

**Via CFTC Portal**

20<sup>th</sup> February 2017

**Mrs. Parisa Abadi**

Commodity Futures Trading Commission  
1155 21<sup>st</sup> 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 registered with the Commodity Futures Trading Commission (the “**CFTC**”), is submitting for self-certification a minor change in the methodology between CDX IG and CDX HY releases to handle the offsets between currencies in the Wrong Way Risk margin.

The intended date of implementation is 31 March 2017 subject to any relevant regulatory review or approval process but in no event, the change will be implemented earlier than 10 business days after the formal filing with the CFTC.

**Part I: Explanation and Analysis**

LCH proposes to bring an improvement to the Wrong Way Risk margin (WWR), as well as the rationale for it with an alternative formulation that would better take into account the weight of Right Way Risk (RWR) to offset the WWR.

LCH has communicated to the CFTC all related material detailing the change and attached in Appendix subject to the request for confidentiality treatment.

**Part II: Description of Rule Changes**

This submission does not require any changes to the CDSClearing Rule Book.

**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 change.

**Certification**

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation § 40.6, that this change submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me.



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## **APPENDIX**

**Subject to the request for confidential treatment**

- CDSClear Memo to ACPR dated 15 February 2016