



Via CFTC Portal

30th November 2015

Mrs. Parisa Abadi
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mrs. Abadi,

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet SA ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification some amendments to the Section 4 of the CDS Clearing Procedures to take into account the ISDA Semi-Annual Roll initiative lead by ISDA.

This is will be active in production on December 18th 2015 at the latest.

The submission changes made to the Rules are attached hereto as an appendix.

Part I: Explanation and Analysis

In order to harmonize the maturity dates between CDS indices transactions and CDS single names transactions, the single names will now be subject to a semi-annual roll, instead of a quarterly roll.

Part II: Description of Rule Changes

This industry initiative will only have an impact on an eligibility requirement regarding single names, their eligible maturity date, and to simplify the drafting in Section 4 of the Procedures, this eligibility requirement will be now set out in the list of eligible products published on the website (as this is currently the case for indices).

We have also taken the opportunity to make some minor drafting changes.

Part III: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the introduction of this change and has concluded that its compliance with the Core Principles would not be adversely affected by this change.

Part IV: Public Information

LCH.Clearnet has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH.Clearnet's website at:

<http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

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



Certification

LCH.Clearnet 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: françois.faure@lchclearnet.com.

A handwritten signature in blue ink, appearing to read 'Faure', written over a horizontal line.

Francois Faure
Chief Compliance Officer
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APPENDIX:

Section 4 of the CDS Clearing Procedures

4.1 ELIGIBILITY REQUIREMENTS

[...]

- (B) subject to paragraph 4.3 below, a CDS referencing a single Reference Entity, provided that the following requirements are met:
- (1) the Reference Entity is an Eligible Reference Entity ([as such term is defined in paragraph 4.3\(a\) below](#)) in respect of the relevant ISDA Credit Derivatives Definitions;
 - (2) the Reference Obligation is an Eligible Reference Obligation (as such term is defined in paragraph 4.3(b)(ii) below) for such Reference Entity in respect of the relevant ISDA Credit Derivatives Definitions;
 - (3) in respect of an Original Transaction which incorporates the Credit Derivatives Physical Settlement Matrix: the Transaction Type is an Eligible Transaction Type (as such term is defined in paragraph 4.3(b)(iv) below);
 - (4) in respect of an Original Transaction which does not incorporate the Credit Derivatives Physical Settlement Matrix: such Original Transaction is documented by a master confirmation which sets out terms which are substantially similar to those provided for in the Credit Derivatives Physical Settlement Matrix in respect of an Eligible Transaction Type (as such term is defined in paragraph 4.3(b)(iv) below);
 - (5) the currency of denomination of the Floating Rate Payer Calculation Amount is Euros;
 - (6) the Fixed Rate is an Eligible Fixed Rate for such Reference Entity (as such term is defined in paragraph 4.3(b)(i) below);
 - (7) the Fixed Rate Payer Payment Dates are 20 March, 20 June, 20 September and 20 December (each such date, a “**Standard Payment Date**”);
 - (8) the Scheduled Termination Date is [an Eligible Scheduled Termination Date \(as such term is defined in paragraph 4.3\(b\)\(vi\) below\)](#)~~(x) on a day that is a Standard Payment Date; and (y) no later than the first Standard Payment Date after the day that is 10 years after the Clearing Day on which the Original Transaction was received by LCH.Clearnet SA;~~ and
 - (9) the Reference Entity is neither the relevant Clearing Member, an Affiliate of the relevant Clearing Member nor, where the relevant Clearing Member has also entered into a Client Transaction corresponding to such Original Transaction, the relevant Client or an Affiliate of the Client.

The requirements mentioned in sub-paragraphs (1), (2) ~~and~~, (6) and (8) are set out in the Eligible Reference Entities List (as such term is defined in paragraph 4.3(c) below).

[...]

4.3 ELIGIBLE REFERENCE ENTITIES

[...]

(b) With respect to each Eligible Reference Entity under the 2003 ISDA Credit Derivatives Definitions and/or the 2014 ISDA Credit Derivatives Definitions, LCH.Clearnet SA will, in consultation with the CDSClear Product Committee, determine, without limitation, the following characteristics:

- (i) each Fixed Rate that is eligible for clearing (an “**Eligible Fixed Rate**”);
- (ii) each Reference Obligation that is eligible for clearing (an “**Eligible Reference Obligation**”);
- (iii) the Reference Obligation under which the Cleared Transaction(s) on the Eligible Reference Entity will be registered (the “**CDSClear Preferred Reference Obligation**”) where no Standard Reference Obligation is published for this Eligible Reference Entity;
- (iv) ~~t~~he Transaction Type that will be eligible for clearing with respect to each relevant Eligible Reference Entity (the “**Eligible Transaction Type**”); ~~and~~
- (v) the date of publication of the Credit Derivatives Physical Settlement Matrix which the Cleared Transaction(s) on the Eligible Reference Entity will reference (the “**Relevant Physical Settlement Matrix**”); and
- ~~(v)~~(vi) each Scheduled Termination Date that is eligible for clearing (the “**Eligible Scheduled Termination Date**”).

[...]