



**VIA EMAIL TO: SECRETARY@CFTC.GOV**

26 September 2013

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

Dear Ms. Jurgens,

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification a revised fee schedule for its ForexClear service. The new schedule includes fees for Swap Execution Facilities (SEFs) and Trade Sources. LCH.Clearnet intends that the revised schedule will take effect from 16 October 2013.

#### **Part I: Explanation and Analysis**

The current standard ForexClear tariff applies an annual clearing fee to cover all inter-dealer trading activity for a clearing member, whilst alternative tariffs apply fees on a per million notional volume basis with a reduced annual clearing fee. Client clearing fees are split into three tiers and based on total cleared notional value and per million notional volumes.

The modified tariff consists of an introductory fee for Clearing Members along with five tariff tiers, whilst Client Clearing fees remain unchanged with three tiers. FCMs that are affiliated to an existing member may be exempt from paying the introductory fee. Clearing Member and Client tiers are based on total cleared notional value and per million notional volumes. SEF and Trade Source fees are volume based. Details of the fees in each category are shown below:

#### **Clearing Member Fees**

Members pay the \$35,000 on joining the service, pro-rated as an annual fee on a daily basis. Thereafter they are not billed until their ticket volumes at the rates shown exceed this amount.

Members are billed at the end of each month and the fees are linear based on the previous month's volumes.

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LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA | LCH.Clearnet LLC

<b>Introductory Tariff</b>		
Annual clearing fee (Min)	Total cleared notional	Per million (USD) notional
\$35,000	0 - \$15 bn	\$6
<b>Low Volume Tariff</b>		
Annual clearing fee (Min)	Total cleared notional	Per million (USD) notional
\$35,000	\$15 bn - \$60 bn	\$5
<b>Standard Tariff</b>		
Annual clearing fee (Min)	Total cleared notional	Per million (USD) notional
\$35,000	\$60 bn - \$120 bn	\$4
<b>High Volume Tariff</b>		
Annual clearing fee (Min)	Total cleared notional	Per million (USD) notional
\$35,000	\$120 bn - \$285.7 bn	\$3.5
<b>Unlimited Tariff</b>		
Annual clearing fee (Min)	Total cleared notional	Maximum annual fee
\$35,000	\$285.7 bn upwards	\$1,000,000

#### FCM Fees

A FCM that is affiliated to an existing member (on the unlimited tariff), will pay only client fees. An FCM not affiliated to an existing member is charged an annual fee of \$50,000 on a monthly basis as a separate line on their client fees report.

#### Client Clearing Fees

<b>Tier 1</b>	
Total Cleared Notional	per million (USD) notional
\$0 – \$3.75bn	\$6
<b>Tier 2</b>	
Total Cleared Notional	per million (USD) notional
\$3.75bn – \$15bn	\$5
<b>Tier 3</b>	
Total Cleared Notional	per million (USD) notional
\$15bn upwards	\$4

Volume is cumulative over the quarter, and is reset on the 1<sup>st</sup> January, April, July and October. The fee tier to be used for each quarter will be based on the volumes of the previous quarter - there will be no change of tariffs during the quarter.

These fees will be calculated daily, on a trade basis, billed on the 1<sup>st</sup> day of the month for the previous month and collected on the 7<sup>th</sup> day of the month.



### SEF and Trade Source Fees

A one-off on-boarding fee of \$50,000 is charged to cover the costs of connecting to a SEF or Matcher (NB. where a SEF/Matcher already has clearing integration in place with LCH.Clearnet, this fee will be waived) and then volume based fees apply as follows:

SEF % Volume of ForexClear Service	Fee per quarter
less than %6	\$25,000
%6 - 12%	\$12,000
Over 12%	No Charge

The trade volume will be measured in tickets and notional, in favour of the trade source.

A trade source that launches during a quarter will have indicative trade volume calculated by extrapolating from the latter 50% of the trade sources active days – this is intended to provide a true reflection of their volume with no skew for initial growth.

Public disclosure of the revised fee schedule will be made via the LCH.Clearnet website - [http://www.lchclearnet.com/foreign\\_exchange/fees.asp](http://www.lchclearnet.com/foreign_exchange/fees.asp) and is made pursuant to CFTC regulation §39.21.

### Part II: Amendments to the Rules and Regulations of LCH.Clearnet

No amendment to either the LCH.Clearnet Rules & Regulations or Procedures is required to effect these changes.

### Part III: Certification by LCH.Clearnet

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the planned changes comply with the Commodity Exchange Act and the CFTC Regulations promulgated there under. LCH.Clearnet further certifies that, upon the submission of this material, in compliance with §39.21 of the Commission's regulations, LCH.Clearnet will post 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](http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp)

### Part IV: Compliance with Core Principles

LCH.Clearnet will continue to comply with all Core Principles following the introduction of these proposed changes to the ForexClear service fee structure. LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by these changes. The changes reflected herein will ensure continued compliance with the Core Principles and, in particular with Core Principle L.

### Part V: Opposing Views

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



Should you have any questions regarding this submission please contact me at [julian.oliver@lchclearnet.com](mailto:julian.oliver@lchclearnet.com).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Julian', with a stylized flourish at the end.

Julian Oliver, Director Compliance and Public Affairs  
LCH.Clearnet Ltd

Cc: Gavin Wells, LCH.Clearnet  
Jay Iyer, LCH.Clearnet  
Kenji Takaki, CFTC  
Adam Cohen, CFTC