

VIA CFTC PORTAL

29 March 2018

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

**LCH Limited Self-Certification: Launch of SONIA Futures**

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 the addition of SONIA Futures to the list of eligible products of the Listed Rates Clearing Service.

**Part I: Explanation and Analysis**

The Listed Rates Clearing Service clears listed interest rates derivatives for CurveGlobal, an offering via London Stock Exchange plc's derivatives market ("LSEDM"). LCH intends to add SONIA Futures to the list of products eligible for clearing via the service. The contract is intended to support on-going efforts to reform interest rate benchmarks by providing the Sterling market with a listed derivative through which to trade the new risk-free rate. The product is very similar to the existing GBP LIBOR 'Short Sterling' contract currently offered by CurveGlobal and cleared via Listed Rates; and is a series of quarterly contracts, each running for a 3-month period and are cash-settled in Sterling (based on the relevant GBP interest rate benchmark).

Further, the Listed Rates service will apply a clearing fee waiver to the SONIA Futures contracts until 31 December 2018. Following this date, the new product will be subject to the same fees applicable to the relevant Sterling contracts cleared via the service.

The changes will be effective on, or after, April 30, 2018.

**Part II: Description of Rule Changes**

There are no changes to the LCH Rulebook, however LCH will make changes to its website to add SONIA Futures to the list of eligible products and to note the temporary clearing fee waiver, as shown in **Appendices 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 [julian.oliver@lch.com](mailto:julian.oliver@lch.com).

Yours sincerely



Julian Oliver  
Chief Compliance Officer  
LCH Limited

## **Appendix I**

Website changes (addition of SONIA Futures as eligible product)  
<https://www.lch.com/services/listed-rates/curveglobal>

### CurveGlobal

#### Clearing CurveGlobal listed STIRs and LTIRs at LCH

#### What We Clear

LCH clears both short-term interest rate (STIRs) and long-term interest rate (LTIRs) derivatives  
denominated in Euro and Sterling listed on CurveGlobal.

#### **Short Term Interest Rate (STIR) Futures eligible for clearing at LCH:**

- 3 month Euribor Futures – cash settled
- 3 month Sterling Futures – cash settled
- 3 month SONIA Futures – cash settled

#### **Medium and Long Term Interest Rate (LTIR) Futures eligible for clearing at LCH:**

- Schatz Futures – 2 year Bond Future
- Bobl Futures – 3-5 year Bond Future
- Bund Futures – 10 year Bond Future
- Gilt Futures.

[More details on CurveGlobal interest rate products](#)

**Appendix II**

Website changes (SONIA Futures fees)

<https://www.lch.com/services/listed-rates/fees>

**Fees**

The below tariff is effective ~~30 April 2018~~<sup>1st August 2017</sup>

**Headline Rate**

Product	Fee
Euro	0.07
Sterling*	0.07

**\*\*Approved Proprietary Trading Firms**

Product	Fee
Euro	0.035
Sterling*	0.035

**Approved Market Making Firms**

Product	Fee
Euro	0
Sterling	0

**Physical Delivery\*\*\***

	Fee
Euro	€3.00 per delivery transaction
Sterling	£2.75 per delivery transaction

**Settlement\*\*\***

	Fee
Euro	€0.07 per lot
Sterling	£0.07 per lot

[\\* A clearing fee waiver will be applied to all CurveGlobal® Three Month SONIA trades until 31 December 2018](#)

\*\*A volume based discount plan for Approved Proprietary Trading Firms will apply.  
For cleared volumes 0 - 100,000 lots per calendar month, the existing tariff will apply.  
For cleared volumes above 100,000 lots per calendar month, no clearing fees will apply.

\*\*\* Applies to every cleared transaction and to both parties of the transaction.

All fees are charged in the currency of the contract.