

VIA CFTC PORTAL

18 March 2020

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

**LCH Limited Self-Certification: SwapClear Inflation Swaps Fee Tariff**

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification a revised Inflation Swaps fee tariff.

**Part I: Explanation and Analysis**

LCH's SwapClear Service launched Zero Coupon (ZC) Inflation swap clearing in April 2015. Enhancements have been made to the offering including allowing solo, blended rate and multilateral (via Approved Compression Service Providers (ACSP)) compression for these products. On 23 March 2020 SwapClear plans to extend the eligibility of inflation products to include swaps of inflation linked securities (Standard Coupon Inflation Swaps) in the four indices that are currently cleared. SwapClear is revising its fee tariff to take into consideration these enhancements. There will be an increase for Members on the Platinum tariff from GBP £2.8m to £2.9m per Annum. For non-Platinum Members the inflation clearing cap will increase from GBP £300k to £400k per Annum.

These changes will go live on 1 April 2020.

**Part II: Description of Rule Changes**

There are no changes to the LCH Rulebook, however LCH will make changes to its website to highlight the new fee tariff and update its members via a member circular as shown in **Appendix I and II**.

**Part III: Core Principle Compliance**

LCH has reviewed the changes against the requirements of the Core Principles and finds that they will continue to comply with all the requirements and standards therein.

**Part IV: Public Information**

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at:

<http://www.lch.com/rules-regulations/proposed-rules-changes>

**Part V: Opposing Views**

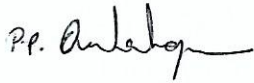
There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants that were not incorporated into the change.

**Certification**

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

Should you have any questions please contact me at [charlotte.woodwards@lch.com](mailto:charlotte.woodwards@lch.com).

Yours sincerely



Charlotte Woodward  
Senior Regulatory Advisor  
LCH Limited

## Appendix I

Website changes (Fees webpage)

<https://www.lch.com/services/swapclear/fees>

## Member Fees

### SwapClear Self-Clearing Fees

#### The platinum tariff

- The Platinum Tariff of £2,980,000 per year is designed for a Member Group that is expected to clear 30,000 contracts or more per year, together with a substantial number of inflation swaps and NDIRS volumes.
- Member Groups are charged a flat monthly fee of ~~£233,333~~241,666 payable in arrears. No booking or maintenance fees are payable.
- There are no additional fees for the clearing of inflation swaps and NDIRS.

[The revision to the Platinum tariff applicable from 1 April 2020 is detailed in circular No. 4082, which can be found \*\*here\*\*.](#)

#### Inflation swaps – regular pricing plan

- A Member Group may clear up to 200 inflation swap contracts each calendar year for a fee of £30,000. Cleared contracts in excess of 200 in one calendar year incur a booking fee of £120 per trade.
- Inflation swaps contracts incur a maintenance fee of £12 per trade per month.
- The £30,000 fee is due in February each year and is payable by all SwapClear Clearing Members (including FCM Clearing Members) that clear an inflation swap contract in the calendar year or have any live inflation swaps contracts as at the 1st January in each calendar year. All other clearing fees for inflation swaps are payable monthly in arrears.
- Where a Member Group's total clearing fees incurred by that Member Group for the clearing of inflation swaps contracts reaches ~~£4300,000~~ in any calendar year then no further fees are payable for the clearing of inflation swaps for the remainder of that year and that Member Group will automatically be invoiced ~~£4300,000~~ in the following year.
- A Member Group that commences clearing inflation swaps contracts during a calendar year will have its fees pro-rated for that calendar year.
- The inflation swaps regular pricing plan does not apply to a Member Group invoiced as per the platinum tariff.

[The revision to the Inflation Cap applicable from 1 April 2020 is detailed in circular No. 4082, which can be found \*\*here\*\*.](#)

**Appendix II**  
Member Circular

# Revised SwapClear Inflation Swaps Fee Tariff

**Summary**

Circular No. LCH Circular No: 4082

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Date: 18 March 2020

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To: All LCH Limited SwapClear Clearing Members

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Dear SwapClear Member,

LCH Limited is writing to inform SwapClear Clearing Members of the introduction of a revised Inflation Swaps fee tariff, which will apply from 1 April 2020 (subject to regulatory review). This is in light of the following enhancements to our Inflation products and services: launch of both Solo, Blended Rate and Approved Compression Service Provider (ACSP) compression for ZC Inflation Swaps, and the launch of Standard Coupon Inflation Swaps clearing.

### **Clearing Member – Platinum Tariff**

A SwapClear Clearing Member or Member Group to which the Platinum Tariff applies shall have their annual fee increased from £2,800,000 to £2,900,000.

Note: For 2020 this will be a pro-rated amount of £2,875,000.

### **Clearing Member – All Other Tariffs**

A SwapClear Clearing Member or Member Group that has elected the Bronze Tariff, the Silver Tariff or Gold Tariff and is on the Regular Pricing Plan for Inflation Swaps shall have the Inflation Cap increased from £300,000 to £400,000.

Note: For 2020 this will be a pro-rated amount of £375,000.

Kind regards,

LCH Relationship Management

Terms used in this circular have the meaning assigned to them in either the Rulebook or FCM Rulebook (as applicable), available at [www.lch.com](http://www.lch.com). The terms 'SwapClear Clearing Member' includes an 'FCM Clearing Member'.