

VIA CFTC PORTAL

30 September 2021

Mr. Christopher Kirkpatrick  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

**LCH Limited Self-Certification: EMTA Template Amendment**

Dear Mr. Kirkpatrick,

Pursuant to Commodity Futures Trading Commission ("CFTC") Regulation §40.6(a), LCH Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification revisions to the LCH rules to accommodate updates to templates provided by the trade association for emerging markets ("EMTA"). These templates include terms for inclusion in non-deliverable FX forward ("NDF Contract") transactions and non-deliverable currency option ("NDO Contract") transactions (each, an "EMTA Template").

**Part I: Explanation and Analysis**

On December 3, 2021 EMTA will update a term of certain of its EMTA Templates (to align them with other EMTA Templates). The purpose of this rule change is to enable the updated EMTA Templates to apply to existing, as well as new ForexClear NDF and NDO Contracts denominated in Brazilian Real (BRL), Colombian Peso (COL), Chilean Peso (CLP) and Peruvian Sol (PEN). The rule change is currency agnostic, therefore it will also accommodate any future changes affecting any other relevant currencies.

Consequently, LCH is submitting for self-certification revisions to its rules, as described in Part II below. These revisions are in the Product Specific Contract Terms and Eligibility Criteria Manual ("Product Manual") and FCM Product Specific Contract Terms and Eligibility Criteria Manual ("FCM Product Manual").

**Part II: Description of Rule Changes**

The following is a summary of the revisions to be made to the Product Manual and FCM Product Manual. Section references below refer to the Product Manual, however the changes described are equivalent to the changes in the FCM Product Manual.

Schedule 6 (The ForexClear Regulations) of the Product Manual is updated as follows:

- In Part A (ForexClear NDF Contract Terms; ForexClear Contracts Arising from ForexClear NDF Transactions); Section 1 (Interpretation), Item 1.11 is added. Item 1.11 provides that in relation to any amendment by EMTA to an EMTA Template, the LCH may from time to time, by notice to ForexClear clearing members, give directions that such amendment

shall apply in respect of, and to, ForexClear NDF Contracts that arise from a ForexClear NDF Contract transaction or FCM ForexClear NDF Contract transaction with a trade date that falls before the effective date of such amendment.

- In Part L (ForexClear NDO Contract Terms; ForexClear Contracts Arising from ForexClear NDO Transactions); Section 1 (Interpretation), Item 1.11 is added. Item 1.11 provides that in relation to any amendment by EMTA to an EMTA Template, LCH may from time to time, by notice to ForexClear clearing members, give directions that such amendment shall apply in respect of, and to, ForexClear NDO Contracts that arise from a ForexClear NDO Contract transaction or FCM ForexClear NDO Contract transaction with a trade date that falls before the effective date of such amendment.

The changes to the rules are included as **Appendices I and II** in black line form. The changes will be effective not earlier than October 15, 2021.

### **Part III: Core Principle Compliance**

LCH reviewed the proposed rule changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards set forth therein.

Specifically, these rule changes have potential relevance to Core Principle C (Participant and Product Eligibility).

The changes described in this filing ensure that LCH meets the objectives of Core Principle C, including that LCH have appropriate requirements for determining the eligibility of agreements, contracts, or transactions submitted for clearing, taking into account LCH's ability to manage the risks associated with such agreements, contracts, or transactions. Core Principle C also requires LCH to have rules providing that all swaps with the same terms and conditions established under LCH's rules are economically equivalent and may be offset with each other. Consistent with EMTA's updated EMTA Template, these rule changes provide for ongoing economic equivalence between products of the same type.

LCH considered its product eligibility requirements, specifically those related to the maintenance of product terms and conditions, and determined that the changes outlined in this filing will not impact LCH's compliance with Core Principle C. As a result, LCH believes these changes are consistent with the requirements of Core Principle C on Participant and Product Eligibility under CFTC regulation §39.12.

### **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: <https://www.lch.com/resources/rulebooks/proposed-rule-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.

### **Certification**

LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at [julian.oliver@lseg.com](mailto:julian.oliver@lseg.com).

Yours sincerely,



Julian Oliver  
Chief Compliance Officer  
LCH Limited

**Appendix I**  
Product Specific Contract Terms and Eligibility Criteria Manual  
*Changed Pages*

**LCH** The Markets'  
Partner

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**LCH** The Markets'  
Partner

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**PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA  
MANUAL**

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**SCHEDULE 6  
THE FOREXCLEAR REGULATIONS**

**PART A  
FOREXCLEAR NDF CONTRACT TERMS; FOREXCLEAR CONTRACTS ARISING  
FROM FOREXCLEAR NDF TRANSACTIONS**

Where a ForexClear NDF Contract arises between the Clearing House and a ForexClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such registered ForexClear NDF Contract shall include these ForexClear NDF Contract Terms, which shall comprise:

- (1) Interpretation;
- (2) Economic Terms;
- (3) Standard Terms, being both the:
  - A. Specific Standard Terms; and
  - B. General Standard Terms; and
- (4) if the ForexClear NDF Contract is a ForexClear NDF STM Contract, the ForexClear NDF STM Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail. In the event of any inconsistency between the ForexClear NDF STM Terms (where applicable) and either or both of the Economic Terms and the Standard Terms, the ForexClear NDF STM Terms will prevail.

Subject to the Regulations and the Procedures, the Clearing House will use the ForexClear NDF Contract Terms applicable to a ForexClear NDF Contract to calculate the amounts due under the ForexClear NDF Contract to, or from, the Clearing House in accordance with the Procedures.

**1. Interpretation ("Interpretation")**

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC and the same are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity.
- 1.3 **"ISDA"** means International Swaps and Derivatives Association, Inc. Or any successor entity.
- 1.4 Words and expressions used in these ForexClear NDF Contract Terms which are not defined herein shall have the meanings given to them in the Regulations and the Procedures, unless expressly provided otherwise. Words and expressions used in these ForexClear Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the ISDA Definitions shall have the meanings given to them in the ISDA Definitions, unless expressly provided otherwise.

- 1.5 In the event of an inconsistency, the Regulations and Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to an "FX Transaction" shall be deemed to be references to a "ForexClear NDF Transaction" for the purposes of these ForexClear NDF Contract Terms.
- 1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.
- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the ForexClear Clearing Members, give directions as to whether such amendment shall apply to ForexClear NDF Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to ForexClear NDF Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to ForexClear NDF Contracts going forward, these ForexClear NDF Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear NDF Contracts registered in a ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The accidental omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.
- 1.11 In relation to any amendment by EMTA to an EMTA Template, the Clearing House may from time to time, by notice to ForexClear Clearing Members, give directions that such amendment shall apply in respect of, and to, ForexClear NDF Contracts that arise from a ForexClear NDF Transaction or FCM ForexClear NDF Transaction with a Trade Date that falls before the effective date of such amendment.

## 2. **Economic Terms**

- 2.1 The Economic Terms of a ForexClear NDF Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding ForexClear NDF Transaction.
- 2.2 The particulars of a ForexClear NDF Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates or Non-EMTA NDF Contract Templates, where applicable:
  - (a) Trade Date (Section 1.25)
  - (b) Forward Rate (Section 2.1(a))
  - (c) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
  - (d) Reference Currency Buyer (Section 1.20)

## **PART L FOREXCLEAR NDO CONTRACT TERMS; FOREXCLEAR CONTRACTS ARISING FROM FOREXCLEAR NDO TRANSACTIONS**

Where a ForexClear NDO Contract arises between the Clearing House and a ForexClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such registered ForexClear NDO Contract shall include these ForexClear NDO Contract Terms, which shall comprise:

- (1) Interpretation;
- (2) Economic Terms;
- (3) Standard Terms; and
- (4) if the ForexClear NDO Contract is a ForexClear NDO STM Contract, the ForexClear NDO STM Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail. In the event of any inconsistency between the ForexClear NDO STM Terms (where applicable) and either or both of the Economic Terms and the Standard Terms, the ForexClear NDO STM Terms will prevail.

Subject to the Regulations and the Procedures, the Clearing House will use the ForexClear NDO Contract Terms applicable to a ForexClear NDO Contract to calculate the amounts due under the ForexClear NDO Contract to, or from, the Clearing House in accordance with the Procedures.

### **1. Interpretation ("Interpretation")**

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC and, as applicable, are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity.
- 1.3 **"ISDA"** means the International Swaps and Derivatives Association, Inc. or any successor entity.
- 1.4 Words and expressions used in these ForexClear NDO Contract Terms that are not defined herein shall have the meaning given to them in the Regulations or the Procedures, unless expressly provided otherwise. Words and expressions used in these ForexClear NDO Contract Terms that are not defined in the Regulations and the Procedures, but which are defined in the ISDA Definitions, EMTA Templates or LCH G10 NDO Contract Templates, shall have the meanings given to them in the ISDA Definitions, EMTA Templates or LCH G10 NDO Contract Templates, unless expressly provided otherwise.
- 1.5 In the event of an inconsistency or conflict, the Regulations and Procedures will prevail over the ISDA Definitions.



- 1.6 References in the ISDA Definitions to a "Currency Option Transaction" shall be deemed to be references to a "ForexClear NDO Transaction" for the purposes of these ForexClear NDO Contract Terms.
- 1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.
- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the ForexClear Clearing Members, give directions as to whether such amendment shall apply to ForexClear NDO Contracts and, if so, with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to ForexClear NDO Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to ForexClear NDO Contracts going forward, these ForexClear NDO Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear NDO Contracts registered in a ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

~~1.10~~1.11 In relation to any amendment by EMTA to an EMTA Template, the Clearing House may from time to time, by notice to ForexClear Clearing Members, give directions that such amendment shall apply in respect of, and to, ForexClear NDO Contracts that arise from a ForexClear NDO Transaction or FCM ForexClear NDO Transaction with a Trade Date that falls before the effective date of such amendment.

## 2. **Economic Terms**

- 2.1 The Economic Terms of a ForexClear NDO Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding ForexClear NDO Transaction.
- 2.2 The particulars of a ForexClear NDO Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms that are not predetermined in the relevant EMTA Template or LCH G10 NDO Contract Template, where applicable:
  - (a) Trade Date (Section 1.25)
  - (b) Buyer (Section 3.1(a))
  - (c) Seller (Section 3.1(f))
  - (d) Call Currency (Section 3.1(b))
  - (e) Call Currency Amount (Section 3.1(c))

**Appendix II**  
FCM Product Specific Contract Terms and Eligibility Criteria Manual  
*Changed Pages*



FCM PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA  
MANUAL

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**SCHEDULE 3  
FCM FOREXCLEAR**

**PART A  
FCM FOREXCLEAR NDF CONTRACT TERMS**

The terms of a registered FCM ForexClear NDF Contract shall include these FCM ForexClear NDF Contract Terms which shall comprise:

Interpretation;

- (1) Economic Terms; and
- (2) Standard Terms, being both the:
  - A. Specific Standard Terms; and
  - B. General Standard Terms

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM ForexClear NDF Contract Terms applicable to an FCM ForexClear NDF Contract to calculate the amounts due under the FCM ForexClear NDF Contract to, or from, the Clearing House in accordance with the FCM Procedures.

**1. Interpretation ("Interpretation")**

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC, and the same are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity
- 1.3 **"ISDA"** means International Swaps and Derivatives Association, Inc. or any successor entity.
- 1.4 Words and expressions used in these FCM ForexClear NDF Contract NDF Terms which are not defined herein shall have the meanings given to them in the FCM Regulations and the FCM Procedures, unless expressly provided otherwise. Words and expressions used in these FCM ForexClear NDF Contract NDF Terms which are not defined in the FCM Regulations and the FCM Procedures but which are defined in the ISDA Definitions shall have the meanings given to them in the ISDA Definitions, unless expressly provided otherwise.
- 1.5 In the event of an inconsistency, the FCM Regulations and the FCM Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to an **"FX Transaction"** shall be deemed to be references to an **"FCM ForexClear NDF Transaction"** for the purposes of the FCM ForexClear Service.

- 1.7 Except where expressly stated otherwise, all reference to "**Sections**" means Sections in the ISDA Definitions.
- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the FCM ForexClear Clearing Members, give directions as to whether such amendment shall apply to FCM ForexClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (**provided that** in any event any such amendment shall only apply in relation to FCM ForexClear Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to FCM ForexClear Contracts going forward, these FCM ForexClear Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with FCM ForexClear Contracts registered in an FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The accidental omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.
- 1.11 In relation to any amendment by EMTA to an EMTA Template, the Clearing House may from time to time, by notice to FCM ForexClear Clearing Members, give directions that such amendment shall apply in respect of, and to, FCM ForexClear NDF Contracts that arise from a FCM ForexClear NDF Transaction with a Trade Date that falls before the effective date of such amendment.

## 2. **Economic Terms**

- 2.1 The Economic Terms of an FCM ForexClear NDF Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ForexClear Transaction.
- 2.2 The particulars of an FCM ForexClear Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates or Non-EMTA NDF Contract Templates, where applicable:
- (1) Trade Date (Section 1.25)
  - (2) Forward Rate (Section 2.1(a))
  - (3) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
  - (4) Reference Currency Buyer (Section 1.20)
  - (5) Reference Currency Seller (Section 1.22)

**PART D**  
**FCM FOREXCLEAR NDO CONTRACT TERMS; FCM FOREXCLEAR CONTRACTS**  
**ARISING FROM FCM FOREXCLEAR NDO TRANSACTIONS**

Where an FCM ForexClear NDO Contract arises between the Clearing House and an FCM ForexClear Clearing Member pursuant to the FCM Regulations and the terms of any agreement entered into between them, the terms of such registered FCM ForexClear NDO Contract shall include these FCM ForexClear NDO Contract Terms, which shall comprise:

- (1) Interpretation;
- (2) Economic Terms; and
- (3) Standard Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM ForexClear NDO Contract Terms applicable to an FCM ForexClear NDO Contract to calculate the amounts due under the FCM ForexClear NDO Contract to, or from, the Clearing House in accordance with the FCM Procedures.

**1. Interpretation ("Interpretation")**

- 1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC and, as applicable, are incorporated by reference herein.
- 1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity.
- 1.3 **"ISDA"** means the International Swaps and Derivatives Association, Inc. or any successor entity.
- 1.4 Words and expressions used in these FCM ForexClear NDO Contract Terms that are not defined herein shall have the meaning given to them in the FCM Regulations or the FCM Procedures, unless expressly provided otherwise. Words and expressions used in these FCM ForexClear NDO Contract Terms that are not defined in the FCM Regulations and the FCM Procedures, but which are defined in the ISDA Definitions, EMTA Templates or LCH G10 NDO Contract Templates, shall have the meanings given to them in the ISDA Definitions, EMTA Templates or LCH G10 NDO Contract Templates, unless expressly provided otherwise.
- 1.5 In the event of an inconsistency or conflict, the FCM Regulations and FCM Procedures will prevail over the ISDA Definitions.
- 1.6 References in the ISDA Definitions to a "Currency Option Transaction" shall be deemed to be references to an "FCM ForexClear NDO Transaction" for the purposes of these FCM ForexClear NDO Contract Terms.
- 1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.

- 1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the FCM ForexClear Clearing Members, give directions as to whether such amendment shall apply to FCM ForexClear NDO Contracts and, if so, with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to FCM ForexClear NDO Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- 1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to FCM ForexClear NDO Contracts going forward, these FCM ForexClear NDO Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with FCM ForexClear NDO Contracts registered in a FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.10 The omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.8 or 1.9 above by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

~~1.10~~1.11 In relation to any amendment by EMTA to an EMTA Template, the Clearing House may from time to time, by notice to FCM ForexClear Clearing Members, give directions that such amendment shall apply in respect of, and to, FCM ForexClear NDO Contracts that arise from a FCM ForexClear NDO Transaction with a Trade Date that falls before the effective date of such amendment.

## 2. **Economic Terms**

- 2.1 The Economic Terms of an FCM ForexClear NDO Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ForexClear NDO Transaction.
- 2.2 The particulars of an FCM ForexClear NDO Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms that are not predetermined in the relevant EMTA Template or LCH G10 NDO Contract Template, where applicable:
- (a) Trade Date (Section 1.25)
  - (b) Buyer (Section 3.1(a))
  - (c) Seller (Section 3.1(f))
  - (d) Call Currency (Section 3.1(b))
  - (e) Call Currency Amount (Section 3.1(c))
  - (f) Put Currency (Section 3.1(d))
  - (g) Put Currency Amount (Section 3.1(e))
  - (h) Strike Price (Section 3.1(g))
  - (i) Settlement Date (Section 1.24)