

VIA CFTC PORTAL

14 December 2017

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

LCH Limited Self Certification: rule changes regarding the use of LCH's data by Clearing Members, their Customers and service providers

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 changes to its rules to clarify the circumstances in which Clearing Members, their Customers and service providers may be permitted, or prohibited, to use LCH's data, as defined in the rules. The rules apply to all Clearing Members of LCH, including those which are Futures Commission Merchant ("FCM") Clearing Members.

Part I: Explanation and Analysis

LCH proposes to change its rules to clarify that a Clearing Member, its Customers and service providers may use LCH's data, as defined in the LCH's rules, solely for the purposes of risk management and settlement activities related to that Clearing Member's proprietary and Customer contracts cleared with LCH. The rules also note that disclosure is nevertheless permitted where required by the law or a regulatory authority, and in the context of court proceedings.

Further, the proposed rules note that Clearing Members, their Customers and service providers are prohibited from using or disclosing LCH's data for the purpose of creating or developing any new data, and where such use or disclosure may lead to the provision, use or contribution to a benchmark, as defined by the relevant EU legislation¹.

The rule changes will go live on, or after, January 1, 2018.

¹ [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016](#)

Part II: Description of Rule Changes

The proposed rules provide a new definition of the term "Clearing House Data", which encompasses all the data made available by, or on behalf of, LCH or any of its group undertakings. The definition is included in both the General Regulations and the FCM Regulations.

Further, the term "Derived Data" referenced in the General Regulations (Regulation 60A on Inflation Swaps) and FCM Procedures (Section 2.1.1 (e) on Inflation Swap Data) has been replaced by the term "Inflation Derived Data" to clarify it is specific to Inflation Swaps cleared by LCH's SwapClear service.

Regulation 53 of the General Regulations and Regulation 40 of the FCM Regulations include new paragraphs setting out the Clearing Members' obligations in respect to the use and disclosure of LCH's data. The same obligations apply to the Clearing Members' Customers and service providers, to whom the Clearing Member may disclose LCH's data. In this case, the rules require a Clearing Member to have a written contract in place with them setting out the circumstances where they are permitted and prohibited to use such data.

The texts of the changes are attached hereto as:

- **Appendix I**, General Regulations
- **Appendix II**, FCM Regulations
- **Appendix III**, FCM Procedures

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 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.

Yours sincerely



Julian Oliver

Chief Compliance Officer

LCH Limited

Appendix I
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

"Clearing Agreement"	means in relation to Client Clearing Business entered into by a Clearing Member in respect of any Service, suitable contractual arrangements between the Clearing Member and its Clearing Client in relation to the relevant Client Clearing Service
"Clearing Client"	means any RepoClear Clearing Client, SwapClear Clearing Client, EquityClear Clearing Client, LCH EnClear Clearing Client, LSE Derivatives Market Clearing Client, Nodal Clearing Client, ForexClear Clearing Client or Listed Interest Rates Clearing Client. For the avoidance of doubt, the reference to LCH EnClear Clearing Client includes a Customer (as such term is defined in Procedure 2E 1.4 in respect of LCH EnClear Services)
"Clearing House"	means LCH Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom
"Clearing House Applied Collateral"	means, in respect of an account of a Clearing Member, any cash Collateral provided by the Clearing House in respect of which the Clearing Member's obligation to return such Collateral has been discharged pursuant to the Rulebook by means of that return obligation having been set-off against an obligation owed by the Clearing House to that Clearing Member, as contemplated by Regulation 20(w)
"Clearing House Current Collateral Balance"	means, in respect of an account of a Clearing Member, all cash Collateral which has been transferred by the Clearing House to that Clearing Member (or which would, but for the application of Regulation 57(d) or another comparable payment netting provision applying in the ordinary course of business, have been transferred by the Clearing House to that Clearing Member) on account of the Clearing House's variation margin obligations relating to the relevant account pursuant to the Rulebook, less any Clearing House Applied Collateral and any Clearing House Returned Collateral in relation to that account; provided that any amounts transferred by the Clearing House to the Clearing Member for the purpose of settling an obligation in respect of daily settlement amounts pursuant to Regulation 23(c) or an obligation arising pursuant to a SwapClear STM Contract which is due and payable do not form part of the Clearing House Current Collateral Balance
<u>"Clearing House Data"</u>	<u>means the data or data products (or any part of such) made available by or on behalf of the Clearing House or any of its group undertakings, which shall include any or derived data created or developed based on or as a result of such data or data products</u>

"delivery contract"	means a Cleared Exchange Contract, LSE Derivatives Markets Cleared Exchange Contract or Listed Interest Rates Contract between the Clearing House and a Member:
	(a) for the immediate sale and purchase of a reference asset or commodity arising on the exercise of an option pursuant to these Regulations; or
	(b) for the sale and purchase of a reference asset or commodity for delivery on the date specified in the contract or on the date agreed between the parties, in either case being an open contract under which tender is not required to be given
"delivery month"	means in respect of an exchange contract, the meaning ascribed to it in the Exchange Rules governing such contract or, in respect of an LCH EnClear Contract, the meaning ascribed to it in the LCH EnClear Procedures, or in respect of an LSE Derivatives Markets Cleared Exchange Contract, an expiration month as defined in the LSE Derivatives Markets Rules, or in respect of a Listed Interest Rates Contract, the meaning ascribed to such Contract in the Listed Interest Rates Contract Terms
"Depository"	means a collateral agent, custodian, central securities depository, securities settlement system or other similar entity
"Derived Data"	has the meaning assigned to it in Chapter XIV(g)(i)
"Designated Group Member"	has the meaning assigned to it in Chapter XIV(k)
"Designated Rates Exchange"	has the meaning assigned to it in Regulation 100(a)
"Designated Listed Interest Rates Contract "	has the meaning assigned to it in Regulation 100(b)
"Determination Date"	means the date for calculation of a Contribution other than an Unfunded Contribution or a Supplementary Contribution, as provided for in a Supplement, and includes a Commodities Determination Date, an Equities Determination Date, a ForexClear Determination Date, a Listed Interest Rates Determination Date, a RepoClear Determination Date and a SwapClear Determination Date
"Determined Omnibus Net Segregated Clients"	has the meaning assigned to it in the Client Clearing Annex to the Default Rules

"Indirect Clearing Client"	means a client of an Individual Segregated Account Clearing Client in respect of whom the relevant Clearing Member clears Contracts with the Clearing House in an Indirect Omnibus Segregated Account
"Indirect Omnibus Segregated Account"	means in respect of an Individual Segregated Account, the sub-account to such Individual Segregated Account opened within the Clearing House by the relevant Clearing Member on behalf of the related Individual Segregated Account Clearing Clients and designated by the Clearing House as an Indirect Omnibus Segregated Account
"Indirect Segregated Account Clearing Client"	means a Clearing Client acting on behalf of Indirect Clearing Clients comprising an Indirect Omnibus Segregated Account
"Individual Segregated Account"	means an account opened within the Clearing House by a Clearing Member or an FCM which enables the relevant Clearing Member or FCM (as applicable) to distinguish the assets and positions held for the account of an Individual Segregated Account Clearing Client from the assets and positions held for the account of its other clients, and which is designated by the Clearing House as an Individual Segregated Account
"Individual Segregated Account Balance"	means, in respect of an Individual Segregated Account Clearing Client, the Clearing Member Current Collateral Balance of the Individual Segregated Account held by the relevant Clearing Member on behalf of such client (together with any receivables, rights, intangibles and any other collateral or assets deposited or held with the Clearing House in connection with such an account)
"Individual Segregated Account Clearing Client"	means a Clearing Client in respect of whom the relevant Clearing Member clears Contracts with the Clearing House in an Individual Segregated Account
"Inflation Clearing Group"	has the meaning assigned to it in Chapter XIV(c)(i)
"Inflation Clearing Group Aggregate"	has the meaning assigned to it in Chapter XIV(c)(ii)
<u>"Inflation Derived Data"</u>	<u>has the meaning assigned to it in</u> Chapter XIV(g)(i)
"Inflation FCM SwapClear Contract"	has the meaning assigned to it in the FCM Regulations

CHAPTER XIII – ~~INTENTIONALLY LEFT BLANK~~ CLEARING HOUSE DATA

REGULATION 53 ~~INTENTIONALLY LEFT BLANK~~ CLEARING HOUSE DATA

- (a) Members, Clearing Clients (including FCM Clients) and the service providers of Members and Clearing Clients may use Clearing House Data solely for the purposes of risk management and settlement activities in relation to Contracts and positions held for the account of a Clearing Client. Members may only disclose the Clearing House Data:
- (i) to (A) Clearing Clients (including FCM Clients) for whom the Member provides Client Clearing Services and/or the service providers of such Clearing Clients and (B) the service providers of the Member, **provided** that, in each case, the Member shall require by way of written contract that each relevant Clearing Client and/or service provider shall only use Clearing House Data for the purposes of the Clearing Client’s or Member’s, as applicable, risk management and settlement activities in relation to Contracts and positions held for the account of a Clearing Client referencing the relevant Clearing House Data; and
 - (ii) where required or requested to do so by law or by a regulatory authority or for the purposes of commencing, or defending, an arbitration or court proceeding.
- (b) Without prejudice to paragraph (a) above and Regulation 60A, Members shall not, and shall require by way of written contract that any third party receiving Clearing House Data as a result of such Member’s disclosure shall not, use any Clearing House Data for any other purpose, including:
- (i) the creation or development of any new or derived data or data product; or
 - (ii) “provision of a benchmark”, “use of a benchmark” or “contribution of input data” under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Text with EEA relevance).

(a) —

REGULATION 60A INFLATION SWAPS

- (a) This (a) should be read separately for each index identified in the Product Specific Contract Terms and Eligibility Criteria Manual as an acceptable index for vanilla inflation rate swaps (each an “**Index**”) and, in respect of each SwapClear Clearing Member or Inflation Clearing Group (as applicable), with regards to each Index in respect of which the SwapClear Clearing Member clears or intends to clear, or the Group Members of the relevant Inflation Clearing Group clear or intend to clear, an Inflation SwapClear Contract through the Clearing House.
- (b) Each SwapClear Clearing Member represents and warrants that it has the capacity, power and authority under all Applicable Law to enter into, to exercise its rights and to perform its obligations in relation to the Inflation SwapClear Contracts registered in its name.
- (c) In respect of each quarter (the start dates of the quarters being 1 January, 1 April, 1 July and 1 October in each year (each a “**Quarter Start Date**”), the Clearing House will determine which Inflation Clearing Groups shall be required to provide Market Data during the relevant quarter, as set out below:
- (i) Each SwapClear Clearing Member clearing Inflation SwapClear Contracts is combined in a group with those of its affiliates (if any) who also clear Inflation SwapClear Contracts (each such group being an “**Inflation Clearing Group**”) and each SwapClear Clearing Member that is a member of an Inflation Clearing Group being a “**Group Member**”). For the avoidance of doubt, an Inflation Clearing Group may consist of one or more Group Members.
 - (ii) The Clearing House will calculate, on each Quarter Start Date and for each Inflation Clearing Group, the aggregate of all Inflation SwapClear Contracts referencing each particular Index cleared, over the course of the immediately preceding 12 months, through the Proprietary Accounts of the Group Members of that Inflation Clearing Group (the “**Inflation Clearing Group Aggregate**”).
 - (iii) Where the Inflation Clearing Group Aggregate of an Inflation Clearing Group in respect of a particular Index on a particular Quarter Start Date exceeds the Reporting Threshold Amount, each Group Member of that Inflation Clearing Group (each a “**Market Data Provider**”) will be required to provide Market Data in respect of that Index for the duration of the quarter in question in accordance with (f)(i). An Inflation Clearing Group, acting through one of its Group Members, shall be entitled to request a deferral of such obligation, on a one-off basis on the first occasion that the obligation arises in respect of the relevant Index, until the Quarter Start Date of the quarter immediately following the quarter in question.
 - (iv) If for any quarter there are to be less than 8 Inflation Clearing Groups to which (f)(i) applies in respect of a particular Index (or such lower number of Inflation Clearing Groups as the Clearing House may from time to time consider sufficient to allow it to produce [Inflation](#) Derived Data that is fair and representative of the pricing level of the relevant Index), the Clearing House may: (i) require any Inflation Clearing Group to which (f)(i) applied in the

prior quarter and which includes at least one Group Member who continues to enter into a non-trivial number of Inflation SwapClear Contracts referencing the relevant Index (as determined by the Clearing House in its sole discretion) to continue to comply with the obligations set out in (f)(i) in respect of that Index, notwithstanding that it may otherwise not be required to do so; or (ii) where the course of action outlines in (i) is not possible or would not be sufficient to ensure that an adequate number of Inflation Clearing Groups provide Market Data in relation to the relevant Index in accordance with (f)(i), require an Inflation Clearing Group requesting a deferral in accordance with (iii) above to start complying with the relevant obligation to provide Market Data from an earlier date.

(d) If, on a Quarter Start Date or on the date of launch of a new Index, the Clearing House has insufficient data for the purposes of calculating an Inflation Clearing Group Aggregate, it shall make its determinations on the basis of the following:

(i) in respect of Inflation SwapClear Contracts referencing a particular Index which were not eligible for clearing by the Clearing House for some or all of the immediately preceding 12 month period, the Clearing House shall determine the Inflation Clearing Group Aggregate of each relevant Inflation Clearing Group by estimating what it would have been, had the relevant Inflation SwapClear Contracts been eligible for clearing for all of such period; and

(ii) when the Clearing House wishes to launch a new Index, it shall reasonably determine the Inflation Clearing Group Aggregate of each Inflation Clearing Group with at least one Group Member who has informed the Clearing House that it intends to transact in Inflation SwapClear Contracts referencing the relevant new Index.

Any determination made by the Clearing House as to the Inflation Clearing Group Aggregate of an Inflation Clearing Group for which the Clearing House does not have the requisite data shall be made by the Clearing House applying, in its opinion, the most suitable methodology, which will, wherever possible, be based on the relevant Group Members' volume of business and trading patterns in relation to the relevant Index (where available) and, otherwise, any other Index that the Clearing House deems to be relevant. Any determination made by the Clearing House pursuant to Regulation 60A shall be final and binding.

(e) For the purposes of this (a), the reporting threshold in respect of an Index (the "**Reporting Threshold Amount**") shall be 250 or such lower number as the Clearing House may from time to time apply in order to ensure that the number of Inflation Clearing Groups providing Market Data in accordance with (f)(i) in relation to that Index will be at least 8 (or such lower number that the Clearing House considers sufficient, as described in (c)(iv) above).

(f) Each relevant Inflation Clearing Group required to provide Market Data to the Clearing House shall do so in accordance with the following procedures:

- (i) The relevant Inflation Clearing Group (acting through one of its Group Members) shall provide to the Clearing House such inflation market data as is specified in the Inflation Swaps Market Data Operational Specifications in respect of the relevant Index (the “**Market Data**”) and in the manner set out in the Inflation Swaps Market Data Operational Specification at the end of each Inflation Swaps Business Day and at such other times specified in the Inflation Swaps Operational Specifications where “**Inflation Swap Business Day**” means: (i) in the case of any GBP denominated Index, each day that is a London business day; (ii) in the case of any EUR-denominated Index a Target Settlement Day; or (iii) in the case of any USD-denominated Index, a New York business day. Where an Inflation Clearing Group contains two or more Group Members, the obligation to provide Market Data in accordance with this (i) shall apply individually with respect to each Group Member, as required by (c)(iii), but may be discharged by any one of such Group Members providing Market Data on behalf of the Inflation Clearing Group.
 - (ii) Where it is a Market Data Provider, the SwapClear Clearing Member represents and warrants that it has the capacity, power and authority under all Applicable Law to provide Market Data to the Clearing House.
 - (iii) Notwithstanding any provision of this (a) to the contrary, no SwapClear Clearing Member will be under any obligation to provide Market Data to the extent that it is prohibited from doing so by Applicable Law to it or by any contract that was in place prior to this (a) coming into force and no Inflation Clearing Group will be under any obligation to provide Market Data in circumstances where this (f) applies to each of its Group Members.
 - (iv) Subject to these Regulations, the Market Data Provider will retain all ownership rights, Intellectual Property Rights and all other rights in respect of the Market Data provided by it.
- (g) The Clearing House may only use and/or disclose Market Data in accordance with the following:
- (i) the Clearing House may use market-standard data aggregation tools in order to combine the Market Data received from different Inflation Clearing Groups in respect of a particular Index and/or combine Market Data with relevant data from other data sources (any such combined data or further data derived there from (the “**Inflation Derived Data**”)), provided that the Clearing House shall be entitled, in its sole discretion, to disregard one or more sets of relevant Market Data for these purposes. In producing the Inflation Derived Data, the Market Data will be anonymised and aggregated with other Market Data and/or equivalent market data received from other data sources so that it is not possible to analyse or reverse engineer the Inflation Derived Data in such a way as to attribute particular Market Data to a particular Inflation Clearing Group;
 - (ii) the Clearing House, LCH Group Holdings Limited and/or a subsidiary of LCHGroup Holdings Limited (for purposes of this Regulation 60A, each an “**LCH Group Company**”) may use and/or disclose Market Data (A) where required by law or by a regulatory authority, (B) use (but not disclose) Market

Data where required in accordance with the exercise of a discretion by the Clearing House Risk Committee and (C) for risk management and settlement purposes (including, for the avoidance of doubt, valuation, margining, reporting and account management purposes); and

(iii) other than as permitted by (ii) or as agreed in writing with a relevant Group Member, the Clearing House shall not (and the Clearing House shall procure that any LCH Group Company that uses and/or discloses Market Data pursuant to Regulation 60(g)(ii) shall not) use and/or share Market Data received from an Inflation Clearing Group with third parties (whether for fees or otherwise). In all cases, the Clearing House will (and the Clearing House will procure that any LCH Group Company that uses and/or discloses Market Data pursuant to Regulation 60(g)(ii) will apply) apply standards of confidentiality to the Market Data at least equivalent to those the Clearing House applies to its own confidential information. This obligation of confidentiality covers, but is not limited to, information about which SwapClear Clearing Member has provided what Market Data.

(h) The Clearing House may only use and/or disclose [Inflation](#) Derived Data (as applicable) in accordance with the following:

(i) use of the [Inflation](#) Derived Data for risk management and settlement purposes (including, for the avoidance of doubt, valuation, margining, reporting and account management purposes);

(ii) use of the [Inflation](#) Derived Data as a data source for other Services;

(iii) use of the [Inflation](#) Derived Data for the purpose of answering ad hoc queries from Clearing Members (including FCM Clearing Members) and industry bodies (but not systematic, regular distribution) relating to Inflation SwapClear Contracts or Inflation FCM SwapClear Contracts;

(iv) use of the [Inflation](#) Derived Data for the purpose of responding to surveys conducted by relevant international not for profit organisations (such as BIS or IOSCO) relating to Inflation SwapClear Contracts;

(v) use of the [Inflation](#) Derived Data where otherwise required to do so by a direction of the Clearing House Risk Committee;

(vi) use or disclosure of the [Inflation](#) Derived Data where required or requested to do so by law or by a regulatory authority or for the purposes of commencing, or defending, any arbitration or court proceedings;

(vii) making some or all of the [Inflation](#) Derived Data available, directly or indirectly, to SwapClear Clearing Members (including FCM Clearing Members), SwapClear Clearing Clients and/or FCM Clients, clearing or intending to clear Inflation SwapClear Contracts or Inflation FCM SwapClear Contracts through the Clearing House, and their respective service providers;

(viii) making some or all of the [Inflation](#) Derived Data available to one or more of the Clearing House's affiliates, auditors or professional advisers, provided that

each such affiliate, auditor or professional adviser shall be subject to restrictions on the use of such [Inflation](#) Derived Data which are no less onerous than those applicable to the Clearing House; and/or

- (ix) other than as permitted by this (h), the Clearing House shall not use and/or share the [Inflation](#) Derived Data with third parties (whether for fees or otherwise), save with the prior written consent of 75% in aggregate total of the Group Members of the Inflation Clearing Groups that were subject to a reporting requirement pursuant to (f)(i) on the most recent Quarter Start Date preceding the date on which the consent is to take effect.

Notwithstanding anything to the contrary in (h) above, in fulfilling its obligations hereunder, the Clearing House shall not be required to use and/or disclose [Inflation](#) Derived Data, and otherwise act, in contravention of Applicable Law or its continuing regulatory obligations.

Where the Clearing House makes [Inflation](#) Derived Data available to an LCH Group Company pursuant to Regulation 60A(h)(vii), the Clearing House shall ensure that such LCH Group Company does not use the [Inflation](#) Derived Data for any purposes other than those which the Clearing House is entitled to use the [Inflation](#) Derived Data pursuant to this Regulation 60A. For the purposes of the foregoing, references in Regulation 60A(h)(vii) to (i) 'SwapClear Clearing Member' shall be construed to include a member of an LCH Group Company and (ii) 'clearing or intending to clear Inflation SwapClear Contracts or Inflation FCM SwapClear Contracts through the Clearing House' shall be construed to include participating in or intending to participate in the service(s) of the given LCH Group Company.

- (i) SwapClear Clearing Members (including FCM Clearing Members) and/or the service providers of such Clearing Members may use the [Inflation](#) Derived Data solely for the purposes of such Clearing Members' internal risk management and settlement activities, in relation to Inflation SwapClear Contracts referencing the relevant Index and may only share the [Inflation](#) Derived Data with;
 - (i) SwapClear Clearing Clients or FCM Clients (as applicable) and/or the service providers of such SwapClear Clearing Clients or FCM Clients, and shall procure that the [Inflation](#) Derived Data may only be used solely for the purposes of SwapClear Clearing Clients' internal risk management and settlement activities in respect of the positions associated with the relevant Inflation SwapClear Contracts referencing the relevant Index and FCM Clients' internal risk management and settlement activities in respect of the relevant Inflation SwapClear Contracts and may not further disclose the [Inflation](#) Derived Data to any other person or use the [Inflation](#) Derived Data for any other purpose; and
 - (ii) where required or requested to do so by law or by a regulatory authority or for the purposes of commencing, or defending, and arbitration or court proceeding.

[Inflation](#) Derived Data may not be disclosed by SwapClear Clearing Members (including FCM Clearing Members) and/or their service providers to any other person or used by such parties for any other purpose.

Appendix II
FCM Regulations



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

FCM Regulations

“CEA”	means the U.S. Commodity Exchange Act.
“CFTC”	means the U.S. Commodity Futures Trading Commission.
“CFTC Regulations”	means the rules and regulations promulgated by the CFTC.
“Cleared Swap”	means “Cleared Swap” as such term is defined in CFTC Regulation 22.1, which term includes but is not limited to Swap Products.
“Cleared Swaps Account Class”	means the account class for cleared swaps accounts (as defined in CFTC Regulations 190.01(a)(i)) for purposes of Part 190 of the CFTC Regulations and Section 4d(f) of the CEA.
“Cleared Swaps Customer Account”	means “Cleared Swaps Customer Account” as such term is defined in CFTC Regulation 22.1.
“Clearing House”	means LCH Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.
<u>“Clearing House Data”</u>	<u>means the data or data products (or any part of such) made available by or on behalf of the Clearing House or any of its group undertakings, which shall include any or derived data created or developed based on or as a result of such data or data products</u>
“Client Account”	has the meaning assigned to it in the General Regulations.
“Closing-out Contract”	means, for the purposes of these FCM Regulations, an FCM Contract effected by or on behalf of the Clearing House and registered in an FCM Clearing Member's name, being an FCM Contract on the same terms (except as to price) as an Open FCM Contract in the FCM Clearing Member's name, save that where the Clearing House has position “X” under the terms of such open FCM Contract (where such FCM Contract consists of positions “X” and “Y”), the Clearing House shall have position “Y” under the terms of such closing-out FCM Contract, and vice-versa.
“CMS”	means the Clearing House’s collateral management system
“Collateral”	means the cash, securities or other collateral or assets deposited with or to be deposited with (as the context may require) the Clearing House by an FCM Clearing Member or otherwise furnished to (including any proceeds therefrom) an FCM Clearing Member’s Proprietary Account or its FCM Omnibus Client Accounts with LCH for the purpose of margining, guaranteeing and/or securing (as Margin) FCM Contracts for such accounts. The Clearing House will only credit deposited securities or other non-cash collateral or

Contract”

“**Ineligible FCM ForexClear Transaction**” has the meaning assigned to it in FCM Regulation 49(h)(i).

“**Ineligible FCM SwapClear Contract**” has the meaning assigned to it in FCM Regulation 46(g).

“**Ineligible FCM SwapClear Transaction**” has the meaning assigned to it in FCM Regulation 46(g).

[“Inflation Derived Data”](#) [has the meaning assigned to it in the UK General Regulations.](#)

“**Inflation FCM SwapClear Contract**” means an FCM SwapClear Contract identified as being an Inflation FCM SwapClear Contract in the FCM Product Specific Contract Terms and Eligibility Criteria Manual.

“**Initial Margin**” means, with respect to the amount of Margin attributable to a particular account or accounts of an FCM Clearing Member with the Clearing House, the portion of such Margin held in respect of the Clearing House’s initial margin requirements (as published from time to time by the Clearing House) in respect of the relevant FCM Contracts attributable to such account or accounts.

“**Intra-Day Bulk Transfer**” has the meaning assigned to it in the UK General Regulations.

“**IRS FCM SwapClear Contract**” means an FCM SwapClear Contract identified as being an IRS FCM SwapClear Contract in the FCM Product Specific Contract Terms and Eligibility Criteria Manual

“**LCH Group**” means the group of undertakings consisting of LCH Limited, LCH Group Holdings Limited, and Banque Centrale de Compensation S.A. trading as LCH SA. (any reference to a “**member**” of LCH Group Holdings Limited within these FCM Regulations is to be construed accordingly).

“**LCH Approved Outsourcing Agent**” means a person, designated as such by the Clearing House, as may be provided for in the FCM Procedures.

“**LCH Client Depository Account**” means an LCH Foreign Futures Client Depository Account, an LCH Futures Client Segregated Depository Account or an LCH Swaps Client Segregated Depository Account.

“**LCH Foreign Futures Client Depository Account**” means the account (which may consist of one or more accounts which are commingled) maintained by the Clearing House which contains, *inter alia*, the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients in connection with Foreign Futures Products cleared

**REGULATION 40 INTERPRETATION OF THESE FCM REGULATIONS;
APPLICABLE LAW; CLEARING HOUSE DATA**

- (a) In the event of inconsistency between the provisions of these FCM Regulations and the rules or regulations or other contractual provisions of any trading platform or other undertaking the provisions of these FCM Regulations shall prevail.
- (b) The headings to these FCM Regulations are for convenience only and shall not affect their interpretation.
- (c) FCMs shall at all times observe, interpret and give effect to the provisions of the Rulebook in a manner which promotes and maintains:
 - (i) the Clearing House's status as a recognised central counterparty under EMIR and a registered derivatives clearing organization under the United States Commodity Exchange Act and any other legal or regulatory status it has from time to time under any other Applicable Law;
 - (ii) the good reputation and integrity of the Clearing House and FCMs; and
 - (iii) the Clearing House's obligations under EMIR and any Applicable Law to act fairly and professionally in accordance with the best interests of FCMs and, where applicable, FCM Clients and sound risk management.
- (d) FCMs shall perform their obligations and exercise their rights under the Rulebook in accordance with Applicable Law.
- (e) Each FCM warrants and undertakes that (i) it shall not undertake any activities that would amount to, or facilitate or otherwise result in another person committing, tax evasion and (ii) it shall maintain reasonable procedures designed to prevent any employees, agents or other persons who perform services for it or on its behalf from undertaking any such activities. Each FCM shall give written notice to the Clearing House forthwith of any apparent breach of this clause and shall forthwith on demand supply to the Clearing House any information requested by the Clearing House related to the FCM's compliance with this clause.
- (f) FCMs, FCM Clients and the service providers of FCMs and FCM Clients may use Clearing House Data solely for the purposes of risk management and settlement activities in relation to FCM Contracts and positions held for the account of an FCM Client. FCMs may only disclose the Clearing House Data:
 - (i) to (A) FCM Clients for whom the FCM provides Client Clearing Services and/or the service providers of such FCM Clients and (B) the service providers of the FCM, **provided** that, in each case, the FCM shall require by way of written contract that each relevant FCM Client and/or service provider shall only use Clearing House Data for the purposes of the FCM Client's or FCM's, as applicable, risk management and settlement activities in relation to FCM Contracts and positions held for the account of an FCM Client referencing the relevant Clearing House Data; and
 - (ii) where required or requested to do so by law or by a regulatory authority or for the purposes of commencing, or defending, an arbitration or court proceeding.

(g) Without prejudice to paragraph (f) above and Section 2.1.1(e) of the FCM Procedures, FCMs shall not, and shall require by way of written contract that any third party receiving Clearing House Data as a result of such FCM's disclosure shall not, use any Clearing House Data for any other purpose, including:

(i) the creation or development of any new or derived data or data product; or

(ii) “provision of a benchmark”, “use of a benchmark” or “contribution of input data” under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Text with EEA relevance).

Appendix III
FCM Procedures



FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

and modifications to an FCM SwapClear Contract, to an Approved LCH SDR. A list of Approved LCH SDRs is available on the Clearing House's website. In the event an FCM wishes to report details of FCM SwapClear Contracts to a swap data repository that is not an Approved LCH SDR, the FCM must provide the Clearing House with reasonable prior notice of the date on which it wishes to report to such swap data repository.

FCMs must inform their respective FCM Clients of the list of Approved LCH SDRs, and inform such FCM Clients that the Clearing House is only able to report details of an FCM SwapClear Contract to an Approved LCH SDR.

In accordance with CFTC Part 45 requirements (where the FCM has a reporting obligation), FCMs must provide the Clearing House (i) the USI of the original swap that is submitted to the Clearing House for registration and (ii) the LEI of the original swap SDR (i.e., "OriginalSwapRepository" or equivalent field) to enable the Clearing House to accurately report the termination of the original swap to the appropriate SDR.

(e) *Inflation Swap Data*

Pursuant to, and subject to the terms and conditions of, Regulation 60A of the UK General Regulations, certain SwapClear Clearing Members provide Market Data (as such term is defined in the UK General Regulations) to the Clearing House and the Clearing House is expressly authorized to use such Market Data to create [Inflation Derived Data](#) ~~(as such term is defined in the UK General Regulations)~~. Pursuant to, and subject to the terms and conditions of, Regulation 60A of the UK General Regulations, the Clearing House may disclose or furnish [Inflation Derived Data](#) to third parties on terms to be determined by the Clearing House in its sole discretion. In the event that the Clearing House provides [Inflation Derived Data](#) to an FCM Clearing Member, upon such provision, it grants such FCM Clearing Member, and such FCM Clearing Member agrees to be bound by the terms of, a limited, worldwide, non-exclusive, non-transferable, non-sublicensable, revocable license (the "**License**") permitting the FCM Clearing Member to use the [Inflation Derived Data](#) solely for the purposes of such FCM Clearing Members' internal settlement and risk management activities in relation to Inflation SwapClear Contracts referencing the relevant Index and may only share the [Inflation Derived Data](#) with:

- (i) an FCM Client for whom the FCM Clearing Member conducts FCM SwapClear Clearing Services in respect of Inflation FCM SwapClear Contracts referencing the relevant Index and/or their third party service providers, provided that the FCM Clearing Member shall procure that such FCM Client and/or its service providers (as applicable) shall only use the [Inflation Derived Data](#) for the purposes of the FCM Client's internal risk

management and settlement activities in respect of Inflation FCM SwapClear Contracts which the FCM Clearing Member clears or intends to clear on the FCM Client's behalf in respect of the relevant Index and may not further disclose the [Inflation Derived Data](#) to any other person or use the [Inflation Derived Data](#) for any other purpose;

- (ii) third parties providing the FCM Clearing Member with risk management or settlement services, provided that the FCM Clearing Member shall procure that such third parties shall only use the [Inflation Derived Data](#) for the purposes of the FCM Clearing Member's internal risk management and settlement activities in relation to FCM Inflation SwapClear Contracts that reference the relevant Index and that the third party may not further disclose the [Inflation Derived Data](#) to any other person or use the [Inflation Derived Data](#) for any other purpose; and
- (iii) competent regulatory authorities when required to do so by Applicable Law or regulation;

2.1.2 *Operating Times And Calendars*

(a) *Opening Days*

The Clearing House will publish a circular detailing the days on which the FCM SwapClear clearing system will be open.

(b) *Opening Hours*

Unless notified otherwise, the FCM SwapClear clearing system will be operational during the following hours:

06:00 London time to 19:00 hours New York time (a "**Business Day**")¹.

The Clearing House will notify FCM Clearing Members in the event that the FCM SwapClear clearing system is scheduled for closure for operational or other reasons (including compression runs).

(c) *FCM SwapClear Clearing System Calendars*

The FCM SwapClear clearing system uses the SwapsMonitor Financial Calendar for its processing. This will require all FCM Clearing Members to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM SwapClear clearing system, will be available online for inspection and for file download from FCM Clearing Member Reporting (see Section 2.1.1(c)).

2.1.3 *Registration*

¹ The FCM SwapClear clearing system may, in the Clearing House's absolute discretion, be operational beginning 05:00 London Time.