

Via CFTC Portal

22nd September 2017

Mrs. Parisa Abadi

Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mrs. Abadi,

Pursuant to CFTC regulation §40.6(a), LCH SA (“**LCH**”), a derivatives clearing organization (“**DCO**”) registered with the Commodity Futures Trading Commission (the “**CFTC**”), is submitting for self-certification the amendments to the CDS Clearing Rule Book, CDS Clearing Supplement, CDS Dispute Resolution Protocol and Procedures (the “**Rules**”) related to the proposed extension of the CDS clearing service to the clearing of options on index credit default swaps (“**CDS options**”).

The intended date of implementation is October 10th 2017 subject to any relevant regulatory review and/or approval process duly completed and in no event, the new service will be implemented earlier than ten (10) business days after the formal filing with the CFTC.

The submission changes made to the Rules are attached hereto as Appendix except for the CDS Dispute Resolution Protocol, subject to the confidential treatment requested by LCH SA.

Part I: Explanation and Analysis

LCH intends to extend the CDS clearing service to the clearing of credit index options referencing certain European indices. Clearing members will have the possibility to subscribe to this additional service for which both General Members and Select Members may choose to register to clear credit index options for their own account and/or with respect to General Members only, for the account of their clients.

New eligibility requirements regarding credit index options have been added, together with the process for exercising the credit index options.

The default management process has been also adjusted to take into account this additional service and in particular to provide that only clearing members registered for the options clearing service will be required to bid on auction packages containing credit index options.

We have also taken the opportunity to make some amendment to the Rules for consistency purpose.

The launch of the CDS options clearing service will be contingent on LCH SA’s receipt of all necessary regulatory review comments and approvals.

Part II: Description of Rule Changes

The following Rules have been amended:

- (i) CDS Clearing Rule Book with respect to the adding of new definitions related to credit index options, the new options clearing service, the default management process and other minor amendments for consistency purposes;
- (ii) CDS Clearing Supplement with respect to a new Part C governing the terms of an option cleared transaction being added;
- (iii) Procedures:
 - Section 1 with respect to the new options clearing service;
 - Section 2 with respect to references to options being added;
 - Section 3 with respect to references to options being added;
 - Section 4 with respect to new eligibility requirements for options being added;
 - Section 5 with respect to a new report on the options to be exercised being added, the update of the TIW, the compression for options and the price contribution process for options;
- (iv) The proposed changes to the CDS Dispute Resolution Protocol have been communicated to the CFTC via emails with confidential treatment requested.

Two separate self-certifications are submitted concurrently with the CFTC with respect to (i) amendments to LCH SA CDSClear Margin Framework and Default Fund Methodology and to (ii) the new applicable fee grid.

Part III: Core Principle Compliance

LCH will continue to comply with all Core Principles following the introduction of this change and has concluded that its compliance with the Core Principles would not be adversely affected by this change.

Part IV: Public Information

LCH has posted a notice of pending certifications 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 that were not incorporated into the rule.

Certification

LCH hereby certifies to the CFTC, 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: françois.faure@lch.com.

A handwritten signature in blue ink, appearing to read 'Faure', is written over a horizontal line.

Francois Faure
Chief Compliance Officer
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APPENDIX

Relevant extracts of:

- 1) CDS Clearing Rule Book
- 2) CDS Clearing Supplement
- 3) Section 1 of the Procedures
- 4) Section 2 of the Procedures
- 5) Section 3 of the Procedures
- 6) Section 4 of the Procedures
- 7) Section 5 of the Procedures
- 8) CDS Dispute Resolution Protocol **(to be filed separately with the CFTC under Confidential Treatment request)**