

VIA CFTC PORTAL

29 July 2019

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

**LCH Limited Self Certification: Weekly Notification of Rule Amendments**

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 in the FCM Procedures.

Section 2.1.7(c) (Official Quotations) of the FCM Procedures: where we set forth official time quotations for our zero coupon yield, a reference to SOFR needs to be included to align to the SCM SwapClear Procedures.

The changes to the rulebook are included in Appendix I in black line form.

Should you have any questions regarding this submission, please contact me at [lavannyan.mahalingam@lch.com](mailto:lavannyan.mahalingam@lch.com).

Yours sincerely,



Lavannyan Mahalingam  
Regulatory Advisor  
LCH Limited

**Appendix I**  
FCM Procedures



**FCM PROCEDURES OF THE CLEARING HOUSE**

**LCH LIMITED**

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All FCM SwapClear Contracts credited to an FCM Clearing Member will, on submission to the Clearing House, be marked-to-market, in accordance with FCM Regulation 47 (*Daily Settlement of FCM SwapClear Contract and FCM ForexClear Contracts*). Except as expressly provided herein, the amount of Variation Settlement determined to be owing pursuant to FCM Regulation 47 must, subject to Intra-day Registration (see Section 2.1.3(e)) and the netting provisions of FCM Regulation 47), be paid by the FCM Clearing Member or the Clearing House, as applicable, in cash in the currency of the FCM SwapClear Contract. Where an FCM SwapClear Transaction is registered intra-day, and the change in net present value is covered with non-cash Collateral, the Clearing House will, the following Business Day, require payment of the full cash amount of Variation Settlement, subject to the netting provisions of FCM Regulation 47.

(b) *Zero Coupon Yield Curve Construction*

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon curves and portfolio valuation. Details of the construction method and Instruments used are available on request from the Clearing House Risk Management Department at +44 (0)20 7426 7549, but may be subject to change without prior notification.

(c) *Official Quotations*

Zero Coupon Yield curves will use prices and rates taken at:

All times quoted, are London time.

AUD	
BBSW & OIS	12:00
BRL	8:20, 13:15 and 19:05
CAD	20:00
CHF LIBOR & OIS	16:15
CLP	8:20, 13:15 and 19:05
CNY	8:20, 13:15 and 19:05
COP	8:20, 13:15 and 19:05
CZK	16:15
DKK	16:15

EURO EURIBOR	16:15
GBP LIBOR	16:15
HKD	12:00
HUF	16:15
INR	8:20, 13:15 and 19:05
JPY LIBOR & OIS	12:00
KRW	8:20, 13:15 and 19:05
MXN	20:00
NOK	16:15
NKD	12:00
PLN	16:15
SEK	16:15
SGD	12:00
THB	8:20, 13:15 and 19:05
TWD	8:20, 13:15 and 19:05
USD LIBOR; <u>SOFR</u> & OIS	20:00
ZAR	16:15
EURO OIS	18:15
GBP OIS	17:15

Zero coupon yield curves used for daily marking to market will be published on the Clearing House's Member Reporting website after the end of each Business Day.

(d) *Variation Settlement*

On the date of registration, the Net Present Value of an FCM SwapClear Contract will be calculated in accordance with Section 2.1.7(a).

On all subsequent days, the change in the Net Present Value from one Business Day to the next will be calculated by the Clearing House.

Separate Variation Settlement calculations are performed in respect of an FCM Clearing Member's house "H" account and in respect of an FCM Clearing Member's client "C" account. No offset between the "C" and the "H" accounts is permitted. The Clearing House shall make or receive a separate Variation Settlement payment in respect of each house "H" account and each client "C" account (subject to the netting provisions of FCM Regulation 47 and the Default Rules) of each FCM Clearing Member.

(e) *Price Alignment Amount (PAA)*

In order to compensate for the payment of changes in NPV on a daily basis for FCM SwapClear Transactions cleared through the Clearing House, the Clearing House will for each FCM Clearing Member either charge or pay Price Alignment Amount in accordance with Section 3.5.2. PAA is debited, credited and netted in accordance with FCM Regulation 47 and the Clearing House's normal practices.

(f) *Non-deliverable Interest Rate Swaps*

The Clearing House will calculate variation margin, NPV Payments and PAI in relation to FCM SwapClear Contracts that are non-deliverable interest rate swaps in USD, and all amounts due or payable under such FCM SwapClear Contracts must be paid in USD.

2.1.8 *Coupon Payments*

(a) *Calendars and Coupons*

Payment dates for coupon payments will be set based on the SwapsMonitor Financial Calendar (see Section 2.1.2(c)). Changes to the calendar that affect FCM SwapClear Contracts will be published and made available to FCM Clearing Members by the Clearing House in an FCM Clearing Member Report. The central control and publication of these calendars will assist the reconciliation of coupon payments between FCM Clearing Members and the Clearing House. Coupon payments will be adjusted, in the event of a holiday amendment, in accordance with the FCM SwapClear Contract Terms.