



Brent Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

4 May 2015

**Re: Release No. 34-74245; File Number S7-03-15, Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information**

Dear Mr. Fields:

LCH.Clearnet Group Limited (“LCH.Clearnet” or “The Group”) is pleased to have an opportunity to respond to the request for comment on the Securities and Exchange Commission’s (“the SEC” or “Commission”) proposed rules on Reporting and Dissemination of Security-Based Swap Information (“Proposed Rules” or “Release”).<sup>1</sup>

The Commission is proposing new rules and amendments to Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information regarding reporting by platforms and registered clearing agencies to a registered security-based swap data repository (“registered SDR”). The Commission is also proposing a new compliance schedule for the portions of Regulation SBSR for which the Commission has not specified a compliance date.

LCH.Clearnet agrees with the Commission that reporting of both cleared and uncleared swap transactions is a key requirement of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and one of the pillars of the G20 commitments on derivatives. The data reported to SDRs forms the basis of the Commission’s ability to oversee the swaps marketplace. As a result, it is crucial that the Commission’s rules on reporting facilitate the submission of complete, timely and accurate data on all swaps.

LCH.Clearnet’s letter consists of a summary of key comments on the Proposed Rules and an Appendix that provides answers to the specific questions posed in the Release that are relevant to LCH.Clearnet.

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<sup>1</sup> 80 FR 14740 (March 19, 2015).

## **LCH.Clearnet Overview**

The LCH.Clearnet Group is the leading multi-asset class and multi-national clearinghouse, serving major international exchanges and platforms as well as a range of OTC markets.<sup>2</sup> It clears a broad range of asset classes including securities, exchange-traded derivatives, commodities, energy, freight, foreign exchange derivatives, interest rate swaps, credit default swaps, and euro and sterling denominated bonds and repos. LCH.Clearnet works closely with market participants and exchanges to continually identify and develop innovative clearing services for new asset classes. LCH.Clearnet SA has filed an application for registration as a clearing agency with the Commission. LCH.Clearnet Group Limited is majority owned by the London Stock Exchange Group, a diversified international exchange group that sits at the heart of the world's financial community.

## **General Comments on the Proposed Rules**

LCH.Clearnet is, or will be, subject to swap data reporting regimes that exist, or are under consideration, in a number of the G20 countries because the Group's three clearing houses are authorized to clear swaps in multiple G20 jurisdictions for a wide array of clearing members and customers. LCH.Clearnet's vantage point in the global swaps market gives it excellent visibility into the challenges that regulators are confronting as they work to implement swap data reporting regimes that meet their supervisory imperatives, and that market participants face as they try to build systems that are flexible enough to comply with multiple swap data reporting regimes that cover similar information in different ways. The costs of building to swap data reporting requirements in multiple jurisdictions are substantial. For this reason, LCH.Clearnet urges the Commission to coordinate closely with the Commodity Futures Trading Commission as well as counterparts in other G20 countries as it finalizes the Proposed Rules.

### **Reporting of trades to an SDR by a registered clearing agency**

The bilateral or platform execution of a security-based swap creates an alpha trade between the two counterparties. When a trade is cleared by a registered clearing agency, this alpha trade is terminated and replaced by two trades, beta and gamma. The clearing agency is counterparty to both the beta and gamma trades, with one of the original counterparties to the alpha trade as the counterparty to the beta trade and the other original counterparty to the alpha trade as counterparty to the gamma trade.

Rule 901(a) assigns responsibility for reporting the execution and subsequent events related to a security-based swap to a registered SDR. Responsibility to report the alpha trade is borne by either the platform on which it was executed, under the Proposed Rules, or by one of the counterparties to the trade, under the final rules. The party with the responsibility to report the

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<sup>2</sup> LCH.Clearnet Group Limited consists of three operating entities: LCH.Clearnet Limited, the UK entity, LCH.Clearnet SA, the Continental European entity, and LCH.Clearnet LLC, the US entity. Link to Legal and Regulatory Structure of the Group:  
[http://www.lchclearnet.com/about\\_us/corporate\\_governance/legal\\_and\\_regulatory\\_structure.asp](http://www.lchclearnet.com/about_us/corporate_governance/legal_and_regulatory_structure.asp)

trade to an SDR is called the reporting side. Rule 901(a) permits the reporting side to select the registered SDR to which it reports.

Proposed Rule 901(a) provides that a registered clearing agency that is a counterparty to a clearing transaction shall be the reporting side for that transaction. Under the Proposed Rules, the registered clearing agency is permitted to select the registered SDR to which it reports a clearing transaction and subsequent events. LCH.Clearnet agrees that a registered clearing agency should be the reporting side for the beta and gamma trades to which it is a counterparty. LCH.Clearnet also agrees that the clearing agency should have the ability to select the SDR to which the clearing transaction is reported.

Additionally, Proposed Rule 901(e)(1)(ii) requires a registered clearing agency to report whether or not it has accepted a security-based swap for clearing. The registered clearing agency would be required to report this information to the SDR that has received or will receive the transaction report on the alpha trade. For a cleared trade, the SDR for the alpha trade may be a different SDR than the one to which the registered clearing agency has reported the beta and gamma trades.

In LCH.Clearnet's view, a registered clearing agency should never be the reporting side for an alpha trade even when that trade is subsequently cleared. The reporting side for all reporting requirements related to an alpha trade, including whether that trade is cleared, should be the platform where the alpha trade was executed or the reporting counterparty if the alpha trade was bilateral. Requiring the registered clearing agency to report that an alpha trade has been accepted or rejected from clearing obligates the registered clearing agency to connect to all registered SDRs. Connecting to all registered SDRs is necessary to ensure that the registered clearing agency is prepared to report to any SDR to which an alpha trade could be reported. This result is in contradiction with the Commission's reasons for permitting a registered clearing agency to decide which registered SDR to use for reporting of beta and gamma trades.

If Regulation SBSR were to require registered clearing agencies to report betas and gammas to the registered SDR that received the report of the associated alpha, the registered clearing agency would be required to report to a registered SDR that might not offer it the greatest ease of use or the lowest fees.<sup>3</sup>

Additionally, as the Commission recognizes, there is a significant cost to establishing and maintaining connectivity to registered SDRs to facilitate the reporting required by Rule 901.<sup>4</sup> Registered clearing agencies should only have to incur these costs for connectivity to the SDR to which they choose to report beta and gamma trades.

As an alternative, LCH.Clearnet requests that the Commission require a registered clearing agency to add the transaction ID of the alpha trade when it reports the beta and gamma trades

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<sup>3</sup> 80 FR at 14746.

<sup>4</sup> 80 FR at 14776.

to an SDR. This will link the alpha trade with the beta and gamma trades even if they are reported to different SDRs. Additionally, the registered clearing agency should be required to inform the reporting side for the alpha trade whether or not the trade has been cleared. This step will give the reporting side for the alpha trade the information necessary to update the record of that trade at the SDR where the alpha trade was or will be reported. This approach will ensure that all records on the trade are updated and permit all reporting sides to report to an SDR of their choosing.

### Compliance timeline

The Commission proposes requiring that six months after the commencement of operations by the first registered SDR for a particular asset class of security-based swaps all newly executed security-based swaps in that asset class would have to be reported to a registered SDR. In LCH.Clearnet's view, it may be necessary for the Commission to extend Compliance Date 1 to 12 months after the first SDR is registered for an asset class.

LCH.Clearnet has two concerns about the proposed compliance timeline. First, the proposed compliance timeline does not provide enough time for LCH.Clearnet to connect to all registered SDRs. As discussed, as a practical matter, the Proposed Rules require LCH.Clearnet to connect to all SDRs. Second, the proposed compliance timeline assumes that the Commission will complete work on registrations of all SDRs that submit applications within a six month window. If the Commission does not register all SDRs within this timeframe, LCH.Clearnet may be forced to report to a SDR to which it is not currently connected. Again, as a practical matter, LCH.Clearnet may have to establish connectivity to all SDRs to prepare for this eventuality so that it can ensure compliance with Regulation SBSR.

There are several steps that the Commission could take to increase the feasibility of the proposed six month compliance timeline. The Commission could address LCH.Clearnet's first concern by accepting LCH.Clearnet's suggested approach for updating information on an alpha trade that has cleared. Final rules that reflect this approach would obviate the need for LCH.Clearnet to connect to all SDRs in order ensure that it could report information on cleared trades to any SDR where an alpha trade was reported. However, if the Commission finalizes Rule 901(e)(1)(ii) as proposed, LCH.Clearnet will need 12 months to connect to all SDRs.

With regard to LCH.Clearnet's second concern, the Commission could commit in the Release to the final rules: (1) to act on all SDR applications within a six month timeframe or (2) to provide an exemption from complying with Regulation SBSR for any reporting side that intends to report to an SDR that is not registered within six months after the commencement of operations by the first registered SDR for an asset class. Taking one of these steps would provide comfort that LCH.Clearnet and other reporting sides will only need to build connectivity to one SDR. If the Commission does not take one of these steps, Compliance Date 1 will need to be extended to 12 months after the first SDR is registered for an asset class.



**Comments on Specific Questions Posed in the Release**

LCH.Clearnet's answers to the specific questions posed by the Commission that are relevant to LCH.Clearnet are contained in the attached Appendix.

**Conclusion**

LCH.Clearnet appreciates the opportunity to share our views on the Commission's swap data reporting rules. Please do not hesitate to contact me at 202-349-4047 regarding any questions raised by this letter or to discuss these comments in greater detail.

Yours sincerely

A handwritten signature in black ink that reads 'Susan Milligan' followed by a horizontal line.

Susan Milligan  
Head of US Public Affairs

Attachment

## Appendix

### LCH.Clearnet Answers to Specific Questions<sup>5</sup>

**Question 1.** *Is the Commission’s discussion of how Regulation SBSR—under the amendments proposed in this release—would apply to different steps or actions in the clearing process under the agency model sufficiently clear and complete? If not, please provide detail about the operation of the agency model of clearing (e.g., particular steps or actions in the clearing process) that you believe the Commission has not adequately addressed and how you believe they should be treated under Regulation SBSR.*

#### Trades rejected from clearing

The proposal is clear regarding the reporting obligations of the various parties for trades that are submitted for clearing and are accepted by the registered clearing agency. However, it is unclear what the registered clearing agency should report if it rejects the trade.

The Release states that

*Rule 901(e)(2), as adopted, requires a life cycle event to be reported “to the entity to which the original security-based swap transaction will be or has been reported.” Thus, proposed Rule 901(e)(1)(ii) would require a registered clearing agency to report to the registered SDR that received or will receive the transaction report of the alpha (the “alpha SDR”) whether or not it has accepted the alpha for clearing.<sup>6</sup>*

It is unclear what lifecycle event the registered clearing agency should report for rejected trades. The registered clearing agency lacks the information necessary to determine what will happen to the trade following rejection. The alpha trade may remain as a bilateral trade, it may be submitted to a different registered clearing agency, it may be re-submitted to the same registered clearing agency, or it may be torn-up. The registered clearing agency is therefore not in a position to report the correct life cycle event.

The registered clearing agency will inform the platform or counterparties who submitted the trade for clearing of the rejection. The trade submitter will know what will happen to the rejected trade and is best placed to report the appropriate lifecycle event.

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<sup>5</sup> LCH.Clearnet has not provided answers for all of the questions posed by the Commission. Questions that are not answered are not copied into the Appendix.

<sup>6</sup> 80 FR at 14743.

### Similarity between clearing and prime brokerage workflows

While the workflows for cleared trades and prime brokerage trades are very similar, the Commission proposes to treat reporting of these trades to an SDR differently. In both the clearing process and prime brokerage workflow, an original trade is replaced by two trades once the registered clearing agency or prime broker accepts the trade.

Section IV of the Release provides a description of how prime brokerages trades should be reported under Regulation SBSR.<sup>7</sup> Similar to the clearing workflow, this section refers to three transactions. Transaction 1 is equivalent to the alpha trade. Transactions 2 and 3 are equivalent to the beta and gamma trades.

Regarding Transaction 1, Section IV.B of the Release states:

*[..]If the prime broker determines that Transaction 1 meets the terms of the prime brokerage arrangement and accepts the transaction, Transaction 1 would terminate. The executing dealer, as the reporting side for Transaction 1, would be required to report this life cycle event pursuant to Rule 901(e), as adopted, to the same registered SDR that received the initial report of Transaction 1. Immediately upon receiving this report, the registered SDR would be required to publicly disseminate the termination information.*

Contrary to the Proposed Rule's approach to reporting for cleared trades, the Commission's guidance on reporting of prime brokerage transactions provides that the life cycle event following acceptance of the trade by the prime broker must be reported by the original reporting party for Transaction 1. As discussed in our comment letter, LCH.Clearnet believes that this approach should also be applied to the clearing workflow with the reporting side for the alpha trade responsible for reporting to the alpha SDR that the trade has been cleared.

**Question 9.** *Would a registered clearing agency have the information necessary to report a platform-executed alpha that will be submitted to clearing?*

Theoretically, the transaction data supplied by the platform combined with static data held by the registered clearing agency should cover the necessary information.

*If so, should the registered clearing agency, rather than the platform, be required to report the transaction? Why or why not?*

No. As explained above in Q1, the registered clearing agency doesn't have sufficient information to correctly report rejected trades. Therefore, in the interests of creating a clear framework for reporting, registered clearing agencies should not have any reporting responsibility related to the alpha trade.

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<sup>7</sup> 80 FR at 14755.

*How long does it typically take between the execution of a security-based swap on a platform and submission to clearing? How long does it typically take between submission to clearing and when the registered clearing agency determines whether to accept or reject the transaction?*

Generally these processes are fully automated and can be performed in seconds, rather than minutes.

**Question 10.** *Rule 901(d)(2), as adopted, requires the reporting side to report—“as applicable”—the branch ID, broker ID, execution agent ID, trader ID, and trading desk ID with respect to the direct counterparty on the reporting side. As described above, the Commission is proposing that the registered clearing agency would be the reporting side for all clearing transactions to which it is a counterparty. Would the branch ID, broker ID, execution agent ID, trader ID, or trading desk ID ever be applicable to a registered clearing agency? Why or why not?*

Branch ID, broker ID, execution agent ID, trader ID, and trading desk ID are only applicable to alpha trades. In general, registered clearing agencies only are concerned with the clearing member and client, when appropriate, who are parties to the trade. While some use may be made of these fields in certain circumstances, no obligation should be placed on registered clearing agencies to systematically record these fields on beta and gamma trades. It is important to note that this information will be lost as cleared trades are netted or compressed.

**Question 12.** *Will registered clearing agencies be able to leverage existing reporting processes to report data to registered SDRs?*

Yes, to the extent that the SDRs they use currently for swaps reporting extend their service to cover security-based swaps.

*What additional reporting processes might registered clearing agencies need to develop to ensure accurate reporting in accordance with the proposed amendments to Rule 901?*

As discussed, proposed Rule 901 requires that registered clearing agencies report the result of clearing to the SDR that received the initial alpha trade report from the platform (or security-based swap dealer). To comply with this proposed rule, a registered clearing agency will need to connect to every SDR prior to Compliance Date 1 of Regulation SBSR. If a registered clearing agency is not connected to an SDR, then it will not be able to report the acceptance of a trade for clearing were it to receive an alpha which was previously been reported to the SDR. This is one of the reasons that LCH.Clearnet believes that registered clearing agencies should not have any reporting obligation relating to alpha trades.

*What costs might registered clearing agencies incur to adopt these processes?*

Costs related to leveraging existing processes will depend on the differences between the reporting data for swaps and security-based swaps.



Requiring a registered clearing agency to connect to all SDRs to ensure compliance with Proposed Rule 901 in the event that an alpha is received which has been reported to an SDR would be expensive and would vastly increase complexity for the registered clearing agency.

**Question 13.** *Would other market participants be able to report clearing transactions or terminations of transactions submitted to clearing more efficiently or cost effectively than the registered clearing agency? What costs might counterparties incur if one of the sides of the alpha were assigned the duty to report a clearing transaction rather than the registered clearing agency?*

The party that originally reported the alpha trade is best placed to report the result of clearing. A registered clearing agency will always report to this party whether a trade has been accepted or rejected from clearing.

LCH.Clearnet's suggested approach will be the most cost effective solution for all parties. The reporting side for the alpha trade will have connectivity to the relevant SDR and will also be able to report the correct life cycle event if a trade is rejected from clearing.

The incremental costs associated with having the reporting side for the alpha trade report the result of the clearing process will be small compared to the costs associated with establishing reporting connectivity in the first place.

**Question 14.** *Should the proposed reporting requirements for registered clearing agencies apply only to registered clearing agencies having their principal place of business in the United States rather than to all registered clearing agencies (which could include registered clearing agencies having their principal place of business outside the United States)? Why or why not? Would U.S. persons, registered security-based swap dealers, and registered major security-based swap participants be in a better position to report transactions with non-U.S. person registered clearing agencies? Why or why not?*

As discussed in Q1, Q9, Q12 and Q13, registered clearing agencies regardless of their principal place of business should not have any reporting responsibility related to alpha trades.

With regard to beta and gamma trades, the Proposed Rules should apply to all registered clearing agencies irrespective of their principal place of business. Registered clearing agencies are best placed to report cleared transactions. Assigning these obligations to other participants for foreign domiciled clearing agencies will needlessly complicate the reporting landscape.

**Question 15.** *Under proposed Rule 901(e)(1)(ii), a registered clearing agency would be required to report whether or not it has accepted a security-based swap for clearing. Should this*

*information be required to be reported to the same registered SDR that receives the transaction report of the alpha? If not, how would the Commission and other relevant authorities be able to ascertain whether or not the alpha had been cleared?*

As discussed in LCH.Clearnet letter and answers to Q1, Q9, Q12, and Q13, the reporting party for the alpha trade should be responsible for reporting the relevant life cycle event to the SDR to which the alpha trade was reported when clearing succeeds or fails.

*If so, what costs would be imposed on registered clearing agencies for having to report this transaction information to a registered SDR not of their choosing?*

Requiring a registered clearing agency to report this transaction information would vastly increase complexity for the registered clearing agency and would be expensive because the registered clearing agency would need to connect to all SDRs used by parties who will submit alpha trades for clearing.

**Question 16.** *Is it appropriate to require a registered clearing agency to become a participant of the alpha SDR solely as a result of reporting whether or not it has accepted an alpha for clearing? What costs would be imposed on registered clearing agencies as a result of this requirement? If a registered clearing agency did not become a participant of the alpha SDR solely by virtue of reporting the disposition of an alpha, in what other way should the registered clearing agency be required to report the disposition of an alpha such that the systems of the alpha SDR can accept and understand that report?*

As discussed in LCH.Clearnet's letter and answers to Q1, Q9, Q12 and Q13, registered clearing agencies should not have any reporting responsibility related to alpha trades.

**Question 21.** *Is the Commission's discussion of how Regulation SBSR—under the amendments proposed in this release—would apply to different steps in the process for reporting the betas and gammas that result from clearing a bunched order alpha sufficiently clear and complete? If not, please provide detail about particular steps that you believe the Commission has not adequately addressed and how you believe they should be treated under Regulation SBSR.*

As explained in Q1, the Clearing Agency does not have sufficient information to report the correct life cycle event when a trade is rejected for clearing.

**Question 28.** *Rule 901(e), as adopted, requires the executing dealer to report the termination of the customer/executing dealer transaction, because the executing dealer was the reporting side of that transaction. Should the duty to report the termination of the customer/executing dealer transaction be shifted to the prime broker? Why or why not? As between the executing dealer and the prime broker, which person do you believe is better placed to report the termination?*

Why?

No. The reporting obligation should remain with the original reporting party for the customer/executing dealer trade.

**Question 30.** *Do you believe that Rule 905(a) should be amended to include platforms? Why or why not? Would any other conforming changes to Rule 905 be advisable on account of the proposal to extend reporting duties to platforms?*

Yes. The party that reports a trade erroneously should have the responsibility for submitting corrections. When a correction is made to a trade which has already been accepted by a registered clearing agency or prime broker, then that party must also notify the registered clearing agency or prime broker of the correction. It should be noted that if the correction has an effect on the economic terms of the trade then this correction may call into the question the previous decision by the registered clearing agency or prime broker to accept the trade.

**Question 31.** *Do you agree with the Commission's proposal to exclude platforms and registered clearing agencies from Rule 906(b)? Why or why not?*

LCH.Clearnet agrees with this proposal. The Commission's existing tools for risk management of registered clearing agencies should be sufficient.

**Question 32.** *Should Rule 906(c) be expanded to include platforms and registered clearing agencies? Why or why not?*

Rule 906(c) should be expanded to include all parties with reporting obligations under Regulation SBSR, including platforms and registered clearing agencies.

**Question 33.** *Do you agree with the proposed conforming amendment to Rule 908(b) to include platforms and registered clearing agencies? Why or why not?*

Rule 908(b) should be expanded to include all platforms and registered clearing agencies.

**Question 41.** *Would the proposed compliance timeline allow reporting parties and registered SDRs sufficient time to implement the requirements of Regulation SBSR? Why or why not? If not, why not and what alternative time period(s) of time would be sufficient?*

As discussed in LCH.Clearnet's letter and answer to Q 46, it may be necessary for the Commission to extend Compliance Date 1 to 12 months after the first SDR is registered for a given asset class. Compliance Date 2 should be 3 months after Compliance Date 1.

**Question 46.** *Do you believe that persons with the duty to report would be able to satisfy their obligations by proposed Compliance Date 1? Why or why not? If six months after the first registered SDR that accepts security-based swaps in a particular asset class commences operations as a registered SDR is not a sufficient amount of time to comply, what amount of time would be sufficient? Would persons with the duty to report require additional time to comply with certain requirements by proposed Compliance Date 1? If so, which requirement(s), and what additional amount of time would be necessary?*

As discussed in LCH.Clearnet's letter, it may be necessary for the Commission to extend Compliance Date 1 to 12 months after the first registered SDR that accepts security-based swap in a particular asset class commences operations as a registered SDR.

LCH.Clearnet has two concerns about the proposed compliance timeline. First, the proposed compliance timeline does not provide enough time for LCH.Clearnet to connect to all registered SDRs. As a practical matter, Proposed Rule 901(e)(1)(ii) would require LCH.Clearnet to connect to all SDRs. Second, the proposed compliance timeline assumes that the Commission will complete work on registrations of all SDRs that submit applications within a six month window. If the Commission does not register all SDRs within this timeframe, LCH.Clearnet may be forced to report to a SDR to which it is not currently connected. Again, as a practical matter, LCH.Clearnet may have to establish connectivity to all SDRs to prepare for this eventuality so that it can ensure compliance with Regulation SBSR.

There are several steps that the Commission could take to increase the feasibility of the proposed six month compliance timeline. The Commission could address LCH.Clearnet's first concern by accepting LCH.Clearnet's suggested approach for updating information on an alpha trade that has cleared. Final rules that reflect this approach would obviate the need for LCH.Clearnet to connect to all SDRs in order ensure that it could report information on cleared trades to any SDR where an alpha trade was reported. If the Commission finalizes Rule 901(e)(1)(ii) as proposed, LCH.Clearnet will need 12 months to connect to all SDRs.

With regard to LCH.Clearnet's second concern, the Commission could commit in the Relates to the final rules: (1) to act on all SDR applications within a six month timeframe or (2) to provide an exemption from complying with Regulation SBSR for any reporting side that intends to report to an SDR that is not registered within six months after the commencement of operations by the first registered SDR for an asset class. Taking one of these steps would provide comfort that LCH.Clearnet and other reporting sides will only need to build connectivity to one SDR. If the Commission does not take one of these steps, Compliance Date 1 will need to be extended to 12 months after the first SDR is registered for an asset class.

Proposed Compliance Date 2 should remain 3 months after Compliance Date 1.

**Question 47.** *Do you agree with the Commission's proposal to extend the exemption for the reporting of pre- enactment security-based swaps until six months after an SDR that is capable of receiving security-based swaps in that asset class is registered by the Commission and has*

*commenced operations as a registered SDR? Why or why not?*

LCH.Clearnet believes that the exemption for the reporting of pre-enactment security-based swaps should be extended to Compliance Date 1. As discussed in LCH.Clearnet's letter and answer to Q. 46, unless the Commission amends the Proposed Rules and takes action to clarify the requirements under Compliance Date 1, Compliance Date 1 should be 12 months after the first SDR is registered for a given asset class.

**Question 48.** *Do you agree with the Commission's proposal to terminate the exemption from Section 29(b) of the Exchange Act in connection with Section 3C(e)(1) on proposed Compliance Date 1? Why or why not? If not, when should the Section 29(b) exemption terminate?*

LCH.Clearnet agrees with the Commission's proposal to terminate the exemption from Section 29(b) of the Exchange Act in connection with Section 3C(e)(1) on Compliance Date 1 which, as LCH.Clearnet's letter and answer to Q 46 states, may need to be 12 months after the first SDR is registered for a given asset class.

**Question 50.** *Do you believe that registered security-based swap dealers, registered major security-based swap participants, registered clearing agencies, and platforms would be able to satisfy their obligations to establish policies and procedures for carrying out their reporting obligations by proposed Compliance Date 1? Why or why not? If six months after the first registered SDR that accepts security-based swaps in a particular asset class commences operations as a registered SDR is not a sufficient amount of time to comply, what amount of time would be sufficient?*

As LCH.Clearnet's letter and answer to Q 46 outlines, it may be necessary to extend Compliance Date 1 to 12 months after the first SDR is registered for a given asset class.