

RULE SELF-CERTIFICATION

C.F.T.C.
OFFICE OF THE SECRETARIAT

April 22, 2010

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Office of the Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st St., N.W.
Washington, D.C. 20581

Re: International Derivatives Clearinghouse, LLC
Reference File: SR-IDCH-2010-02

Ladies and Gentlemen:

Pursuant to Sections 40.6 of the regulations promulgated by the Commodity Futures Trading Commission (the "CFTC Rules") under the Commodity Exchange Act, as amended (the "Act"), International Derivatives Clearinghouse, LLC ("IDCH"), a derivatives clearing organization registered under the Act, hereby submits this self-certification to modify the method by which it calculates the Original Performance Bond required to be deposited by Clearing Members in accordance with IDCH Rule 506. The method of calculating Original Performance Bond is set forth in IDCH's Risk Management Procedures manual (the "Risk Procedures"). The intended date of implementation of the amendments to the Risk Procedures is April 26, 2010 (the "Effective Date").

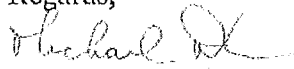
Currently, in accordance with the Risk Procedures, IDCH calculates the Original Performance Bond requirement using a one day move in the price, calculated on an absolute value basis, of the underlying interest rate swap over a 30, 90 and 125 trading day time horizon. Under extraordinary market conditions, IDCH calculates the Original Performance Bond using a two day move in the price, calculated on an absolute value basis, of the underlying interest rate swap over a 30, 90 and 125 trading day time horizon. The resulting variances are recalculated using 95%, 97% and 99.7% confidence intervals for each time period, and the largest value observed in the 99.7% confidence interval is used to set the Performance Bond.

Beginning on the Effective Date, IDCH will calculate the Original Performance Bond requirement using a *three* day move in the price, calculated on an absolute value basis, of the underlying interest rate swap over a 125 trading day time horizon. The resulting variances will be recalculated using 95%, 97% and 99.7% confidence intervals for each time period, and the largest value observed in the 99.7% confidence interval will be used to set the Performance Bond. IDCH determined that this change is appropriate after reviewing volatility in the interest rate swap market and considering input from Clearing Members and other market participants that a three day coverage period is consistent with prudent risk management. This change in the methodology will substantially increase the levels of Original Performance Bond held by the IDCH, in particular for contracts longer than 10 years. The additional financial resources will significantly strengthen IDCH's ability to cure a Clearing Member default over a period of several days if needed.

The text of the proposed amendments (showing deletions and additions) to the Risk Procedures are attached hereto. There were no opposing views among the IDCH's Board of

Directors, Clearing Members or market participants. IDCH hereby certifies that these amendments to the Risk Procedures comply with the Act and the CFTC Rules.

Regards,



Michael Dundon
Chief Risk Officer

Attachment

International Derivatives Clearinghouse, LLC
Reference File: SR-IDCH-2010-02
Amendments to Risk Procedures

PERFORMANCE BOND SETTING STANDARDS

On a monthly basis, the Risk Management Department ~~will conduct~~conducts an analysis of each product (each of the 13 stated maturities for each currency denomination) for the previous six months. Using the minimum Performance Bond standards established for each product group, the Risk Management Department ~~will recommend~~recommends Performance Bond interval and spread credit changes to the Risk Committee.

Under normal market conditions, the Risk Management Department ~~will calculate~~calculates the Performance Bond Requirement using a ~~one~~three day move in the price, calculated on an absolute value basis, of the underlying interest rate swap over a 30, 90 ~~and 125~~ trading day time horizon. ~~Under extraordinary market conditions, as determined by the Risk Management Department, the Risk Management Department will calculate the Performance Bond Requirement using a two day move in the price, calculated on an absolute value basis, of the underlying interest rate swap over a 30, 90 and 125 trading day time horizon.~~ The resulting variances ~~will be~~are recalculated using 95%, 97% and 99.7% confidence intervals for each time period, and the largest value observed in the 99.7% confidence interval ~~will be~~is used to set the Performance Bond. ~~The Risk Management Department also will calculate the Performance Bond using the largest one day move in price over the preceding 125 trading day time horizon.~~ According to the risk policy adopted for each product, the highest resulting Performance Bond, rounded up to the nearest \$100, ~~will be~~is applied. This procedure also provides a methodology for back-testing the sufficiency of Initial/Original Performance Bond over the previous 125 trading days.

~~The Risk Management Department will ensure that the higher risk in longer dated contracts is reflected in the levels chosen for Initial Performance Bond. The primary methods to protect the Clearinghouse are:~~

- ~~• Time value of money: the discount factor calculation will reflect greater levels of risk inherent in the longer dated portions of the curve.~~
- ~~• Confidence interval: the application of higher confidence intervals will result in higher Initial Performance Bond amounts.~~
- ~~• Holding periods: the level of liquidity of longer dated contracts is generally lower and will result in higher Initial Performance Bond levels by adjusting the holding period.~~