LCH.CLEARNET

VIA EMAIL TO: SUBMISSIONS@CFTC.GOV

03 April 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 its rules. Changes are being made to the Rulebook and Procedures sections that relate to the ForexClear service and will become effective on April 17, 2014.

Explanation and Analysis

LCH.Clearnet is modifying the Reference Data sections of its Clearing House Procedures and FCM Procedures in respect of the ForexClear service, to clarify that in the event of a change to the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications Inc.) that is referenced on ForexClear, a corresponding calendar adjustment to the ForexClear system will automatically be made.

The streamlining of the calendar adjustment process means that the valuation date and/or the settlement date of any open ForexClear contracts will automatically be date adjusted in accordance with the provisions of the Emerging Markets Trade Association ("EMTA") Template for the relevant currency pair.

The ForexClear service will notify the relevant clearing members of the ForexClear contracts affected and the date adjustments made.

Finally, the amended sections clarify that calendar adjustments may require temporary closure of the ForexClear service and that this will be notified to ForexClear members in advance of the date; the notification will include the time and expected duration of such closure.

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

The implementation of these changes requires amendments to section 2K of the Procedures [Exhibit A] and section 2B of the FCM Procedures [Exhibit B], which are summarised in the tables below:

Procedures reference	FCM Procedures reference	Explanation
2K.3.9.1	2B.8.11 *(Holiday Event Calendar section)*	Makes clear that ForexClear will make calendar adjustments as required by the SwapsMonitor Financial Calendar and makes clear that the service may briefly close to accommodate such an adjustment.
2K.3.9.2	2B.8.8.11 *(Date Adjustment section)*	Makes clear that open contracts will be automatically date adjusted.

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

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 Rulebook and Procedures. 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 particularly Core Principles C and 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.

Certification

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

LCH.CLEARNET

Should you have any questions regarding this submission please contact me at julian.oliver@lchclearnet.com.

Yours sincerely,

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

Cc: Gavin Wells, LCH.Clearnet
Jay Iyer, LCH.Clearnet
Kenji Takaki, CFTC
Shawn Durrani , CFTC

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Exhibit A

SECTION 2K

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Settlement Date has been adjusted in accordance with the ForexClear Contract Terms.

2K.3.8 **Portfolio Management**

The Clearing House allows portfolios of ForexClear Contracts to be transferred between FXCCMs e.g. in the event of merger, or where agreed between the relevant FXPs.

The portfolio transfer capability allows the transfer of:

(a) A single ForexClear Contract.

(b) Part of an FXCCM's portfolio (which includes the ability to transfer ForexClear Contracts to various other FXCCMs, e.g. Bank A to Bank B for USD/RUB, Bank A to Bank C for USD/KRW and Bank A to Bank D for USD/BRL).

(c) Portfolio transfer (i.e. the transfer of all or just one of the portfolios belonging to an FXCCM).

(d) Multiple portfolio transfers (i.e. the transfer of several portfolios of an FXCCM).

The Clearing House will carry out the portfolio transfer. For transfers under 2, 3 and 4, this can be on a ForexClear Contract by ForexClear Contract or on a Currency Pair basis.

Before the completion of a portfolio transfer, the Clearing House will perform a margin impact analysis of the transfer to the source and destination portfolios. The Clearing House will advise the relevant FXCCM regarding any additional collateral that may be required in order to complete the portfolio transfer.

2K.3.8.2 Legal Documentation

The Transfer of ForexClear Contracts will be documented in accordance with the standard legal documentation for the transfer of ForexClear Contracts provided by the Clearing House to FXPs. Any such transfer must be authorised by all relevant parties and executed by individuals with appropriate signing authority.

2K.3.9 **Reference Data**

2K.3.9.1 Holiday Event Calendar

The ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) ("**SwapsMonitor Financial Calendar**") in order to determine holidays. This requires all ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar.

When a change is declared that affects the SwapsMonitor Financial Calendar that is referenced on ForexClear, a corresponding calendar adjustment will be made to the ForexClear system. The Clearing House may temporarily close the ForexClear Service to process a calendar adjustment in its clearing system. FXCCMs will be notified in advance of the date, time and expected duration of such closure.~~For the ForexClear Service the Clearing House uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) the ("**SwapsMonitor Financial Calendar**") in order to determine holidays. This requires all ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the ForexClear Service, will be available online for inspection and for file download from Clearing Member Reporting. SwapsMonitor is used on a daily basis across all calendars.~~

2K.3.9.2 Date Adjustment

As a result of the calendar adjustment process, the Valuation Date and/or the Settlement Date of any affected ForexClear Contracts will automatically be date adjusted in accordance with the provisions of the EMTA Template for the relevant Currency Pair.

The Clearing House will notify the FXCCMs via file download from the Clearing Member Reporting as to the ForexClear Contracts affected and the date adjustments made.

~~When a new holiday is declared in a particular jurisdiction, an update to the holiday calendar is required.~~

~~The Valuation Date and/or the Settlement Date of the affected ForexClear Contracts will automatically be adjusted in accordance with the provisions of the EMTA Template for the relevant Currency Pair.~~

~~The Clearing House may accede to a request from FXCCMs to suspend processing of adjustments to the relevant affected Valuation Dates and Settlement Dates so as to allow FXCCMs to cancel and rebook any ForexClear Contracts following any such adjustment. In such case, the Clearing House will inform FXCCMs as to the timing and duration of any such suspension.~~

2K.4 MARKET DATA

2K.4.1 Sources used by ForexClear Service

The ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section 4.2) in relation to each Currency Pair:

(a) FX spot rates ("**FX Spot Rates**");

(b) FX swap points ("**FX Swap Points**");

(c) Settlement Rate Option;

(d) Interest rate curves (see Section 4.5.2 below) ("**Interest Rate Curves**");

(e) USD LIBOR Curve;

(f) PAI rates ("**PAI Rates**"); and

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Exhibit B

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From (and including) the Registration Time to (and including) the Business Day immediately preceding the Settlement Date, changes in the daily value of open FCM ForexClear Contracts will have resulted in VM credits and debits between the parties (as set out in Section 2B.10.2). With respect to each FCM ForexClear Contract, on the Business Day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the aggregate net VM which has been paid/received through the term of the FCM ForexClear Contract, the result of which is a Net Settlement Amount ("**NSA**"), which will be reflected in the FX FCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each FCM ForexClear Contract, the payment in full of all the VM required during the term of such FCM ForexClear Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such FCM ForexClear Contract. For the purpose of providing Nostro reconciliation, to the relevant parties, the Clearing House will provide Reporting (as defined in Section 2B.21 of these FCM Procedures) which will reflect an entry for the "Settlement Currency Amount" and a separate entry for the reversal of the aggregate net Variation Margin which has been paid/received through the term of the FCM ForexClear Contract. This paragraph applies even if the Settlement Date has been adjusted in accordance with the FCM ForexClear Contract Terms.

2B.8.11 **Reference Data**

Holiday Event Calendar:

The FCM ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) ("**SwapsMonitor Financial Calendar**") in order to determine holidays. This requires all FCM ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar.

When a change is declared that affects the SwapsMonitor Financial Calendar that is referenced on FCM ForexClear, a corresponding calendar adjustment will be made to the FCM ForexClear system. The Clearing House may temporarily close the FCM ForexClear Service to process a calendar adjustment in its clearing system. FX FCMs will be notified in advance of the date, time and expected duration of such closure.~~For the FCM ForexClear Service the Clearing House uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, Inc.) the ("**SwapsMonitor Financial Calendar**") in order to determine holidays. This requires all FX FCMs to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM ForexClear Service, will be available online for inspection and for file download from Clearing Member Reporting. SwapsMonitor is used on a daily basis across all calendars.~~

Date Adjustment:

As a result of the calendar adjustment process, the Valuation Date and/or the Settlement Date of any affected FCM ForexClear Contracts will automatically be date adjusted in accordance with the provisions of the EMTA Template for the relevant Currency Pair.

The Clearing House will notify the FX FCMs via file download from the Clearing Member Reporting as to the FCM ForexClear Contracts affected and the date adjustments made.

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~~When a new holiday is declared in a particular jurisdiction, an update to the holiday calendar is required.~~

~~The Valuation Date and/or the Settlement Date of the affected FCM ForexClear Contracts will automatically be adjusted in accordance with the provisions of the EMTA Template for the relevant Currency Pair.~~

~~The Clearing House may accede to a request from FX FCMs to suspend processing of adjustments to the relevant affected Valuation Dates and Settlement Dates so as to allow FX FCMs to cancel and rebook any FCM ForexClear Contracts following any such adjustment. In such case, the Clearing House will inform FX FCMs as to the timing and duration of any such suspension.~~

2B.9 Market Data

2B.9.1 Sources used by FCM ForexClear Service

The FCM ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section 2B.9.2) in relation to each Currency Pair:

- FX spot rates ("**FX Spot Rates**");
- FX swap points ("**FX Swap Points**");
- Settlement Rate Option;
- Interest rate curves (see Section 2B.9.5 below) ("**Interest Rate Curves**");
- USD LIBOR Curve;
- PAI rates ("**PAI Rates**"); and
- Country credit spreads (see Section 2B.9.6 below) ("**Country Credit Spreads**"),

together, "**Market Data**".

FX Spot Rates and FX Swap Points are received by the Clearing House via a live link from all eligible FXCCMs (including FX FCMs) during the Opening Hours (as defined in Section 2B.4.2).

2B.9.2 Market Data Sources and Frequencies

The Clearing House receives the following updated raw prices:

FX Spot Rates:

- Source – contributing FXCCMs (including FX FCMs).
- Frequency - every time updated by contributing FXCCMs (including FX FCMs) up to a maximum rate of once every five minutes.