

VIA CFTC PORTAL

1 March 2019

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH Limited Self Certification: Weekly Notification of Rule Amendments for the Week ending 1 March 2019

Dear Mr Kirkpatrick

Please accept this notification of rule amendments to LCH Limited's rulebook pursuant to CFTC regulation §40.6(d), for the following non-substantive rule changes:

- Correction of cross-references relating to the Clearing House Prescribed Language from "Schedule 2 of Procedure 4" to "Schedule 1 of Section 1" within the respective procedures of the relevant clearing services.

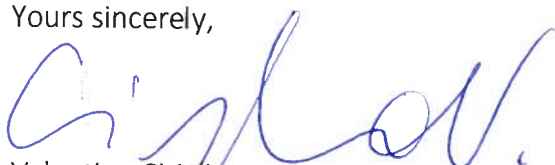
The change has been reflected in the following procedures:

- Procedures Section 2C ("SwapClear Clearing Service")
- Procedures Section 2I ("ForexClear Clearing Service")
- Procedures Section 2J ("Listed Interest Rates Clearing Service")

The relevant pages of the rulebook are included in Appendix I in black line form.

Should you have any questions regarding this submission, please contact me at valentina.cirigliano@lch.com.

Yours sincerely,



Valentina Cirigliano
Regulatory Advisor
LCH Limited

Appendix I
(includes changes in Procedures Sections 2C/ 2I/ 2J)



LCH LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

A SwapClear Clearing Member may request that the Clearing House opens a Custodial Segregated Account in respect of a Clearing Client and must execute, and procure that the Clearing Client executes, such documentation as the Clearing House specifies.

1.21 SwapClear STM Contracts and SwapClear CTM Contracts – Elections and Conversions

If a SwapClear Clearing Member wishes to make an election pursuant to Regulation 55(c) or a conversion pursuant to Regulation 57A(n) it must complete and deliver to the Clearing House such documentation as the Clearing House shall make available for such purposes from time to time. A SwapClear Clearing Member wishing to make such an election or conversion should contact swapclearclientservices@lchclearnet.com. SwapClear Clearing Members agree that Clearing Clients (including FCM Clients) may submit an election pursuant to Regulation 55(c) or conversion pursuant to Regulation 57A(n) on their behalf via the SwapClear Portal.

1.22 SwapClear Client Clearing

As part of the SwapClear Service, a SwapClear Clearing Member is able to provide certain clearing services to SwapClear Clearing Clients.

1.22.1 *Security Deed*

Unless specified otherwise by the Clearing House, a SwapClear Clearing Member must enter into a Security Deed in respect of its Clearing Clients in relation to amounts due to it from the Clearing House pursuant to the Client Clearing Annex. Further information in relation to such Security Deed is prescribed by the Clearing House from time to time and published on the Clearing House's website.

1.22.2 *Prescribed Language*

Pursuant to the Clearing House's Regulations, each SwapClear Clearing Member is required to ensure that it includes certain language in its agreement with its SwapClear Clearing Client (the "**Clearing House Prescribed Language**"). The Clearing House Prescribed Language is shown at Schedule ~~2-1~~ of Section 1 of [the Procedures 4 \(Margin and Collateral\)](#).

1.22.3 *Other Legal Documentation*

- (a) From time to time, the Clearing House may make available on its website template documents that a SwapClear Clearing Member and a SwapClear Clearing Client may find useful when agreeing the terms between them for the provision of clearing services by such SwapClear Clearing Member to a SwapClear Clearing Client. The Clearing House makes no representations in respect of any documentation, including without limitation, those provided by the Clearing House or otherwise.



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PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

The appointment of an LCH Approved Outsourcing Agent does not absolve an FXCCM of its obligations under the ForexClear DMP (including its obligation to participate in an Auction) and an LCH Approved Outsourcing Agent's participation in the ForexClear DMP on behalf of an FXCCM, in the event of a default, shall not extend beyond the provision of operational and other ancillary support to that FXCCM.

- 1.10.7 **ForexClear DMG:** The necessary involvement of FXCCMs and the ForexClear DMG in the ForexClear DMP entails the assessment and dissemination of information that could give rise to conflicts of interest. To ensure that such potential conflicts are demonstrably contained, Schedule 1 (*Confidentiality, non-disclosure and participation in the ForexClear Default Management Group*) establishes binding obligations of confidentiality, anonymity and the extent of dissemination of information on FXCCMs (and their executives or directors who participate from time to time in the ForexClear DMG) and on the Clearing House.

Each FXCCM who makes available a representative to serve on the ForexClear DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the ForexClear DMG complies with Schedule 1 (*Confidentiality, non-disclosure and participation in the ForexClear Default Management Group*) covering confidentiality, non-disclosure and other terms.

1.11 **Provision of Tax Forms**

The Clearing House and each FXCCM shall provide to each FXCCM or the Clearing House, as relevant, (i) any forms or documents specified in the ForexClear Contract between the Clearing House and the FXCCM and (ii) any other form, document, statement or certification reasonably requested in writing by the FXCCM or the Clearing House in order to allow the FXCCM or the Clearing House to make a payment under the Rules of the Clearing House or any ForexClear Contract without deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate unless the Clearing House or the FXCCM can no longer deliver such form, document, statement or certification solely as a result of a change in law (including double tax treaty) or interpretation thereof after the date of the ForexClear Contract between the Clearing House and the FXCCM. In the case of the Clearing House, the forms required pursuant to item (ii) above include an Internal Revenue Service Form W-8BEN. Additionally, the Clearing House will take such further actions as necessary to ensure that payments made to it can be made without deduction or withholding for or on account of any Tax.

1.12 **ForexClear Client Clearing**

1.12.1 *ForexClear Clearing Client Clearing – Ancillary Documentation*

- (a) **Security Deed:** Unless specified otherwise by the Clearing House, a ForexClear Clearing Member must enter into a Security Deed in respect of its Clearing Clients in relation to amounts due to it from the Clearing

House pursuant to the Client Clearing Annex. Further information in relation to such Security Deed is prescribed by the Clearing House from time to time and published on the Clearing House's website.

- (b) *Prescribed Language and End-User Notice:* Pursuant to the Clearing House's General Regulations, each ForexClear Clearing Member is required to ensure that it includes certain language in its agreement with its ForexClear Clearing Client (the "**Clearing House Prescribed Language**"). The Clearing House Prescribed Language is shown at Schedule 1 of Section 12 of ~~the~~ Procedures ~~4 (Margin and Collateral) of the Clearing House Procedures.~~

ForexClear Clearing Clients' attention is drawn to the End-User Notice which is published on the Clearing House's website:

<http://www.lch.com/about-us/governance/end-user-notice>

1.12.2 *Transactions in Respect of ForexClear Clearing Client Default to FXCCM*

- (a) This Section describes certain transactions that, under certain conditions, can be carried out by an FXCCM in respect of one of its ForexClear Clearing Clients that has defaulted in its obligations to the FXCCM.
- (b) A request or instruction from an FXCCM to the Clearing House to carry out a transaction described in Sections 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*) or 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on behalf of Defaulted Clients*) below shall in every case be deemed a representation by the FXCCM to the Clearing House that (i) the affected ForexClear Clearing Client is in default of its obligations to the FXCCM, (ii) the FXCCM has provided and will provide (as applicable) any required notices to the ForexClear Clearing Client of its default and the FXCCM's transactions effected under Sections 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*) and/or 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on behalf of Defaulted Clients*) below, and (iii) the FXCCM is permitted by its agreements with the ForexClear Clearing Client and Applicable Law, and has authority to effect the transactions specified in the FXCCM's requests and/or instructions to the Clearing House in respect of such ForexClear Clearing Client. FXCCMs are not permitted to effect or attempt to effect a transaction described in Sections 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*) or 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on behalf of Defaulted Clients*) below where the preceding representations are not satisfied.
- (c) In any other circumstance not covered by Section 1.12.3 (*Transfers between Client Accounts and Proprietary Accounts*), Section 1.12.4 (*ForexClear Contracts Entered into, or Cancelled, on Behalf of Defaulted Clients*) or Section 1.14 (*Indirect Clearing*), an FXCCM may only instruct the Clearing House to transfer a ForexClear Contract from



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PROCEDURES SECTION 2J

LISTED INTEREST RATES CLEARING SERVICE

Where the Clearing House is taking delivery of Bonds, via Euroclear or Clearstream Luxemburg, and a Seller fails to deliver Deliverable Bonds to the Clearing House in the overnight processing cycle of Euroclear or Clearstream Luxemburg, the Clearing House will invoke automatic borrowing procedures, subject to supply.

All costs arising as a result of failure to deliver to the Clearing House in the Euroclear/ Clearstream Luxemburg overnight processing cycle will be passed to the defaulting Selling Clearing Member.

During Clearstream Frankfurt standard cycle

Where the Clearing House is taking delivery of Bonds via one of its Clearstream Frankfurt agents, and a Seller fails to deliver to the Clearing House Deliverable Bonds in the standard cycle, the Clearing House will attempt to borrow stock.

All costs arising as a result of failure to deliver to the Clearing House (in the Clearstream Frankfurt standard cycle) will be passed to the defaulting Selling Clearing Member.

- (f) *S + 1 The first Frankfurt working day immediately following Settlement Day (LTD + 3)*

The Clearing House releases Collateral in respect of initial and contingent variation margin for successfully completed deliveries.

1.14 Listed Interest Rates Client Clearing

1.14.1 Listed Interest Rates Client Clearing – Ancillary Documentation

- (a) *Security Deed*

Unless specified otherwise by the Clearing House, a Listed Interest Rates Clearing Member must enter into a Security Deed in respect of its Clearing Clients in relation to amounts due to it from the Clearing House pursuant to the Client Clearing Annex. Further information in relation to such Security Deed is prescribed by the Clearing House from time to time and published on the Clearing House's website.

- (b) *Clearing House Prescribed Language*

Pursuant to the Clearing House's Regulations, each Listed Interest Rates Clearing Member is required to ensure that it includes certain language in its agreement with its Listed Interest Rates Clearing Client(s) (the "**Clearing House Prescribed Language**"). The Clearing House Prescribed Language is shown at Schedule 2-1 of Section 1 of the Procedures ~~4 (Margin and Collateral)~~.

1.14.2 Backup Clearing Members

A Listed Interest Rates Clearing Client may appoint a Backup Clearing Member for the purposes of the porting of the Listed Interest Rates Contracts entered