

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

Treatment of Funds Held in Connection with
Clearing by LCH.Clearnet Limited

ORDER

LCH.Clearnet Limited (“LCH”), a registered derivatives clearing organization (“DCO”), has submitted to the Commodity Futures Trading Commission (“Commission”) a request for an order permitting LCH and its clearing members that are registered futures commission merchants (“FCM Clearing Members”) to: (i) hold in a cleared swaps account subject to Section 4d(f) of the Commodity Exchange Act (“Act”), 7 U.S.C. § 6d(f), customer money, securities, and property (collectively, “customer property”) used to margin, secure, or guarantee both futures and foreign futures (collectively, “futures”) and cleared swaps; and (ii) provide for portfolio margining of such futures and cleared swaps.

LCH’s request was posted on the Commission’s website for public comment. Two comment letters were received, and both supported the Commission’s issuance of the requested relief.

The Commission has reviewed the request and the record in this matter (“Submission”), and finds that LCH has demonstrated that it can continue to comply with the requirements under the Act and the Commission’s regulations thereunder. Therefore,

IT IS ORDERED, pursuant to Section 4d(f) of the Act, that, subject to the terms and conditions below, LCH and its FCM Clearing Members that are acting pursuant to this order may hold customer property used to margin, guarantee, or secure trades or positions

in futures with other customer property used to margin, guarantee, or secure trades or positions in cleared swaps in a cleared swaps account or accounts maintained in accordance with Section 4d(f) of the Act (including any orders issued pursuant to Section 4d(f) of the Act) and the regulations thereunder, and provide for portfolio margining of such futures and cleared swaps, subject to the requirements of Commission Regulation 39.13(g)(4). All such customer property shall be accounted for and treated and dealt with as belonging to the cleared swaps customers of the participating FCM Clearing Member consistent with Section 4d(f) of the Act and the regulations thereunder.

IT IS FURTHER ORDERED, that:

(1) This order only permits futures that are currently, or will in the future be, cleared through LCH, to be commingled and portfolio margined with cleared swaps that are currently, or will in the future be, cleared through LCH, in accounts subject to Section 4d(f) of the Act.

(2) LCH and each FCM Clearing Member acting pursuant to this order shall hold all customer property deposited with LCH and such FCM Clearing Member, respectively, to margin, guarantee, or secure futures, in accordance with the requirements of Section 4d(f) of the Act and the Commission's regulations thereunder.

(3) LCH shall at all times fulfill all representations made in the Submission, including all attachments and supporting materials thereto.

(4) LCH shall promptly inform the Commission of any material change in applicable foreign laws or regulations affecting the conclusions contained in the Submission.

This Order is issued pursuant to Section 4d(f) of the Act based upon the representations made and supporting materials provided to the Commission by LCH in its

Submission. Any material changes or omissions in the facts and circumstances pursuant to which this order is granted may require the Commission to reconsider its finding that the relief set forth herein is appropriate. Further, in its discretion, the Commission may condition, modify, suspend, terminate, or otherwise restrict the exemptive relief granted in this order, as appropriate, on its own motion.

Issued in Washington, D.C., this 13th day of January, 2017.

By the Commission

A handwritten signature in black ink, appearing to read "Christopher J. Kirkpatrick".

Christopher J. Kirkpatrick
Secretary of the Commission