

David A. Stawick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

14 November 2011

Dear Mr. Stawick:

**Re: Effective Date Amendments**

LCH.Clearnet Group Limited (“LCH.Clearnet” or “The Group”) is pleased to respond to the request for comment on the Commodity Futures Trading Commission’s (“CFTC” or “Commission”) Effective Date for Swap Regulation proposal (“Proposing Release”).<sup>1</sup>

The Group strongly supports the policy goals underpinned by both the Proposing Release and the statutory provisions contained in Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”).

In the Proposing Release, the Commission proposes to amend its July 14, 2011 Order<sup>2</sup> granting temporary exemptive relief from certain provisions of the Commodity Exchange Act (“CEA”) that would otherwise have taken effect on July 16, 2011, the general effective date of Title VII of Dodd-Frank. The second part of the July 14 Order addresses provisions of the CEA that may apply to agreements, contracts, and transactions in exempt or excluded commodities (generally financial, energy, and metals commodities) as a result of the repeal of various CEA exemptions and exclusions as of July 16, 2011. This portion of the July 14, 2011 Order is scheduled to expire on December 31, 2011. The Commission now proposes to extend this exemptive relief until the earlier of: (1) July 16, 2012; or (2) such other compliance date as may be determined by the Commission. For the reasons below, the Group requests that the Commission simply extend the exemptive relief in the second part of its July 14, 2011 Order to July 16, 2012 without any qualification.

LCH.Clearnet Limited, one of the Group’s operating companies, is a registered derivatives clearing organization and provides clearing services for Nodal Exchange. Nodal Exchange is the first independent electronic commodities exchange dedicated to offering locational forward trading products and services to participants in the organized North American power markets. Nodal Exchange is an exempt commercial market (“ECM”) a category of registrant that was eliminated under Dodd-Frank. Nodal Exchange must become a designated contract market or

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<sup>1</sup> 76 FR 65999 (October 25, 2011).

<sup>2</sup> 76 FR 42508 (July 19, 2011).

swap execution facility by July 15, 2012. LCH.Clearnet Limited's DCO designation must be amended before Nodal's change in registration occurs. Nodal Exchange is operating under grandfather relief granted by the Commission pursuant to Section 723(c) of Dodd-Frank. The second part of the Commission's July 14, 2011 Order permitted LCH.Clearnet Limited to continue to clear for Nodal Exchange.

The Group commends the Commission's decision to propose an extension of the second part of the July 14 Order. Extending the expiration date of the July 14 Order to July 16, 2012 would be consistent with transitional period for ECMs provided in section 723(c) of Dodd-Frank as well as the Commission's goal of "continu[ing] to strive to ensure that current practices will not be unduly disrupted during the transition to the new regulatory regime."<sup>3</sup> However, the Commission created unnecessary uncertainty for LCH.Clearnet Limited, Nodal, and LCH.Clearnet clearing members for firms trading on Nodal by proposing that the extension of the July 14 Order would expire "upon the *earlier* of: (I) July 16, 2012; or (II) *such other compliance date as may be determined by the Commission* (emphasis added). The Proposing Release provides no explanation for the "other compliance date" language. Its addition raises the spectre that the Commission could rescind the exemptive relief at any time for any reason or without allowing sufficient time for LCH.Clearnet Limited to apply for and receive an amended order of registration. The potential for an abrupt rescission of exemptive relief also affects LCH.Clearnet clearing members for firms trading on Nodal especially those that will need to change registration status to comply with Dodd-Frank. The uncertainty engendered by the "other compliance date" clause runs counter to both the transitional period of section 723(c) of Dodd-Frank and to the Commission's laudable goal of trying to minimize disruption to functioning markets. The Group respectfully requests that the Commission eliminate this uncertainty by extending the second part of the July 14 Order to July 16, 2012 without any qualification.

LCH.Clearnet appreciates the opportunity to share our views on the proposed amendments to the Commission's July 14 Order. We look forward to working with the Commission as it continues to implement the Dodd-Frank Act. Please do not hesitate to contact Simon Wheatley at +44 (0)207 426 7622 regarding any questions raised by this letter or to discuss these comments in greater detail.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Ian Axe".

*pp.*  
Ian Axe  
Chief Executive Officer

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<sup>3</sup> 76 FR at 66002.