



VIA EMAIL TO: SECRETARY@CFTC.GOV

19 April 2013

Ms. Melissa Jurgens
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Ms. Jurgens:

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet LLC (“LCH.Clearnet”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification the introduction of its Clearing Member and Client Clearing fee schedules. The new fee schedules will be implemented on 6 May 2013.

The submission cover sheet and the fee schedules are attached hereto as appendices.

Part I: Explanation and Analysis

In anticipation of the launch of LCH.Clearnet’s SwapClear US service, clearing member fees are introduced at \$250,000 per member group for self-clearing activity.

For client clearing activity, two pricing plans are offered to account for differences in client behavior and portfolio profiles. The Standard Pricing Plan has an up-front booking which is applied on a per million basis in the currency of the trade, and an ongoing maintenance fee which is assessed annually on the anniversary date of each trade. The High Turnover Plan has an upfront booking fee for new and back-loaded trades set at \$25 per trade, and an ongoing risk consumption fee calculated at 10 basis points annualized on the client’s initial margin requirement.

SwapClear US is also implementing a variation of the Standard Plan to incentivize clients, and their affiliates, who intend to clear an aggregate notional amount in excess of \$250 billion on an annualized basis. SwapClear US will discount the client booking fee for all trades originating from clients, and their affiliates, who self-identify their intent to clear interest rate swaps through the SwapClear US service totalling the aggregate notional amount within the range indicated below—annualized based on the month the client begins clearing.

The levels of the Discount Plan are outlined below:

	Client Projected Aggregate Notional Amount	Booking Fee Discount	Yearly Maintenance Fee Discount
	\$0-\$250 billion	0%	
Level 1	\$250 billion - \$750 billion	15%	100%

Level 2	\$750 billion - \$1.5 trillion	25%	100%
Level 3	\$1.5 trillion or more	35%	100%

Participation in the Discount Plan is open to all clients and will apply to all client trades across FCMs or SCMs.

Part II: Description of rule changes

The fee schedules are newly introduced and no rulebook changes are required.

Part III: Core Principle Compliance

The above detailed fee structures comply with the “fair and open access” requirement of Core Principle C (Participant and Product Eligibility) as the plans are open to all Clearing Members and clients.

Part IV: Public Information

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/lc/default.asp.

Part V: 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.

Certification

LCH.Clearnet LLC hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation § 40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at laurian.cristea@lchclearnet.com.

Yours sincerely,



Laurian Cristea
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Appendix I

Appendix II

SwapClear US Clearing Fees*

Self-Clearing Fees

An annual clearing fee of USD 250,000 is charged by LCH.Clearnet LLC to cover any and all self-clearing activity for a Clearing Member, either on its own account or on behalf of a SwapClear Dealer, or an Affiliate.

The fee will be collected in 12 equal monthly installments in arrears with an invoice posted to the member's account.

Clearing Members who are part of the same Member Group will only be charged one annual clearing fee. For example the scenarios below will only require a single clearing fee of USD 250,000:

- Scenario 1: Single or multiple direct Clearing Members within the same Member Group;
- Scenario 2: Single or multiple direct Clearing Members with non-clearing members within the same Member Group clearing through those direct Clearing Members.

This annual clearing fee of USD 250,000 applies for all members joining SwapClear US irrespective of any other membership held within the LCH.Clearnet group.

LCH.Clearnet LLC reserves the right to review this structure and provide members notice of any changes accordingly.

A "Member Group" means a Clearing Member and its direct and indirect subsidiaries, its direct and indirect holding companies and every direct and indirect subsidiary of each such holding company, from time to time. For the purposes of this definition: (i) 'subsidiary' means a company in which an entity owns 50% or more of the equity interest; and (ii) 'holding company' means a company that owns 50% or more of the equity interest in another entity.

Changes in a entity's corporate ownership may lead to changes in the fee that applies to it.

Terms used herein are as defined in the rulebook of LCH.Clearnet LLC.

All clearing fees are payable in USD.

Client Clearing Fees

Clearing fees under the SwapClear Client Clearing service are charged by SwapClear US to the clearing member under a choice of two pricing plans. Members individually make pricing arrangements with clients and will confidentially notify SwapClear US of the pricing plan for each client.

Standard Pricing Plan

The Standard Pricing Plan has an up-front booking fee and an ongoing maintenance fee.

Booking fee for new trades:

- Applied on a per million basis in the currency of the trade, per Table 1 below
- Incurred at time of trade and collected monthly in arrears

The booking fee for backloaded trades equals 1/3 of new trade clearing fee throughout 2012.

The maintenance fee will be assessed annually on the anniversary date of each trade, at 3 per million notional in the currency of the trade. Maintenance fees will not be charged for trades terminated before their anniversary date.

Table 1: Standard Pricing Plan - Booking Fee

<u>Transaction Maturity</u>	<u>per million notional in currency of trade</u>
<u>0 to 1</u>	<u>0.9</u>
<u>1+ to 3</u>	<u>2.25</u>
<u>3+ to 5</u>	<u>4.05</u>
<u>5+ to 7</u>	<u>5.4</u>
<u>7+ to 10</u>	<u>7.2</u>
<u>10+ to 12</u>	<u>8.1</u>
<u>12+ to 15</u>	<u>9</u>
<u>15+ to 20</u>	<u>13.5</u>
<u>20+ to 25</u>	<u>16.2</u>
<u>25+ to 50</u>	<u>18</u>

Example: a new \$100 million 5 year trade would incur a booking fee of \$405. At its first anniversary there would be a maintenance fee charge of \$300. If the trade is torn up before then, there is no maintenance fee charge.

High Turnover Plan

The High Turnover Plan has an up-front booking fee and an on-going “risk consumption” fee.

The standard booking fee for new and back-loaded trades is USD 25 per ticket

- Pricing set based on client’s expected volumes
- Can be adjusted (prospectively) monthly or quarterly
- Incurred at time of trade and collected monthly in arrears.

The ongoing risk consumption fee is calculated at 10 basis points annualized on the client’s Initial Margin requirement

- Equivalent to \$1,000 per \$1 million (annualized)
- Irrespective of type of collateral used to cover IM
- Calculated daily and billed monthly in arrears.

Volume Discount Plan

The Volume Discount Plan applies to clients that self identify their intent to clear an aggregate notional amount of OTC Interest Rate Swaps in 2013. Interest rate swaps across all FCMs or SCMs counts toward the client’s targeted notional for the year.

The booking fee is applied on a per million basis of the currency of the trade from date of submission until December 31, 2013 (see table below). Maintenance fees do not apply for clients that qualify for a volume discount.

	Standard Plan	Level 1 \$250bn - \$750bn	Level 2 \$750bn - \$1.5trn	Level 3 \$1.5trn +
Transaction Maturity	0%	Reduction: 15%	Reduction 25%	Reduction 35%
<u>0 - 1 year</u>	<u>0.9</u>	<u>0.77</u>	<u>0.68</u>	<u>0.59</u>
<u>1 year+ to 3 year</u>	<u>2.25</u>	<u>1.91</u>	<u>1.69</u>	<u>1.46</u>
<u>3 year+ to 5 year</u>	<u>4.05</u>	<u>3.44</u>	<u>3.04</u>	<u>2.63</u>
<u>5 year+ to 7 year</u>	<u>5.4</u>	<u>4.59</u>	<u>4.05</u>	<u>3.51</u>

<u>7 year+ to 10 year</u>	<u>7.2</u>	<u>6.12</u>	<u>5.40</u>	<u>4.68</u>
<u>10 year+ to 12 year</u>	<u>8.1</u>	<u>6.89</u>	<u>6.08</u>	<u>5.27</u>
<u>12 year+ to 15 year</u>	<u>9</u>	<u>7.65</u>	<u>6.75</u>	<u>5.85</u>
<u>15 year+ to 20 year</u>	<u>13.5</u>	<u>11.48</u>	<u>10.13</u>	<u>8.78</u>
<u>20 year+ to 25 year</u>	<u>16.2</u>	<u>13.77</u>	<u>12.15</u>	<u>10.53</u>
<u>25 year + to 50 year</u>	<u>18</u>	<u>15.30</u>	<u>13.50</u>	<u>11.70</u>

(A new plan will be effective beginning January 1, 2014, based on actual volume cleared at LCH.Clearnet. This plan will be released in December 2013 and subject to regulatory review.)

SwapClear US charges all fees to clearing members; members individually make pricing arrangements with clients and confidentially notify SwapClear US of the pricing plan for each client. Under the Volume Discount Plan, the client will receive an onboarding form from either LCH.Clearnet or their FCM, and will return the form directly to LCH.Clearnet with the appropriate notional amount selected. SwapClear US is a service of LCH.Clearnet LLC.

*All clearing fees are payable in USD.