

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) LCHLTD Date: April 7, 2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION LCH.Clearnet Limited

FILING AS A: DCM SEF DCO SDR
ECM/SPDC

TYPE OF FILING

- **Rules and Rule Amendments**

- Certification under § 40.6 (a) or § 41.24 (a)
- “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)
- Notification under § 40.6 (d)
- Request for Approval under § 40.4 (a) or § 40.5 (a)
- Advance Notice of SIDCO Rule Change under § 40.10 (a)

- **Products**

- Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)
- Swap Class Certification under § 40.2 (d)
- Request for Approval under § 40.3 (a)
- Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

No changes to the LCH.Clearnet Rules & Regulations or Procedures.

DESCRIPTION

Self-certification pursuant to §40.6(a) relating to implementation of a Liquidity and Concentration Risk Model for the EnClear Clearing Service.



VIA EMAIL TO: SUBMISSIONS@CFTC.GOV

April 7, 2014

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 Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification changes to the EnClear Clearing Service margin model introducing a Liquidity and Concentration Risk Margin ("LCRM") add-on. LCH.Clearnet notes that while these changes will result in no changes to the LCH.Clearnet Rules and Regulations, they are however within the definition of a "Rule" as contained in §40.1(i) and therefore being submitted for the Commission's review.

Please find attached as an appendix a short note setting out the calculation of the LCRM, which will be made available to members.

Part I: Explanation and Analysis

LCH.Clearnet uses a SPAN based model, for the EnClear Clearing Service, to calculate the market price risk. To cover liquidation cost related to trading out of a portfolio of contracts, LCH.Clearnet intends to apply the LCRM to calculate liquidity risk via implied close out periods derived using average daily volume and minimum transaction sizes. The application of the calculation will derive additional margin for all contract types.

The existing IM model remains unchanged as result of the application of the LCRM.

LCH.Clearnet plans to implement the LCRM on April 25, 2014 for margin calls made on April 28, 2014.

Part II: Description of Rule Changes

No changes to the LCH.Clearnet Limited Rulebook or FCM Rulebook, Regulations and Procedures are required to implement the LCRM.

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 thereunder.

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



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, excluding the appendix, on LCH.Clearnet's website at http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp

Part IV: Core Principle Compliance

LCH.Clearnet will continue to comply with all Core Principles following the introduction of the proposed changes to the EnClear Margin Model. LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by these changes, in particular Core Principle D.

Part V: Public Information

LCH.Clearnet, in accordance with Commission Regulation 145.9(d), has respectfully requested confidential treatment under the Freedom of Information Act (the "FOIA"), 5 U.S.C. § 552, for the Appendix to this self-certification submission, including subsequent emails and replies between LCH.Clearnet and Commission staff regarding the introduction of the LCRM. As such the copy of the self-certification submission published on LCH.Clearnet's public website omits the Appendix.

Part VI: 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 this proposal.

Certification

LCH.Clearnet Limited 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 julian.oliver@lchclearnet.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Julian Oliver'.

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



Appendix
LCH.Clearnet Limited LCRM model description paper