

VIA CFTC PORTAL

June 26, 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: Rule Changes on Intraday Portfolio Transfers with Collateral**

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification amendments to its rules, pursuant to which clearing members can effect an intraday portfolio transfer of positions with associated collateral.

### **Part I: Explanation and Analysis**

Currently, there are two mechanisms to transfer positions in the SwapClear service: an end of day full transfer with collateral or an intraday partial or full transfer without collateral. SwapClear is introducing functionality to provide clearing members the ability to affect an intraday portfolio transfer with associated collateral. LCH is amending the General Regulations to reflect these operational changes.

The rule changes will go live on, or after, July 16, 2018.

### **Part II: Description of Rule Changes**

The definitions of “Intra-Day Full Bulk Transfer” and “Intra-day Partial Bulk Transfer” within Regulation 1 (Definitions) of the General Regulations are being amended to remove the restriction of against effecting intraday transfers with the transfer of associated collateral balances.

The texts of the rule changes are attached hereto as **Appendix I**, General Regulations.

### **Part III: Core Principle Compliance**

LCH 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 rule.

#### Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation § 40.6, that attached rule 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**  
General Regulations



**GENERAL REGULATIONS OF  
LCH LIMITED**

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<b>"Inflation SwapClear Contract"</b>	means a SwapClear Contract of the type of Contracts which are identified as being Inflation SwapClear Contracts in the Product Specific Contract Terms and Eligibility Criteria Manual, which includes, in the case of the Default Rules (including the Rates Service DMP Annex but excluding, for the avoidance of doubt, the Client Clearing Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an Inflation FCM SwapClear Contract
<b>"Inflation Swap Business Day"</b>	has the meaning assigned to it in Chapter XIV(f)(i)
<b>"Inflation Swaps Operational Specifications "</b>	means the operational specifications governing the provision of market data in relation to Inflation SwapClear Contracts, as may be amended by the Clearing House from time to time
<b>"initial margin"</b>	means an amount determined and published from time to time by the Clearing House, in respect of which Members may be required to transfer Collateral to the Clearing House in accordance with these Regulations and/or the Procedures as a condition of registration of one or more Contracts by the Clearing House or in respect of one or more Contracts registered with the Clearing House, as prescribed by these Regulations and/or the Procedures
<b>"Insufficient Resources Determination"</b>	has the meaning assigned to it in Rule E10 of the Equities Default Fund Supplement, Rule CS6 of the Rates Service Default Fund Supplement, Rule F11 of the ForexClear Default Fund Supplement, or Rule R11 of the RepoClear Default Fund Supplement, as applicable
<b>"Insufficient Resources Determination Rule"</b>	means Rule E10 of the Equities Default Fund Supplement, Rule CS6 of the Rates Service Default Fund Supplement, Rule F11 of the ForexClear Default Fund Supplement and Rule R11 of the RepoClear Default Fund Supplement
<b>"Intellectual Property Rights"</b>	has the meaning assigned to it in Chapter XIV(j)
<b>"Intra-Day Bulk Transfer"</b>	means an Intra-Day Full Bulk Transfer and an Intra-Day Partial Bulk Transfer, unless the context otherwise requires
<b>"Intra-Day Full Bulk Transfer"</b>	means an intra-day transfer of all (but not some) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, <del>where such transfer does not include the transfer of an Associated Collateral Balance</del>

<b>“Intra-Day Non-Bulk Transfer”</b>	means an intra-day transfer of some or all of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer: (i) does not exceed the Bulk Threshold; and (ii) does not include the transfer of an Associated Collateral Balance
<b>“Intra-Day Partial Bulk Transfer”</b>	means an intra-day transfer of some (but not all) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, <del>where such transfer does not include the transfer of an Associated Collateral Balance</del>
<b>“ISA Port”</b>	means a port of the Contracts and Account Balance held in a Custodial Segregated Account opened by a Clearing Member with the Clearing House in respect of a Custodial Segregated Client to an Individual Segregated Account opened for such Clearing Client by a Backup Clearing Member in accordance with the Default Rules and the relevant Collateral Management Agreement
<b>"IRS FCM SwapClear Contract"</b>	has the meaning assigned to it in the FCM Regulations
<b>"IRS SwapClear Contract"</b>	means a SwapClear Contract of the type of Contracts which are identified as being IRS SwapClear Contracts in the Product Specific Contract Terms and Eligibility Criteria Manual, which includes, in the case of the Default Rules (including the Rates Service DMP Annex but excluding, for the avoidance of doubt, the Client Clearing Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an IRS FCM SwapClear Contract
<b>"Joint Rates Service Clearing Member"</b>	means, for purposes of the Portfolio Margining Service, a clearing member who is both a SwapClear Clearing Member and a Listed Interest Rates Clearing Member
<b>"Key Tenors"</b>	means the Key Tenors as set out in the Inflation Swaps Operational Specifications
<b>"Key Tenors Market Data"</b>	has the meaning assigned to it in Regulation 60A(1)
<b>"LCH Group Holdings Limited"</b>	means the group of undertakings consisting of LCH Limited, LCH Group Holding Limited, LCH.Clearnet LLC, LCH Service Company Limited and Banque Centrale de Compensation S.A. trading as LCH SA. (any references to a " <b>member</b> " of LCH Group Holdings Limited within these Regulations is to be construed accordingly)