◯ LCH.CLEARNET

Mr David A Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Washington DC 20581

1 March 2012

Dear Mr Stawick

Please find enclosed a submission to the Commodity Futures Trading Commission by LCH.Clearnet Limited under the procedure set out in 17 CFR Section 40.6 for the self-certification of rules.

Should you have any questions regarding this submission please contact me on +44-207-426-7541 or at lisa.rosen@lchclearnet.com.

Yours sincerely

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Lisa Rosen
Group Head of Compliance and Public Affairs

SUBMISSION OF AMENDMENTS TO THE CLEARINGHOUSE RULES

TO THE

COMMODITY FUTURES TRADING COMMISSION

SUBMITTED BY

LCH.Clearnet Limited
an English limited company

FILING AS A REGISTERED DERIVATIVES CLEARING ORGANIZATION

Pursuant to Commission Regulation § 40.6

Submission of Amendments to the Clearing House Procedures:

- Clearing House Procedures Section 2K (ForexClear)

Submitted: March 1st, 2012

LCH.CLEARNET LIMITED SELF-CERTIFICATION OF AMENDMENTS TO THE CLEARING HOUSE PROCEDURES SECTION 3 AND FCM PROCEDURES SECTION 3

LCH.Clearnet Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC Regulation §40.6, amendments to LCH.Clearnet's Clearing House Procedures Section 2K ("Procedures"), covering the ForexClear Service. The amended Procedures will be implemented and become effective on March 16th, 2012.

Part I: Explanation and Analysis

The operation, purpose and effect of the amendment to the Procedures is to capture an additional risk factor within the margin model for ForexClear.

The existing Procedures incorporate a "Sovereign Risk Multiplier", the effect of which is to require additional initial margin from a ForexClear member in situations where there is an increased risk of sovereign default for a non-deliverable currency, and hence an increased risk of an unusual price movement.

The amendment to section 5.6.3 increases the scope of the multiplier to capture an additional risk, namely the risk that a country changes its foreign exchange policy from a pegged or managed regime to a free float, which could also result in an unusual price movement.

A blacklined version of the change to the Procedures is attached as Exhibit A.

Part II: Certification by LCH.Clearnet

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the amendments to Section 2K of the Clearing House Procedures comply with the Commodity Exchange Act and the CFTC Regulations promulgated thereunder. In addition, LCH.Clearnet certifies that LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at
http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp
A signed certification is attached to this submission as Exhibit B.

Part III: Compliance with Core Principles

LCH.Clearnet complies with all of the Core Principles. LCH.Clearnet will continue to comply with all Core Principles following these amendments to the Clearing House Procedures. The proposed change reinforces compliance with Core Principle D, Risk Management, by ensuring that an additional risk is captured within the Sovereign Risk Multiplier.

Part IV: Opposing Views

There were no opposing views expressed to LCH.Clearnet by governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated into the rule.

Exhibit A
Clearing House Procedures Section 2K
See Attached

5.6.3   Sovereign Risk multiplier ("SRM").

The SRM captures potential losses due to sovereign-related events and risks that may severely impact a country's exchange rate levels, and consists of the following two components:

- Sovereign default risk

- Currency regime change risk

Sovereign default risk

1.   An default-related SRM is applied when there is a perceived risk of sovereign default attached to ForexClear Contracts transacted in certain Reference Currencies. The default-related SRM takes into account:

    - the credit rating of a country or sovereign entity associated with a Reference Currency; and

    - the devaluation risk of the Reference Currencies.

2.   The default-related SRM is calculated by assessing the three month probability of default for the different sovereign countries, based on the country's 5-year credit default swap (CDS) spread. The spreads are updated once a week.

3.   The Clearing House calculates and applies the SRM as part of each Margin Run, for each Currency Pair in the FXCCM's house position-keeping account.

Currency regime risk

4.   A regime change-related SRM is applied when there is a perceived risk of a change in a country's currency regime which would impact ForexClear Contracts transacted in certain Reference Currencies. The regime change-related SRM takes into account:

    - the estimated probability of a regime change event; and

    - the potential appreciation/depreciation risk of the Reference Currencies.

5.   The regime change-related SRM takes into consideration the nature of a country's existing currency regime and the probability of a regime change event based on historical events and publicly available data for the different sovereign countries. The probabilities are reviewed once a week.

6.   The Clearing House calculates and applies the SRM as part of each Margin Run, for each Currency Pair in the FXCCM's house position-keeping account.

Exhibit B
Self certification
See Attached

LCH.CLEARNET

AMENDED RULES SELF CERTIFICATION

LCH.Clearnet Limited ("LCH") hereby certifies to the Commodity Futures Trading Commission ("CFTC"), pursuant to the procedures set forth in the Commission Regulations 40.6, that the following:

- Amendments to the rules in LCH.Clearnet's Clearing House Procedures Section 2K, concerning a change to the ForexClear Sovereign Risk Multiplier, comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Signed as of March 1, 2012

By:

Name: Lisa Rosen

Title: Group Head of Compliance and Public Affairs

LCH.Clearnet Limited