM Portfolio Margined Contracts**”).

A list of [FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts](#) is ~~set out in the FCM Product Specific Contract Terms and Eligibility Criteria Manual~~ as published on the Clearing House's website from time to time.

An FCM Joint Rates Service Clearing Member must opt-in to the FCM Portfolio Margining Service in accordance with the procedure set out in paragraph 2.1.19(b) below and meet the FCM Portfolio Margining Eligibility Criteria (as defined below) in order to benefit from the portfolio-margining functionality provided by the service. However, it should be noted that, regardless of whether or not an FCM Joint Rates Service Clearing Member opts in, the FCM SwapClear Clearing Service and the FCM Listed Interest Rates Clearing Services share a common default fund. Accordingly, the risk profile of participating in either one of such Services may be impacted by other FCM Clearing Members participating in the other such Service. In particular, the resources of an FCM Clearing Member that is a member of the FCM SwapClear Clearing Service and the FCM Listed Interest Rates Clearing Services will be made available to cover the Clearing House's losses in a different manner to those of an FCM Clearing Member that is only a member of one of those Services, regardless of whether that FCM Clearing Member opts-in to the FCM Portfolio Margining Service. FCM Clearing Members should therefore familiarise themselves with the provisions of the FCM Rulebook and the Default Rules.

(b) *Opt-In Procedure*

- (i) FCM Clearing Member Status – Opt In. An FCM Joint Rates Service Clearing Member wishing to opt-in to the FCM Portfolio Margining Service in respect of one or more FCM Clients (each, a “**Nominated FCM Client**”) must submit a written request to the Clearing House, using the appropriate form which can be obtained from the Clearing House's Membership team (an “**FCM Portfolio Margining Request**”). For the avoidance of doubt, the FCM Joint Rates Service Clearing Member must submit a further FCM Portfolio Margining Request when it wishes the FCM Portfolio Margining Service to apply in respect of additional Nominated FCM Clients.
- (ii) Assessment of the FCM Portfolio Margining Request. Upon receipt of an FCM Portfolio Margining Request, the Clearing House will assess whether the eligibility criteria set out at paragraph 2.1.19(c) below (the “**FCM Portfolio Margining Eligibility Criteria**”) are met. The FCM Joint Rates Service Clearing Member will provide such information to the Clearing

relation to the operation of the Portfolio Margining Service, as described in more detail in paragraph 2.1.19(e) below.

A list of FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts is ~~set out in the in the FCM Product Specific Contract Terms and Eligibility Criteria Manual~~ [published on the Clearing House's website from time to time](#).

- (ii) FCM Portfolio Margining Process.
 - (A) At a predetermined time following the close of the FCM Listed Interest Rates Clearing Services on each business day, the Clearing House will run the FCM Portfolio Margining Calculation Tool. The FCM Portfolio Margining Calculation Tool will identify, in respect of each Nominated FCM Client, any off-setting positions between FCM SwapClear Contracts and FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts, including any FCM Portfolio Margining Eligible FCM Listed Interest Rates Contracts that are FCM Portfolio Margined Contracts (the “**Identified Off-Setting FCM Listed Interest Rates Contracts**”).
 - (B) The FCM Portfolio Margining Calculation Tool is a risk management tool that is not designed to provide FCM Joint Rates Service Clearing Members participating in the FCM Portfolio Margining Service with optimal margining treatment or reduce margin calls. Accordingly, the Clearing House makes no representations or assurances as to the impact of the FCM Portfolio Margining Calculation Tool on a participating FCM Clearing Member's margin calls. Furthermore, the Clearing House accepts no liability in respect of the operation of the FCM Portfolio Margining Service of the FCM Portfolio Margining Calculation Tool. The provision and operation of the FCM Portfolio Margining Calculation Tool is subject to FCM Regulation 44.
- (iii) Transfer of Identified Off-Setting FCM Listed Interest Rates Contracts. Once identified in accordance with subparagraph (d)(ii)(A) above:
 - (A) any Identified Off-Setting FCM Listed Interest Rates Contracts that are not FCM Portfolio Margined Contracts will be transferred from the relevant FCM Omnibus Listed Interest Rates Client Account with LCH to the relevant FCM Client Sub-Account of the FCM Omnibus SwapClear Client Account with LCH, at

which point they will become FCM Portfolio Margined Contracts;

- (B) any FCM Portfolio Margined Contracts that are not identified as Identified Off-Setting FCM Listed Interest Rates Contracts as part of the relevant cycle, will be transferred from the relevant FCM Client Sub-Account of the FCM Omnibus SwapClear Client Account with LCH to the relevant FCM Omnibus Listed Interest Rates Client Account with LCH, at which point they will cease to be FCM Portfolio Margined Contracts; and
 - (C) the Clearing House's records will evidence the time of the transfers referred to in (A) and (B) above.
- (iv) Treatment of FCM Portfolio Margined Contracts in the FCM Client Sub-Account of the FCM Omnibus SwapClear Client Account with LCH.

- (A) FCM Portfolio Margined Contracts will continue to be treated as FCM Listed Interest Rates Contracts. For the avoidance of doubt, the payment of variation margin in respect of FCM Portfolio Margined Contracts shall continue to represent a daily settlement amount as opposed to a collateralisation amount.
- (B) For the avoidance of doubt, FCM Portfolio Margined Contracts are not eligible for compression runs.
- (C) For so long as an FCM Listed Interest Rates Contract is an FCM Portfolio Margined Contract, any lifecycle events in connection with such FCM Portfolio Margined Contract, including trade transfer, position transfer and give-ups, shall be suspended.
- (D) FCM Portfolio Margined Contracts and associated offsetting FCM SwapClear Contracts are not eligible for transfer. An FCM Clearing Member that wishes to transfer an FCM Portfolio Margined Contract and associated off-setting FCM SwapClear Contract must reverse the FCM Portfolio Margining Process for such Contracts prior to, and as a precondition to, the transfer of such Contracts.

(e) *Portfolio Margining Reports*

The Clearing House will provide each FCM Joint Rates Service Clearing Member participating in the FCM Portfolio Margining Service details of the transfers described in paragraph 2.1.19(d)(iii) above once each business day.

condition for registration of an FCM ForexClear Transaction that, where both Executing Parties intend to register the FCM ForexClear Transaction through an FX FCM, both FX FCMs accept the FCM Notification (or where such Executing Parties nominate the same FX FCM, such FX FCM accepts both acceptances) and therefore submit the FCM ForexClear Transaction to the Clearing House.

Prior to registering an FCM ForexClear Contract, the Clearing House will require the FX FCM in whose name such FCM ForexClear Contract is to be registered to provide and maintain sufficient Margin for its Liabilities (as defined in Section ~~2.2.17~~2.2.17) (or its estimated Liabilities) (taking into account any MER Buffer (as defined in Section ~~2.2.12(b)~~2.2.12(b)) and any MCE (as defined in Section ~~2.2.12(c)~~2.2.12(e)) made available by the Clearing House, if any) as a precondition to registration. This Margin check process is referred to as the “**Incremental Risk Check**” (as defined in Section ~~2.2.8(b)~~2.2.8(b)).

If any FX FCM does not have sufficient Margin for its Liabilities or estimated Liabilities (taking into account any MER Buffer and MCE provided by the Clearing House, if any) at the time of the relevant Incremental Risk Check, then any submitted and unregistered FCM ForexClear Transaction to which it is a party and that is subject to such Incremental Risk Check will be rejected.

Once the FCM ForexClear Transaction has passed the Validation Checks (as defined in Section ~~2.2.8(a)~~2.2.8(a)), the Clearing House will send, via the FCM Approved Trade Source System, a message confirming the registration of the FCM ForexClear Transaction as two FCM ForexClear Contracts (or one FCM ForexClear Contract and one Non-FCM ForexClear Contract, as applicable) and including a date stamp of the relevant registration time. For the purpose of the Part III of the FCM Regulations, the time of dispatch of such message shall be the “**Registration Time**” of such FCM ForexClear Contract(s).

The definitive report of a registered FCM ForexClear Contract will be shown on the “**All Open Contracts**” report issued by ForexClear Reporting (as defined in Section ~~2.2.22~~2.2.21).

If an FX FCM is declared a defaulter, the Clearing House will not register any ForexClear Transactions to which the defaulter was a party. ForexClear Transactions between non-defaulting FX FCMs will continue to be registered (assuming sufficient Margin for their Liabilities or estimated Liabilities has been provided).

(a) *Trade Capture*

Once the FCM Approved Trade Source System receives the trade instructions from the FXPs who are parties to the trade, the FCM Approved Trade Source System matches both instructions (a “**trade**”). The FCM Approved Trade Source System validates the trade using the FCM ForexClear Product Eligibility Criteria as set forth in Part B to Schedule 2 to the FCM Product Specific Contract Terms and

Contracts of New Non-Porting Clients into the Hedged Account). For the avoidance of doubt, the Existing Non-Porting Clients Combined Risk Factor is calculated without respect to the Required Margin applicable to the transferred FCM ForexClear Contracts of the New Non-Porting Clients.

- (D) On any day on which New Non-Porting Clients are included in the Hedged Account, gains and losses in the Hedged Account that are incurred on that day will be allocated among the Existing Non-Porting Clients (as a group) and the New Non-Porting Clients (individually) on a *pro rata* basis based on the Existing Non-Porting Clients Combined Risk Factor (with respect to the Existing Non-Porting Clients as a group) and the individual Risk Factors of each New Non-Porting Client (with respect to each such New Non-Porting Client individually). The gains and losses allocated in such manner to the Existing Non-Porting Clients as a group shall be further allocated to each individual Existing Non-Porting Client on a *pro rata* basis based on the Risk Factor of each such Existing Non-Porting Client. The allocation of gains and losses on subsequent days shall occur in the same manner as set forth in this paragraph (D) until the occurrence of a day (if applicable) in which additional Non-Porting Clients are included in the Hedged Account and thus become the New Non-Porting Clients. In such a case, (A) the Existing Non-Porting Clients shall continue to be treated as Existing Non-Porting Clients, (B) the Non-Porting Clients previously constituting the New Non-Porting Clients shall then constitute Existing Non-Porting Clients (in accordance with the definition of New Non-Porting Clients in paragraph (B) above), (C) the additional Non-Porting Clients included in the Hedged Account constitute the New Non-Porting Clients (in accordance with the definition of New Non-Porting Clients in paragraph (B) above), and (D) the Clearing House shall recalculate the Existing Non-Porting Clients Combined Risk Factor and the allocation of gains and losses shall be in accordance with paragraph (C) above and this paragraph (D).
- (E) Upon the liquidation of the Hedged Account and all FCM ForexClear Contracts and other positions therein, by auction or otherwise, any gains or losses associated with such auction/liquidation shall be allocated among all Non-Porting Clients on a *pro rata* basis based on the “unit value” of each FCM ForexClear Contract of each Non-Porting Client ~~transferred into the~~[referenced in](#)

such Hedged Account, as adjusted by a “auction value adjustment”. For purposes of this clause (E), (1) “**unit value**” means the value applied to each FCM ForexClear Contract, based on the net present value and outstanding notional value associated with each such FCM ForexClear Contract, and (2) “**auction value adjustment**” means a ratio applied to an FCM ForexClear Contract based on the aggregate auction/liquidation costs incurred in auctioning/liquidating the Hedged Account and the aggregate notional value of all FCM ForexClear Contracts in the Hedged Account, each of clauses (1) and (2) as determined by the Clearing House. The allocations described in this clause (E) are without reference to any Risk Factor or Existing Non-Porting Clients Combined Risk Factor.

- (iii) *Settlement of Non-Porting Clients Following Liquidation of Hedged Account.* Following the liquidation of a Hedged Account, the Clearing House shall allocate the appropriate gains and losses (as determined in accordance with the above provisions) to each Non-Porting Client's FCM Client Sub-Account.

2.2.25 *Payment of Stamp Tax*

Each FCM Clearing Member shall pay any stamp tax or duty levied or imposed upon it or in respect of its execution or performance of the FCM Clearing Membership Agreement, the FCM Default Fund Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM ForexClear Contract) by a jurisdiction in which it is incorporated, organized, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located or by any other jurisdiction and shall indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of the FCM Clearing Membership Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM ForexClear Contract) by any such jurisdiction.

2.2.26 *Section 696, Corporation Tax Act 2009*

The FCM Clearing Member agrees that should a situation arise where HM Revenue and Customs (“**HMRC**”) raises an enquiry, or makes an information request, to the Clearing House regarding an FCM Transaction or FCM Contract that the FCM Clearing Member is submitting (or has submitted) to the Clearing House, and that enquiry or information request is in respect of the application of s696 - s697 Corporation Tax Act 2009, the FCM Clearing Member will use its reasonable efforts to provide such information and support as the Clearing House may reasonably require in order to respond to and effectively deal with the queries raised by HMRC.

Except where otherwise stated, all times shown are London time and the twenty four hour clock is used.

(c) *FCM Listed Interest Rates Eligible Products*

FCM Listed Interest Rates Clearing Members are advised for the purposes of the FCM Regulations and these FCM Procedures, that the eligibility criteria for FCM Listed Interest Rate Eligible Products ~~are is set out in the FCM Product Specific Contract Terms and Eligibility Criteria Manual, which is~~ available on the Clearing House's website (www.lch.com).

(d) *Use of the FCM Listed Rates Clearing Service*

(i) Where any FCM Clearing Member wishes to participate in any part of the FCM Listed Interest Rates Clearing Service, it must first seek appropriate authorisation from the Clearing House. Members seeking authorisation to participate in the FCM Listed Interest Rates Clearing Service will be required to seek separate authorisation for business undertaken in relation to the Service provided each Rates Exchange.

Details of how to obtain such authorisations may be obtained from the Clearing House's Onboarding Department. The FCM Clearing Member must comply with all membership and other requirements of the Clearing House, including requirements relating to settlement. Specifically, with regard to settlement, each Member must at all times ensure:

(A) that it has PPS accounts in all relevant currencies to enable clearing and settlement; and

(B) that it has settlement accounts with all relevant central securities depositories identified in these FCM Procedures as relevant such Member's FCM Listed Interest Rates Clearing Business.

(ii) Failure to meet the requirements set out in sub-paragraph (d)(i)(A)-(B) above (and other applicable requirements) will result in that FCM Clearing Member not having appropriate settlement arrangements in place and, as a result, any trades submitted by that Member or on its behalf will not fulfil the relevant eligibility criteria for registration of FCM Listed Interest Rates Contracts (see FCM Regulation 59(c) and FCM Regulation 60(b)). In such a case, such trades may be rejected by the Clearing House and no FCM Listed Interest Rates Contracts would arise. The trade would then be governed by any applicable Rates Exchange Rules.

(e) *Suspension of Trading*

Appendix IV
FCM Regulations



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

	<p>which contains the FCM Foreign Futures Client Funds of its FCM Clients held in connection with Foreign Futures Products or other Foreign Futures/Options Contracts (and, if applicable, the funds of other 30.7 customers of an FCM Clearing Member held in connection with other Foreign Futures/Options Contracts).</p>
<p>“FCM ForexClear Clearing Member”</p>	<p>means an FCM Clearing Member approved by the Clearing House (in accordance with the FCM Regulations and the FCM Procedures) to clear FCM ForexClear Transactions and register FCM ForexClear Contracts.</p>
<p>“FCM ForexClear Clearing Services”</p>	<p>means the services provided by an FCM Clearing Member in connection with FCM ForexClear Contracts cleared on behalf of its FCM Clients.</p>
<p>“FCM ForexClear Contract”</p>	<p>means a contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM ForexClear Contract Terms, and which is governed by these FCM Regulations.</p>
<p>“FCM ForexClear Contract Terms”</p>	<p>means the terms applicable to each FCM ForexClear Contract as set out from time to time in the FCM Product Specific Contract Terms and Eligibility Criteria Manual.</p>
<p>“FCM ForexClear Product Eligibility Criteria”</p>	<p>means the product criteria set out in paragraph 2 of Part B of Schedule 2 to the FCM Product Specific Contract Terms and Eligibility Criteria Manual.</p>
<p>“FCM ForexClear Suspension Sub-Account”</p>	<p>means the sub-account FCM Client Sub-Account of a Pre-Allocation FCM Clearing Member’s FCM Omnibus ForexClear Client Account with LCH that has been established by the FCM ForexClear Clearing Member to register Unallocated FCM ForexClear Contracts.</p>
<p>“FCM ForexClear Transaction”</p>	<p>means any transaction entered into between two Executing Parties for purposes of having at least one side of such transaction registered with the Clearing House as an FCM ForexClear Contract, and the other side of such transaction registered with the Clearing House as either an FCM ForexClear Contract or a Non-FCM ForexClear Contract.</p>
<p>“FCM Futures Client Funds”</p>	<p>means all cash, securities, receivables, rights, intangibles and any other collateral or assets held by an FCM Clearing Member (<i>i.e.</i>, not furnished to the Clearing House) on behalf of its FCM Clients with respect to Futures Products or other Futures/Options Contracts.</p>
<p>“FCM Futures Client Segregated Depository”</p>	<p>means an omnibus account maintained by an FCM Clearing Member for its FCM Clients with a Permitted Depository (including any applicable “PPS Accounts”, which are</p>

Account”	described in the FCM Procedures), which is segregated in accordance with Section 4d(a) of the CEA and the CFTC Regulations, and which contains the FCM Futures Client Funds of its FCM Clients held in connection with Futures Products or other Futures/Options Contracts (and, if applicable, the funds of other futures customers of an FCM Clearing Member held in connection with other Futures/Options Contracts).
“FCM Joint Rates Service Clearing Member”	means an FCM Clearing Member that provides FCM SwapClear Clearing Services and FCM Listed Interest Rates Clearing Services.
“FCM Listed Interest Rates Business”	means any transaction, obligation or liability arising out of an FCM Listed Interest Rates Contract.
“FCM Listed Interest Rates Clearing Member”	means an FCM Clearing Member approved by the Clearing House (in accordance with the FCM Regulations and the FCM Procedures) to clear FCM Listed Interest Rates Transactions and register FCM Listed Interest Rates Contracts.
“FCM Listed Interest Rates Clearing Services”	means the services provided by an FCM Clearing Member in connection with FCM Listed Interest Rates Contracts cleared on behalf of its FCM Clients.
“FCM Listed Interest Rates Contract”	means a Foreign Futures/Options Contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM Listed Interest Rates Contract Terms, and which is governed by these FCM Regulations.
“FCM Listed Interest Rates Contract Terms”	<u>(i) in respect of an FCM Listed Interest Rates Contract other than a Designated FCM Listed Interest Rates Contract, the terms set out from time to time in the relevant Rates Exchange Rules; or (ii) in respect of a Designated FCM Listed Interest Rates Contract, the terms applicable to each FCM Listed Interest Rates Contract as set out from time to time in the FCM Product Specific Contract Terms and Eligibility Criteria Manual</u> means the terms applicable to each FCM Listed Interest Rates Contract as set out from time to time in the FCM Product Specific Contract Terms and Eligibility Criteria Manual.
“FCM Listed Interest Rates Eligible Product”	means a product traded under the rules of a Rates Exchange which such Rates Exchange has agreed from time to time with the Clearing House to be cleared by the Clearing House pursuant to the FCM Regulations.
“FCM Listed Interest Rates	means the matched Rates Exchange Particulars representing

Contract”

“FCM Portfolio Margining Arrangements” has the meaning assigned to it in the FCM Procedures.

“FCM Portfolio Margining Calculation Tool” has the meaning assigned to it in the FCM Procedures.

“FCM Portfolio Margining Eligibility Criteria” has the meaning assigned to it in the FCM Procedures.

“FCM Portfolio Margining Eligible FCM Listed Interest Rates Contract” means those FCM Listed Interest Rates Contracts meeting the eligibility criteria ~~for~~ to be FCM Portfolio Margined Contracts as set out from time to time in the FCM Product Specific Contract Terms and Eligibility Criteria Manual.

“FCM Portfolio Margining Request” has the meaning assigned to it in the FCM Procedures.

“FCM Portfolio Margining Service” has the meaning assigned to it in the FCM Procedures.

“FCM Procedures” means the document containing the working practices and administrative or other requirements of the Clearing House for the purposes of implementing or supplementing these FCM Regulations, or the procedures for application for and regulation of membership of the Clearing House. For the avoidance of doubt, a reference to “FCM Procedures” is not intended to refer to procedures provided for or required by any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any Governmental Authority.

“FCM Product Specific Contract Terms and Eligibility Criteria Manual” means the FCM Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time.

“FCM Rates Clearing Member” means an FCM Clearing Member that provides FCM SwapClear Clearing Services and/or FCM Listed Interest Rates Clearing Services.

“FCM Rates Contracts” means FCM SwapClear Contracts and/or FCM Listed Interest Rates Contracts.

“FCM Rates Contribution” means an FCM Rates Clearing Member’s Contribution in respect of the FCM SwapClear Clearing Services and/or the FCM Listed Interest Rates Clearing Services (as applicable).

“FCM Rates Service Default Management Disclosure Notice” means the FCM Rates Service Default Management Disclosure Notice as specified by the Clearing House from time to time.

FCM Regulations

“FCM Rates Service”	means the FCM SwapClear Clearing Services and the FCM Listed Interest Rates Clearing Services.
“FCM Rates Service Clearing Member”	means an FCM Clearing Member that provides FCM SwapClear Clearing Services or FCM Listed Interest Rates Clearing Services
“FCM Rates Service Contracts”	means FCM SwapClear Contracts and FCM Listed Interest Rates Contracts.
“FCM Regulations”	means these FCM Regulations entitled as such, relating to FCM Contracts and the clearing of FCM Contracts only, from time to time in force.
“FCM Rulebook”	means the FCM Regulations, the Other Specific Regulations, the FCM Procedures and such other rules of the Clearing House, which are applicable to FCM Clearing Services, as published and amended from time to time.
“FCM SwapClear Clearing Services”	means the services provided by an FCM Clearing Member in connection with FCM SwapClear Contracts cleared on behalf of its FCM Clients.
“FCM SwapClear Contract”	means a contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM SwapClear Contract Terms, and which is governed by these FCM Regulations.
“FCM SwapClear Contract Terms”	means the terms applicable to each FCM SwapClear Contract as set out from time to time in the FCM Product Specific Contract Terms and Eligibility Criteria Manual.
“FCM SwapClear Product Eligibility Criteria”	means the product criteria set out in paragraphs 1.1(a), 1.1(b) or 1.1(c), and paragraph 3 of Part B of Schedule 1 to the FCM Product Specific Contract Terms and Eligibility Criteria Manual.
“FCM SwapClear Suspension Sub-Account”	means the FCM Client Sub-Account sub-account of a Pre-Allocation FCM Clearing Member 's Omnibus Client Swaps Account that has been established by the FCM SwapClear Clearing Member with a view to registering Unallocated FCM SwapClear Contracts.
“FCM SwapClear Transaction”	means any transaction the details of which are presented to the Clearing House via an FCM Approved Trade Source System for the purpose of having such transaction registered at the Clearing House as two FCM SwapClear Contracts (or, where a corresponding presentation has been made in respect of the same transaction for registration of a Non-FCM SwapClear Contract, one Non-FCM SwapClear Contract and one FCM SwapClear Contract), regardless of

REGULATION 6 SERVICE WITHDRAWAL

- (a) Without prejudice to the provisions of FCM Regulation 60, if at any time the Clearing House decides to withdraw part or the whole of an FCM Clearing Service it shall give not less than six months' notice in accordance with the FCM Procedures to all FCM Clearing Members participating in that FCM Clearing Service (for the purposes of this FCM Regulation 6, the “**affected FCM Clearing Members**”) of the date on which the service will be withdrawn (the “**Relevant Withdrawal Date**”). The accidental omission by the Clearing House to give notice under this FCM Regulation 6 to, or the non-receipt of notice under this FCM Regulation 6 by, one or more affected FCM Clearing Members shall not invalidate the Relevant Withdrawal Date. Where only a part of an FCM Clearing Service is being withdrawn, notice need only be given to those FCM Clearing Members authorized or approved to participate in that part of the relevant FCM Clearing Service. If the Clearing House becomes aware that it has omitted to give notice under this FCM Regulation 6 to any affected FCM Clearing Member prior to the Relevant Withdrawal Date it will immediately notify the affected FCM Clearing Member of the Relevant Withdrawal Date in accordance with the applicable notice provisions.
- (b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) above shall specify the nature of the service which the Clearing House will provide until the Relevant Withdrawal Date. Unless otherwise specified in the notice, and without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules or pursuant to the entering of offsetting/compressing trades in accordance with FCM Regulation 46(m) or FCM Regulation [5749](#), register an FCM Contract in respect of the relevant FCM Clearing Service (other than a Closing-out Contract) after notice to withdraw the applicable service(s) has been given under FCM Regulation 6(a).
- (c) If at the Relevant Withdrawal Date (or, in respect of the FCM ForexClear Clearing Service, the date falling five Business Days before the Relevant Withdrawal Date) an affected FCM Clearing Member has not closed out all open FCM Contracts in respect of the relevant FCM Clearing Service registered in its name, the Clearing House shall (in the case of a Relevant Withdrawal Date in respect of the FCM ForexClear Clearing Service, with five Business Days' notice to the affected FCM ForexClear Clearing Member) at its sole discretion, be entitled to:
- (i) liquidate any or all of such FCM Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and/or
 - (ii) postpone the Relevant Withdrawal Date until such time as the Clearing House determines.

with Foreign Futures Products) relating to Foreign Futures Products in a single FCM Foreign Futures Client Secured Amount Depository Account established and maintained in accordance with CFTC Regulations. No FCM Clearing Member shall physically commingle FCM Swap Client Funds or FCM Futures Client Funds in its FCM Foreign Futures Client Secured Amount Depository Account. Each FCM Futures Client Segregated Depository Account maintained by each FCM Clearing Member shall be considered a Foreign Futures Customer Account for the purposes of the CFTC Regulations.

- (ii) The Clearing House shall designate and maintain an LCH Foreign Futures Client Depository Account for all Foreign Futures Products on behalf of the FCM Clients, in accordance with applicable provisions of the CEA and the CFTC Regulations, as required, including but not limited to Part 30 and Part 190 of such Regulations. The Clearing House may physically commingle all Collateral furnished on behalf of FCM Clients in connection with Foreign Futures Products in the LCH Foreign Futures Client Depository Account. For the avoidance of doubt, the LCH Foreign Futures Client Depository Account may from time to time also contain assets of Non-FCM Clearing Members as well as assets of the Clearing House. The Foreign Futures Client Collateral held by the Clearing House in the LCH Foreign Futures Depository Account shall be treated as part of the Foreign Futures Account Class for the purposes of the CFTC Regulations.

(f) **Notice of Deficiency in FCM Client Segregated Depository Accounts.**

Any FCM Clearing Member required to provide notice of a deficiency pursuant to CFTC Regulation 1.12(j) must do so ~~immediately in writing by facsimile notice, to the Clearing House and the principal office of the CFTC in Washington, DC, to the attention of the Director and the Chief Accountant of the Division of Clearing and Intermediary Oversight, and, if the FCM Clearing Member is a securities broker~~in accordance with CFTC Regulation 1.12(n) or if a dealer, to the Securities and Exchange Commission, in accordance with 17 C.F.R. § 240.17a-11.

(g) **Segregation of FCM Swap Client Funds.**

- (i) This paragraph (g) applies to any account that reflects Swap Products cleared by an FCM Clearing Member on behalf of its FCM Clients and/or that reflects funds related thereto.
- (ii) With respect to FCM Client Funds deposited in connection with FCM Transactions and FCM Contracts in Swap Products:
 - (A) all such FCM Swaps Client Funds shall be separately accounted for and segregated by the relevant FCM Clearing Member as belonging to FCM Clients and shall be held in its FCM Swaps Client Segregated Depository Account in accordance with Section 4d(f) of the CEA and the CFTC Regulations, including Part 22 of such Regulations;
 - (B) all such FCM Swaps Client Funds must be held by the applicable Clearing Member or deposited with a Permitted Depository, and such FCM Swaps Client Funds shall be deposited under an account name

- (y) **Required Margin Increase in an FCM Omnibus Futures Client Account with LCH or FCM Omnibus Foreign Futures Client Account with LCH.** If the Required Margin applicable to the FCM Contracts registered to an FCM Omnibus Futures Client Account or an FCM Omnibus Foreign Futures Client Account with LCH—~~with LCH~~ is increased by the Clearing House and such increase cannot be immediately satisfied by Excess Margin in such FCM Omnibus Futures Client Account with LCH or an FCM Omnibus Foreign Futures Client Account with LCH, the obligation of the FCM Clearing Member to satisfy such deficit shall be discharged by:
- (i) the applicable FCM Clearing Member furnishing additional Margin to the Clearing House in respect of the applicable FCM Omnibus Futures Client Account with LCH or the applicable FCM Omnibus Foreign Futures Client Account with LCH; or
 - (ii) if the obligation of the FCM Clearing Member to satisfy the deficit has not been fully discharged pursuant to clause (i) above, by other means (if any) available to the Clearing House in accordance with the FCM Rulebook.
- (z) **Required Margin Increase in a Proprietary Account.** Where the amount of Required Margin applicable to the FCM Contracts of an FCM Clearing Member's Proprietary Account is increased by the Clearing House, the obligation of the applicable FCM Clearing Member to furnish additional Margin to the Clearing House to satisfy such increased Required Margin shall be discharged by:
- (i) if and to the extent that there is Excess Margin available in the FCM Clearing Member's Proprietary Account, deduction by the Clearing House of amounts from such Excess Margin;
 - (ii) the FCM Clearing Member furnishing additional Margin to the Clearing House in respect of such Proprietary Account; or
 - (iii) if the obligation of the FCM Clearing Member to satisfy the Required Margin has not been fully discharged pursuant to clauses (i) and (ii) above, by other means (if any) available to the Clearing House in accordance with the FCM Rulebook.
- (aa) **Excess Margin in FCM Client Accounts.**
- (i) *Swap Products.* Certain provisions regarding Excess Margin in FCM Omnibus Swaps Client Accounts with LCH and the FCM Client Sub-Accounts therein (under both the Without Client Excess Model and the With Client Excess Model) are set forth in FCM Regulation 15.
 - (ii) *Futures Products.* An FCM Clearing Member is permitted to maintain Excess Margin with the Clearing House in respect of its FCM Omnibus Futures Client Accounts with LCH. Excess Margin held in an FCM Omnibus Futures Client Account with LCH of an FCM Clearing Member shall be treated as belonging to the FCM Clients of the FCM Clearing Member to the extent such FCM Clients have FCM Contracts attributed to such FCM Omnibus Futures Client Account with LCH. An FCM Clearing Member may withdraw Excess Margin