

VIA CFTC PORTAL

11 March 2019

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

LCH Limited Self-Certification: Minor Rule Change to the General Regulations regarding the Liquidity Fund Notice Period applicable to the FX Options service

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 a minor change to the LCH General Regulations. The change is an amendment of the Liquidity Fund Notice period to reflect the on-boarding of a new Clearing Member using the ForexClear FX Options clearing service ("ForexClear Option Clearing Member").

Part I: Explanation and Analysis

The Liquidity Fund Contributions represent payments made by ForexClear Option Clearing Members in support of LCH's obligation to meet potential settlement obligations in the event of a Liquidity Event, as prescribed under the LCH Rulebook. It is a membership requirement that each ForexClear Option Clearing Member pays to the Clearing House the respective contribution to the ForexClear Liquidity Fund, in the relevant currencies, as set by LCH.

Under the current rules, LCH may amend the amount and/or currencies of the ForexClear Liquidity Fund Contributions by giving not less than 30 calendar days' written notice to all ForexClear Option Clearing Members. LCH proposes to change its rules so that, in cases where a new ForexClear Option Clearing Member is on-boarded, and the respective contributions to the Liquidity Fund decrease as a result, two (2) calendar days' written notice will be given to existing ForexClear Option Clearing Members to notify them of the decrease. This shorter notice period reflects the fact that the ForexClear Option Clearing Member will not be required to make an additional contribution to the ForexClear Liquidity Fund but instead will receive a rebate on the contributions already made. No changes are made to the notice period to Clearing Members ahead of LCH increasing the respective contributions to the Liquidity Fund increase, which remains 30 days.

The rule changes will go live on, or after, March 27, 2019.

Part II: Description of Rule Changes

The General Regulations of LCH Limited include a change to Regulation 102(b) ("ForexClear Option Service – Liquidity Fund Contributions") to clarify LCH's discretion to give only two (2) calendar days written notice in instances where there is a decrease in the amount of ForexClear Liquidity Fund Contributions payable by all ForexClear Option Clearing Members to reflect the designation of a new ForexClear Option Clearing Member.

The text of the changes to the General Regulations is attached hereto as **Appendix I**.

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 the attached rule 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@lch.com.

Yours sincerely,



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

REGULATION 102 FOREXCLEAR OPTION SERVICE – LIQUIDITY FUND CONTRIBUTIONS

- (a) It is a ForexClear Option Service Membership Requirement that a ForexClear Option Clearing Member has paid to the Clearing House the ForexClear Liquidity Fund Contributions applicable to it in such currencies and such amounts as the Clearing House might prescribe from time to time as applicable to it.
- (b) The currencies of the ForexClear Liquidity Fund Contributions and the size of the ForexClear Liquidity Fund Contributions shall be determined by the Clearing House, in its sole and absolute discretion, and shall be notified to each ForexClear Option Clearing Member from time to time. The Clearing House may, by not less than 30 calendar days' written notice to all ForexClear Option Clearing Members, amend the amount and/or currencies of the ForexClear Liquidity Fund Contributions, provided that the Clearing House may, by no fewer than two (2) calendar days' written notice, decrease the amount of ForexClear Liquidity Fund Contributions payable by all ForexClear Option Clearing Members to reflect the designation of a new ForexClear Option Clearing Member. -
- (c) The Clearing House shall (i) open and maintain one or more accounts in its own name with one or more central banks as it determines appropriate in its sole and absolute discretion, and (ii) ensure that the each of the ForexClear Liquidity Fund Contributions is at all times, except as permitted by Regulation 101(d)(i), paragraph (f) or paragraph (g) below, credited to such account(s).
- (d) The Clearing House shall have policies and procedures in place to ensure that, at all times, each account to which the aggregate ForexClear Liquidity Fund Contributions denominated in a given currency are credited shall have, standing to its credit, an amount of cash denominated in such currency that is at least equal to the aggregate ForexClear Liquidity Fund Contributions denominated in that currency across all ForexClear Option Clearing Members from time to time. Other than any rights of set off which may exist in relation to any account to which the ForexClear Liquidity Fund Contributions are credited from time to time, in no circumstance shall the Clearing House be entitled to assign, charge or otherwise subject to any other form of security interest, the amounts standing to the credit of such accounts from time to time, or any of its rights in respect of such accounts.
- (e) The Liquidity Fund Contributions received from a ForexClear Option Clearing Member and held by the Clearing House in accordance with this Regulation 102 shall not constitute Collateral for the purposes of the Regulations. Each ForexClear Option Clearing Member agrees and acknowledges that any Liquidity Fund Contributions received by the Clearing House are the Clearing House's own funds and such ForexClear Option Clearing Member shall have no rights in respect of such Liquidity Fund Contributions other than as expressly set out in these Regulations.
- (f) The amount of the AUD ForexClear Liquidity Fund Contribution, CHF ForexClear Liquidity Fund Contribution, EUR ForexClear Liquidity Fund Contribution and GBP ForexClear Liquidity Fund Contribution held by the Clearing House in respect of a ForexClear Option Clearing Member on the date specified in (i) or (ii) immediately