

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

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In the Matter of the Application of  
New York Portfolio Clearing, LLC  
For Registration as a Derivatives Clearing Organization

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ORDER OF REGISTRATION

New York Portfolio Clearing, LLC (“NYPC”) has submitted, pursuant to Section 5b of the Commodity Exchange Act (“CEA”), 7 U.S.C. 7a-1, an application for registration as a derivatives clearing organization (“DCO”), along with exhibits, supplemental documents, and other supporting information (together, the “Application”).

The Commodity Futures Trading Commission (“Commission”) has reviewed the Application. Based on the Application, the Commission finds that NYPC has, subject to the terms and conditions specified herein, demonstrated compliance with the requirements of the CEA and Commission regulations thereunder applicable to registration of DCOs. Therefore,

IT IS ORDERED, pursuant to Section 5b of the CEA, that the application of NYPC for registration as a DCO is granted, subject to the terms and conditions specified herein.

IT IS FURTHER ORDERED, that:

(1) NYPC shall at all times remain in compliance, and shall demonstrate compliance as requested by the Commission, with the Core Principles set forth in Section 5b of the CEA, and shall at all times fulfill each of the commitments and representations made in the Application including, without limitation, the following:

(a) NYPC shall maintain, at all times, sufficient financial resources to cover its operating expenses for at least one year, calculated on a rolling basis;

(i) In the first year after issuance of this Order, NYPC shall calculate its operating expenses by annualizing its actual expenses from March 1, 2011 through the end of the month immediately preceding the date of the calculation. Thereafter, NYPC shall calculate such operating expenses based upon its actual operating expenses for the year ending with the last complete month immediately preceding the date of calculation;

(ii) In satisfying this requirement, NYPC shall hold unencumbered, liquid assets (*i.e.*, cash, cash equivalents, or highly liquid securities) in an amount greater than or equal to its operating expenses for six months;

(b) NYPC shall maintain financial resources sufficient to cover any potential NYPC losses resulting from the default of the clearing member with the largest exposure, under extreme but plausible market conditions;

(c) NYPC shall perform stress testing on a quarterly basis to re-calculate the level of financial resources needed to meet all operational and default management requirements;

(d) NYPC shall use models that produce initial margin requirements such that the actual coverage of the initial margin requirements meets an established confidence level of at least 99% for each product that NYPC clears. NYPC shall not grant any reduction in initial margin requirements for offsetting positions in products not cleared by NYPC;

(e) NYPC shall provide to the Commission all information necessary for the Commission to conduct its oversight function of NYPC, including the following: (i) daily variation margin, for each clearing member, by customer origin and house origin; (ii) month-end

original margin on deposit and required, for each clearing member, by customer origin and house origin; and (iii) notice of any changes to SPAN risk array files;

(2) NYPC shall ensure the proper performance of all self-regulatory functions required of it as a registered DCO under the CEA and Commission regulations, including enforcement of the terms of all NYPC rules and procedures;

(3) NYPC shall promptly inform the Commission of any event, circumstance, or situation concerning any of NYPC's operations that may reasonably be expected to materially detract from NYPC's ability to continue complying with any of the Core Principles set forth in Section 5b of the CEA;

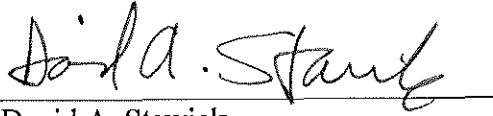
(4) NYPC shall immediately inform the Commission of the default, suspension, termination, or forced liquidation or transfer of the positions of any NYPC clearing member and shall provide the Commission with information regarding the impact of any such event upon the adequacy of NYPC's financial resources; and

(5) In the event of an "Emergency," as defined in the NYPC rules, NYPC shall notify the Commission as soon as practicable by telephone, with subsequent confirmation in writing, of the declaration of such an emergency, the reasons therefor, and the actions taken.

This Order is based upon the representations made and supporting material provided to the Commission by NYPC. In the event of any material changes to or omissions in the facts and circumstances pursuant to which this Order is issued, or for any reason in its own discretion, the Commission may condition, modify, suspend, terminate or otherwise restrict the terms of this Order, as appropriate, on its own motion.

Issued in Washington, D.C., this 31<sup>st</sup> day of January, 2011.

By the Commission

A handwritten signature in cursive script, appearing to read "David A. Stawick", written over a horizontal line.

David A. Stawick  
Secretary of the Commission