

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25 SECURITIES AND EXCHANGE COMMISSION File No.* SR - 2019 - * 001
 WASHINGTON, D.C. 20549
 Form 19b-4 Amendment No. (req. for Amendments *)

Filing by Banque Centrale de Compensation
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

LCH SA is proposing to amend both its CDS and Options fee grid for CDSClear clearing members effective from January 1st 2019.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Mohamed Last Name * Meziane

Title * Senior Regulatory Advisor

E-mail * mohamed.meziane@lch.com

Telephone * (000) 000-0000 Fax (000) 000-0000

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 03/25/2019 Chief Compliance Officer

By Francois Faure

(Name *)

Francois FAURE, francois.faure@lch.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change
by

BANQUE CENTRALE DE COMPENSATION

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

Item 1. Text of the Proposed Rule Change

The proposed rule change by Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”) is to amend both its CDS and Options fee grid for CDSClear clearing members effective retroactively from January 1st, 2019.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by LCH SA Local Management Committee on December 10th 2018 and LCH SA Board of Directors on December 21st 2018.

Questions should be addressed to François Faure, Chief Compliance Officer, at francois.faure@lch.com or +33 1 70 37 65 96; or Mohamed Meziane, Senior Regulatory Advisor, Compliance Department, at mohamed.meziane@lch.com or +33 1 70 37 65 52.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

A. Purpose

The purpose of this proposed rule change is for LCH SA to (1) modify the annual fixed fee that covers all Index and Single Name CDS self-clearing activity for a General Clearing Member and its affiliates under the Unlimited Tariff, and (2) establish a new Unlimited Tariff to cover all Options self-clearing activity for Clearing Members as well as slightly increase the cap in the existing fee grid for the options clearing service.

The proposed CDSClear fee changes will apply retroactively from January 1st, 2019.

The need to apply the fees retroactively results from the long year end 2018 shutdown of the U.S. federal government (the “Shutdown”) and the subsequent closure of the Securities and

Exchange Commission (“SEC”) past December 26th. As a result of the Shutdown, beginning on December 27, 2018, the SEC was closed and SEC employees were out of the office until an appropriation was enacted and the SEC reopened on January 28, 2019. Because the SEC was closed, any filing submitted to the SEC during the Shutdown was not considered “received” (i.e., legally filed) until the SEC reopened in January 2019. Accordingly, when filing no. LCH SA-2018-006 was formally submitted to the SEC on December 27th, 2018 through the Electronic Form 19b-4 Filing System (“EFFS”) operated by the SEC, the filing was not considered as duly “received,” and therefore did not receive an official “filing date” until the SEC reopened end of January 2019, at which point the filing was rejected on technical grounds because the year indicated in the file number was no longer accurate.

As discussed and agreed with its clearing members and because LCH SA had also intended the fee change to become effective from January 1st, 2019, LCH SA’s national competent authorities had been duly advised of the proposed fee change that was also rule certified with the Commodity Futures Trading Commission (“CFTC”) on December 20, 2018¹ in a manner that would have permitted the fee change to take effect early January 2019.

Given the termination on December 31st, 2018 of the previous CDSClear annual fixed fee amount applicable to General Members under the Unlimited Tariff and any other alternative solution, the absence of the retroactive application of the new proposed and agreed fee grid would cause a potential harm to the LCH SA CDSClear business because CDSClear would have

1 See https://www.lch.com/system/files/media_root/Fee%20grid%20changes__20%20Dec%202018.pdf

been without a regulatory approved fee grid including the new annual clearing fixed fee amount under the General Member Unlimited Tariff and would thus not have been in a position to collect the relevant revenues throughout its entire fee grid. Further, as described below, the annual fixed fee for the CDS Unlimited Tariff for General Members is supposed to decrease and no change has been made to the General Member Introductory Tariff and the Select Member Tariff so that none of them would be caught unaware if retroactive approval is granted.

1) ***Annual Clearing Fixed Fee (General Member Unlimited Tariff)***

Until December 31st, 2018, CDSClear was offering an all you can eat type of tariff called the “**CDS Unlimited Tariff**” for General Members that covers all self-clearing CDS Index and Single Name activity for a Clearing Member (“CM”) and its affiliates for an annual fixed fee of €2,000,000 (no variable fee). The proposed change will modify the annual fixed fee of the CDS Unlimited Tariff for General Members from €2,000,000 per year to €1,700,000 per year applicable retroactively from January 1st, 2019. This fixed fee will cover all clearing fees for Index and Single Name CDS house activity excluding Sovereign CDS for all affiliates of a given CM group.

2) **Options clearing service fee grid**

In addition, LCH SA is proposing to modify the CDSClear fee grid set up for the Options clearing service. Currently, Clearing Members and Clients that participate in the CDSClear Options clearing service are charged the clearing fees as follows:

General Member	Onboarding Fees	€ 30k	one-off fee per Legal Entity waived until 31-Mar-18	
	Clearing Fees	\$ 15	per million of option notional on US Indices*	
		€ 15	per million of option notional on European Indices	
		<i>Floor on clearing fees</i>	€150k	<i>Per calendar year (no pro-rating)</i>
		<i>Cap on Clearing fees</i>	€500k	<i>Per calendar year (no pro-rating)</i>
Select Member	Onboarding Fees	€ 30k	one-off fee per Legal Entity waived until 31-Mar-18	
	Clearing Fees	\$ 18	per million of option notional on US Indices*	
		€ 18	per million of option notional on European Indices	
		<i>Cap on Clearing fees</i>	€ 500k	<i>Per calendar year (no pro-rating)</i>
Client	Clearing Fees	\$ 20	per million of option notional on US Indices	
		€ 20	per million of option notional on European Indices	
Clearing fee holiday from launch until 31-Dec-2017 for all Members and Clients.				

* Subject to regulatory approval

As specified in the new LCH CDSClear options fee grid attached below under Exhibit 5, effective retroactively from 1st January 2019, it is proposed to:

- (a) Rename the current Options clearing service tariff the Options Introductory Tariff;
- (b) Increase the annual cap in the Options Introductory Tariff from €500k to €600k for both General Members and Select Members;
- (c) Introduce a new tariff called the Options Unlimited Tariff available to both General Members and Select Members and in which Members would pay an annual fixed fee to cover all the self-clearing fees for Credit Index

Options of all affiliated entities of a given Clearing Member Group. The level of this annual fixed fee (no pro-rating) would be set to:

- €375k for General Members
- €400k for Select Members

(d) Maintain the one-off onboarding fee of €30k to the Options clearing service under the following terms and conditions:

- i) The onboarding fee will be waived for all General and Select Members until 31-Mar-2019;
- ii) Under the Options Introductory Tariff, an onboarding fee will be charged for each legal entity (even if of the same Group) onboarding the service; and
- iii) Under the Options Unlimited Tariff, only one single onboarding fee will be charged for all affiliated entities of a given Clearing Member Group onboarding the service.

B. Statutory Basis

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges.²

With respect to the change of the CDS Unlimited Tariff, LCH SA has determined in consultation with its clearing members that the reduction in the annual fixed fee for General Members

² 15 U.S.C. 78q-1(b)(3)(D).

covering their Index and Single Name CDS self-clearing activity is reasonable and appropriate given the costs and expenses to LCH SA in providing the CDSClear service as well as the fact that the business is now reaching a more mature stage in its development and therefore requires less investment in the future.

As explained above and as agreed with the clearing members, applying the fees retroactively is also reasonable. Absent the Shutdown and subsequent closure of the Commission, as duly expected by the CDSClear members pursuant to the consultation process, the proposed fee changes including the new annual fixed fee amount for the General Members would have been immediately applicable from January 1st, 2019 pursuant to Section 19(b)(3)(A)³ of the Act and Rule 19b-4(f)(2).⁴

The proposed changes to the Options clearing service fee grid in consultation with CDSClear members aim at:

- offer CDSClear Clearing Members a true “all you can eat” tariff that covers all their self-clearing activities across the whole scope of products eligible at CDSClear
- Incentivize additional clearing members to onboard and use the Options clearing service by providing a more attractive tariff in which the marginal cost of clearing options reduces as more volumes are cleared.
- Building enough interdealer liquidity on the Options clearing service such that buy-side clients can also get comfortable with clearing credit index options at LCH SA CDSClear service,

³ 15 U.S.C. § 78s(b)(3)(A).

⁴ 17 C.F.R. § 240.19b-4(f)(2).

which is key for the market participants to get the full benefits of clearing options from a multilateral netting and the associated operational risk decrease perspective.

The proposed fee grid will apply equally to all General Members, Select Members and clients that will voluntarily join this CDSClear offering and LCH SA believes that it is reasonable and appropriate.

LCH SA believes that imposing such clearing fees is consistent with the requirements of Section 17A of the Act⁵ and the regulations thereunder applicable to it, and in particular provides for the equitable allocation of reasonable fees, dues, and other charges among clearing members and market participants by ensuring that Members pay reasonable fees and dues for the services provided by LCH SA, within the meaning of Section 17A(b)(3)(D) of the Act.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.⁶ LCH SA does not believe that the proposed rule change would impose any burden on competition.

As noted above, LCH SA believes that the fees and any related discount have been set up at an appropriate level given the costs and expenses to LCH SA in offering and maintaining the relevant CDSClear services.

Additionally, the fees and related discounts will apply equally to all Clearing Members of CDSClear.

⁵ 15 U.S.C. 78q-1.

⁶ 15 U.S.C. 78q-1(b)(3)(I).

Further, LCH SA does not believe that the proposed rule change would have a burden on competition because it does not adversely affect the ability of such Clearing Members or other market participants generally to engage in cleared transactions or to access clearing services.

The retroactive application of the fee changes will apply to all CDSClear members and will not adversely affect their ability to engage in cleared transactions or to access clearing services.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) LCH SA is filing the proposed rule change for immediate effectiveness pursuant to Section 19(b)(3)(A)⁷ of the Act and Rule 19b-4(f)(2).⁸

(b) LCH SA believes that summary effectiveness is warranted because the proposed rule establishes a fee or other charge imposed by LCH SA on its Clearing Members, within the meaning of Rule 19b-4(f)(2).

(c) Not applicable

(d) Not applicable

Item 8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

Not applicable.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1A. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. New CDSClear Fee Grid

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Banque Centrale de Compensation has caused this filing to be signed on its behalf by the undersigned hereunto duly authorized.

BANQUE CENTRALE DE COMPENSATION

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

By: _____
Francois Faure
Chief Compliance Officer

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-LCH SA-2019-001)

[DATE]

Self-Regulatory Organizations; LCH SA; Notice of Filing and Immediate Effectiveness of Proposed Rule Change,

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, 2019, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared by LCH SA. LCH SA filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(2)⁴ thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice

The proposed rule change will modify both CDS and Options fee grid for CDSClear activities applicable from January 1st, 2019.

¹ 15 U.S.C. 78s(b)(1).
² 17 CFR 240.19b-4.
³ 15 U.S.C. 78s(b)(3)(A).
⁴ 17 CFR 240.19b-4(f)(2).

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, LCH SA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice

1. Purpose

The purpose of this proposed rule change is for LCH SA to (1) modify the annual fixed fee that covers all Index and Single Name CDS self-clearing activity for a General Clearing Member and its affiliates under the Unlimited Tariff, and (2) establish a new Unlimited Tariff to cover all Options self-clearing activity for Clearing Members as well as slightly increase the cap in the existing fee grid for the options clearing service.

The proposed CDSClear fee changes will be retroactive from January 1st, 2019.

The need to apply the fees retroactively results from the long year end 2018 shutdown of the U.S. federal government (the "Shutdown") and the subsequent closure of the Securities and Exchange Commission ("SEC") past December 26th. As a result of the Shutdown, beginning on December 27, 2018, the SEC was closed and SEC employees were out of the office until an appropriation was enacted and the SEC reopened on January 28, 2019. Because the SEC was closed, any filing submitted to the SEC during the Shutdown was not considered "received" (i.e., legally filed) until the SEC reopened in January 2019. Accordingly, when filing no. LCH SA-2018-006 was formally submitted to

the SEC on December 27th, 2018 through the Electronic Form 19b-4 Filing System (“EFFS”) operated by the SEC, the filing was not considered as duly “received,” and therefore did not receive an official “filing date” until the SEC reopened end of January 2019, at which point the filing was rejected on technical grounds because the year indicated in the file number was no longer accurate.

As discussed and agreed with its clearing members and because LCH SA had also intended the fee change to become effective from January 1st, 2019, LCH SA’s national competent authorities had been duly advised of the proposed fee change that was also rule certified with the Commodity Futures Trading Commission (“CFTC”) on December 20, 2018⁵ in a manner that would have permitted the fee change to take effect early January 2019.

Given the termination on December 31st, 2018 of the previous CDSClear annual fixed fee amount applicable to General members under the Unlimited Tariff and any other alternative solution, the absence of the retroactive application of the new proposed and agreed fee grid would cause a potential harm to the LCH SA CDSClear business because CDSClear would have been without a regulatory approved fee grid including the new annual clearing fixed fee amount under the General Member Unlimited Tariff and would thus not have been in a position to collect the relevant revenues throughout its entire fee grid. Further, as described below, the annual fixed fee for the CDS Unlimited Tariff for General Members is supposed to decrease and no change has been made to the General Member Introductory Tariff and the Select Member Tariff so that none of them would be caught unaware if retroactive approval is granted.

⁵ See https://www.lch.com/system/files/media_root/Fee%20grid%20changes__20%20Dec%202018.pdf

1) **Annual Clearing Fixed Fee (General Member Unlimited Tariff)**

Until December 31st, 2018, CDSClear was offering an all you can eat type of tariff called the “**CDS Unlimited Tariff**” for General Members that covers all self-clearing CDS Index and Single Name activity for a Clearing Member (“CM”) and its affiliates for an annual fixed fee of €2,000,000 (no variable fee). The proposed change will modify the annual fixed fee of the CDS Unlimited Tariff for General Members from €2,000,000 per year to €1,700,000 peryear from January 1st, 2019. This fixed fee will cover all clearing fees for Index and Single Name CDS house activity excluding Sovereign CDS for all affiliates of a given CM group.

2) **Options clearing service fee grid**

In addition, LCH SA is proposing to modify the CDSClear fee grid set up for the Options clearing service. Currently, Clearing Members and Clients that participate in the CDSClear Options clearing service are charged the clearing fees as follows:

General Member	Onboarding Fees	€ 30k	one-off fee per Legal Entity waived until 31-Mar-18
	Clearing Fees	\$ 15	per million of option notional on US Indices*
		€ 15	per million of option notional on European Indices
	<i>Floor on clearing fees</i>	€150k	<i>Per calendar year (no pro-rating)</i>
	<i>Cap on Clearing fees</i>	€500k	<i>Per calendar year (no pro-rating)</i>
Select Member	Onboarding Fees	€ 30k	one-off fee per Legal Entity waived until 31-Mar-18
	Clearing Fees	\$ 18	per million of option notional on US Indices*
		€ 18	per million of option notional on European Indices
	<i>Cap on Clearing fees</i>	€ 500k	<i>Per calendar year (no pro-rating)</i>
Client	Clearing Fees	\$ 20	per million of option notional on US Indices
		€ 20	per million of option notional on European Indices
Clearing fee holiday from launch until 31-Dec-2017 for all Members and Clients.			

* Subject to regulatory approval

As specified in the new LCH CDSClear options fee grid attached below under Exhibit 5, effective from 1st January 2019, it is proposed to:

- (a) Rename the current Options clearing service tariff the Options Introductory Tariff;
- (b) Increase the annual cap in the Options Introductory Tariff from €500k to €600k for both General Members and Select Members;
- (c) Introduce a new tariff called the Options Unlimited Tariff available to both General Members and Select Members and in which Members would pay an annual fixed fee to cover all the self-clearing fees for Credit Index Options of all affiliated entities of a given Clearing Member Group . The level of this annual fixed fee (no pro-rating) would be set to:
 - €375k for General Members
 - €400k for Select Members
- (d) Maintain the one-off onboarding fee of €30k to the Options clearing service under the following terms and conditions:
 - i) The onboarding fee will be waived for all General and Select Members until 31-Mar-2019;
 - ii) Under the Options Introductory Tariff, an onboarding fee will be charged for each legal entity (even if of the same Group) onboarding the service; and
 - iii) Under the Options Unlimited Tariff, only one single onboarding fee will be charged for all affiliated entities of a given Clearing Member Group onboarding the service.

2. Statutory Basis

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges.⁶

With respect to the change of the CDS Unlimited Tariff, LCH SA has determined in consultation with its clearing members that the reduction in the annual fixed fee for General Members covering their Index and Single Name CDS self-clearing activity is reasonable and appropriate given the costs and expenses to LCH SA in providing the CDSClear service as well as the fact that the business is now reaching a more mature stage in its development and therefore requires less investment in the future.

As explained above and as agreed with the clearing members, applying the fees retroactively is also reasonable. Absent the Shutdown and subsequent closure of the Commission, as duly expected by the CDSClear members pursuant to the consultation process, the proposed fee changes including the new annual fixed fee amount for the General Members would have been immediately applicable from January 1st, 2019 pursuant to Section 19(b)(3)(A)⁷ of the Act and Rule 19b-4(f)(2).⁸

The proposed changes to the Options clearing service fee grid in consultation with CDSClear members aim at:

- offer CDSClear Clearing Members a true “all you can eat” tariff that covers all their self-clearing activities across the whole scope of products eligible at CDSClear

⁶ 15 U.S.C. 78q-1(b)(3)(D).

⁷ 15 U.S.C. § 78s(b)(3)(A).

⁸ 17 C.F.R. § 240.19b-4(f)(2).

- Incentivize additional clearing members to onboard and use the Options clearing service by providing a more attractive tariff in which the marginal cost of clearing options reduces as more volumes are cleared.

- Building enough interdealer liquidity on the Options clearing service such that buy-side clients can also get comfortable with clearing credit index options at LCH SA CDSClear service, which is key for the market participants to get the full benefits of clearing options from a multilateral netting and the associated operational risk decrease perspective.

The proposed fee grid will apply equally to all General Members, Select Members and clients that will voluntary join this CDSClear offering and LCH SA believes that it is reasonable and appropriate.

LCH SA believes that imposing such clearing fees is consistent with the requirements of Section 17A of the Act⁹ and the regulations thereunder applicable to it, and in particular provides for the equitable allocation of reasonable fees, dues, and other charges among clearing members and market participants by ensuring that Members pay reasonable fees and dues for the services provided by LCH SA, within the meaning of Section 17A(b)(3)(D) of the Act.

B. Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the

⁹ 15 U.S.C. 78q-1.

purposes of the Act.¹⁰ LCH SA does not believe that the proposed rule change would impose any burden on competition.

As noted above, LCH SA believes that the fees and any related discount have been set up at an appropriate level given the costs and expenses to LCH SA in offering and maintaining the relevant CDSClear services.

Additionally, the fees and related discounts will apply equally to all Clearing Members of CDSClear.

Further, LCH SA does not believe that the proposed rule change would have a burden on competition because it does not adversely affect the ability of such Clearing Members or other market participants generally to engage in cleared transactions or to access clearing services.

C. Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

(a) LCH SA is filing the proposed rule change for immediate effectiveness pursuant to Section pursuant to Section 19(b)(3)(A)¹¹ of the Act and Rule 19b-4(f)(2).¹²

(b) LCH SA believes that summary effectiveness is warranted because the

¹⁰ 15 U.S.C. 78q-1(b)(3)(I).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(2).

proposed rule establishes a fee or other charge imposed by LCH SA on its Clearing Members, within the meaning of Rule 19b-4(f)(2).

(c) Not applicable

(d) Not applicable

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

- Use the Commission's Internet comment form
(<http://www.sec.gov/rules/sro.shtml>) or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-LCH SA-2019-001 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-LCH SA-2019-001. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld

from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of LCH SA and on LCH SA's website at <https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0>. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-LCH SA-2019-001 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Secretary

¹³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed Unlimited Tariff effective as of January 1st 2019 **

General Member	Annual Fixed Fee	Self-Clearing/Variable Fees			
		EUR Indices	EUR Single Names	US Indices	US Single Names
Unlimited Tariff	€ 1,700,000	No Variable Fee			

Proposed LCH CDS Clear Options clearing service fee grid effective as of January 1st 2019 **

General Member	Introductory Tariff		Cover only one legal entity (no affiliate coverage)
	Clearing Fees	\$ 15	per million of option notional on US Indices*
		€ 15	per million of option notional on European Indices
	<i>Floor on clearing fees</i>	€ 150k	<i>Per calendar year (no pro-rating)</i>
	<i>Cap on Clearing fees</i>	€ 600k	<i>Per calendar year (no pro-rating)</i>
	Unlimited Tariff		Cover all affiliates of a given Clearing Member Group
			Cover all clearing fees for Credit Option House activity for both iTraxx and CDX.NA underlying index families
	<i>Fixed fee (annual)</i>	€375k	<i>Per calendar year (no pro-rating)</i>
			<i>Excludes any potential future EEP usage fees</i>
	Onboarding Fees (both Introductory & unlimited)	€30k	One-off fee per Legal Entity under the Introductory tariff or per Clearing Member Group under Unlimited tariff waived until 31-Mar-19
Select Member	Introductory Tariff		Cover only one legal entity (no affiliate coverage)
	Clearing Fees	\$ 18	per million of option notional on US Indices*
		€ 18	per million of option notional on European Indices
	<i>Cap on Clearing fees</i>	€ 600k	<i>Per calendar year (no pro-rating)</i>
	Unlimited Tariff		Cover all affiliates of a given Clearing Member Group
			Cover all clearing fees for Credit Option House activity for both iTraxx and CDX.NA underlying index families
	<i>Fixed fee (annual)</i>	€ 400k	<i>Per calendar year (no pro-rating)</i>

				<i>Excludes any potential future EEP usage fees</i>
	Onboarding Fees (both Introductory & unlimited)	€ 30k	One-off fee per Legal Entity <u>under the Introductory tariff</u> or <u>per Clearing Member Group under Unlimited tariff</u> waived until 31-Mar-19	
Client	Clearing Fees	\$ 20	per million of option notional on US Indices	
		€ 20	per million of option notional on European Indices	
* <i>Subject to regulatory approval</i>				

*** Subject to any appropriate regulatory review and/or approval process duly completed*