

VIA CFTC PORTAL

31 August 2018

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 31 August 2018

Dear Mr Kirkpatrick

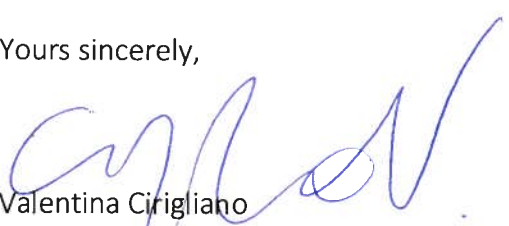
Please accept this notification of rule amendments to LCH Limited's rulebook pursuant to CFTC regulation §40.6(d), for the following non-substantive rule changes in the General Regulations, in respect to the clearing of the FX Options product via the ForexClear service:

- Addition of a paragraph reference in the definition of the term "Mandatory ForexClear Swap Limit".
- Minor drafting change clarifying the limited power of LCH to increase the Mandatory ForexClear Swap Limit above the relevant cap.

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
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

REGULATION 1 DEFINITIONS

In these Regulations and the Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

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| "Account Balance" | means, in relation to a Relevant Client Clearing Business of a Clearing Member, an Individual Segregated Account Balance, an Indirect Gross Account Balance, a Custodial Segregated Account Balance or an Omnibus Segregated Account Balance |
| "ACSP Compression Cycle" | means a Multilateral Compression Cycle established by the Clearing House and facilitated by an ACSP nominated by the Clearing House, which shall be open to participation by SwapClear Clearing Members either on their own account or with respect to a SwapClear Clearing Client in accordance with the provisions of Regulation 56 and relevant Compression Documentation |
| "Account Information Documents" | means the documents called "LCH Account Structures under EMIR" and "Fees for EMIR Segregation Accounts", as published by the Clearing House on its website and made available to Clearing Members and Clearing Clients upon request |
| "Affected ForexClear Option Clearing Member" | has the meaning assigned to it in Regulation 101 |
| "Affiliated Client Omnibus Net Segregated Account" | means, in relation to a Relevant Client Clearing Business, an account opened within the Clearing House by a Clearing Member on behalf of a group of Affiliated Omnibus Segregated Clearing Clients which is designated by the Clearing House as an Affiliated Client Omnibus Net Segregated Account |
| "Affiliated Client Omnibus Segregated Account" | means, in relation to a Relevant Client Clearing Business, (i) an Affiliated Client Omnibus Net Segregated Account or (ii) an Omnibus Gross Segregated Account opened on behalf of a group of Affiliated Omnibus Segregated Clearing Clients |
| "Affiliated Omnibus Net Segregated Clearing Clients" | means Affiliated Omnibus Segregated Clearing Clients in respect of whom the relevant Clearing Member clears Contracts with the Clearing House in an Affiliated Client Omnibus Net Segregated Account |

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| "Mandatory ForexClear Swap Limit" | means, in respect of a given day, a given ForexClear Currency and a given ForexClear Option Clearing Member, the maximum amount of Mandatory ForexClear Swap Transactions denominated in that ForexClear Currency that the Clearing House shall be entitled to enter into on that day on behalf of that ForexClear Option Clearing Member in accordance with Regulation 101(d)(v), as determined in accordance with the Procedures |
| "Mandatory ForexClear Swap Limit Cap" | means, in respect of a ForexClear Currency and all ForexClear Option Clearing Members, USD1,000,000,000 (or the equivalent denominated in the relevant ForexClear Currency) (as amended from time to time in accordance with the Regulations) |
| "Mandatory Settlement ForexClear Swap Contract" | means a ForexClear Swap Contract that is entered into for and on behalf of an Impacted and/or Non-Impacted ForexClear Option Clearing Member by the Clearing House acting pursuant to Regulation 100(k) and Regulation 105 |
| "margin" | means initial margin, variation margin and/or any other amounts required to be transferred and maintained under Regulation 20(a) (<i>Margin and Collateral</i>) |
| "Margin Cover" | has the meaning ascribed to such term in Default Rule 15(a) |
| "market" | means a futures, options, forward, stock or other market, administered by an Exchange, or an OTC market in respect of which the Clearing House has agreed with such Exchange or, in respect of an OTC market, with certain Participants in that market, to provide clearing services on the terms of these Regulations and the Procedures |
| "Market Data" | has the meaning assigned to it in Chapter XIV(f)(i) |
| "market day" | means in respect of a commodity, a day on which the market on which that commodity is dealt in is open for trading |
| "Market Deviation Notice" | has the meaning assigned to it in Chapter XIV(l) |

REGULATION 100 FOREXCLEAR OPTION SERVICE – SETTLEMENT LIMITS, SETTLEMENT TRADE-DOWN AND SETTLEMENT EVENETS

Settlement Limits

- (a) Subject to (c) and (d) below, the Clearing House may, in its sole and absolute discretion, determine from time to time:
- (i) the Settlement Position Limit;
 - (ii) the Settlement Exposure Limit; and
 - (iii) the Mandatory ForexClear Swap Limit,
- in respect of each ForexClear Option Clearing Member and each ForexClear Currency.
- (b) From time to time the Clearing House shall notify each ForexClear Option Clearing Member of the Settlement Position Limit, Settlement Exposure Limit and Mandatory ForexClear Swap Limit applicable to it and each ForexClear Currency in accordance with the Procedures.
- (c) Subject to (e) below, if the Clearing House wishes to increase the Settlement Position Limit, Settlement Exposure Limit or, the Mandatory ForexClear Swap Limit, which shall be applicable to all ForexClear Option Clearing Members, in relation to a given ForexClear Currency, to no more than the Settlement Position Limit Cap (where such limit is aggregated with respect to all ForexClear Option Clearing Members and ForexClear Currencies), Mandatory ForexClear Swap Limit Cap (where such limit is aggregated with respect to all ForexClear Option Clearing Members) or Settlement Exposure Cap, as applicable, then the Clearing House may propose such amendment by giving all ForexClear Option Clearing Members no fewer than 10 business days' notice, such notice to specify the proposed new Settlement Position Limit, Settlement Exposure Limit and/or Mandatory ForexClear Swap Limit (the "**Revised Limits**"). If the Requisite ForexClear Option Clearing Members vote in favour of the Revised Limits then the Revised Limits shall take effect following 30 calendar days' notice (or such other period as the Clearing House shall decide) from, and including, the expiration of the notice period specified above. If the Requisite ForexClear Option Clearing Members do not vote in favour of the Revised Limits, then the Revised Limits shall not take effect. For the purposes of the foregoing, a ForexClear Option Clearing Member that does not communicate its vote to the Clearing House by the end of the notice period specified above shall be deemed to have voted in favour of the Revised Limits. The Clearing House shall publish the terms of the voting process on or prior to the business day on which the vote is initiated.
- (d) Subject to (e) below, if the Clearing House wishes to increase the Settlement Position Limit Cap, Settlement Exposure Limit Cap or Mandatory ForexClear Limit Cap (as applicable), then the Clearing House may propose such amendment by giving all ForexClear Option Clearing Members no fewer than 10 business days' notice, such notice to specify the proposed new Settlement Position Limit Cap, Settlement Exposure Limit Cap and/or Mandatory ForexClear Limit Cap (the "**Revised Caps**"). If 100% of the then total number of ForexClear Option Clearing Members vote in

favour of the Revised Caps then the Revised Caps shall take effect following 30 calendar days' notice (or such other period as the Clearing House shall decide) from, and including, the expiration of the notice period specified above. If less than 100% of the then total number of ForexClear Option Clearing Members vote in favour of the Revised Caps then the Revised Caps shall not take effect. For the purposes of the foregoing, a ForexClear Option Clearing Member that does not communicate its vote to the Clearing House by the end of the notice period specified above shall not be deemed to have voted in favour of the Revised Caps. The Clearing House shall publish the terms of the voting process **on or prior** to the business day on which the vote is initiated.

- (e) The Clearing House shall be entitled to increase the Settlement Position Limit, Settlement Exposure Limit, Mandatory ForexClear Swap Limit, Settlement Position Limit Cap and/or Settlement Exposure Limit Cap without the consent of any ForexClear Option Clearing Member, and without regard for the process in paragraphs (c) or (d) above if, it determines, in its sole and absolute discretion, that:
- (i) it considers such action advisable for its own protection or the protection of the relevant market;
 - (ii) it is required to take such action to comply with any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
 - (iii) except with respect to an increase to the Settlement Position Limit, Settlement Exposure Limit, Mandatory ForexClear Swap Limit and/or Settlement Exposure Limit Cap, a new ForexClear Clearing Member has been designated as a new ForexClear Option Clearing Member, provided however that, in such circumstance, the Clearing House shall only be entitled to increase the caps referenced in (e) above without using the process in paragraph (d) above to the extent that such increase is no greater, in percentage terms, than the percentage increase in the number of ForexClear Option Clearing Members that has occurred as a result of such ForexClear Option Clearing Member being so designated;
 - (iv) solely with respect to the Settlement Position Limit and/or Settlement Position Limit Cap, it considers such action advisable where (A) the register of primary nostro account providers of ForexClear Option Clearing Members is updated in accordance with the Procedures and (B) an increase to the Settlement Position Limit occurs as the direct result of the given update to register of primary nostro account providers; or
 - (v) it considers such action advisable in connection with an operational or technical failure or delay,

provided, however, that in no event shall the Clearing House be entitled to increase the Mandatory ForexClear Swap Limit for any ForexClear Option Clearing Member to an amount that, (when aggregated with the Mandatory ForexClear Swap Limits of all-across-allthe other ForexClear Option Clearing Members), above exceeds the Mandatory ForexClear Swap Limit Cap.