

VIA CFTC PORTAL

13 April 2018

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

**LCH Limited Self Certification: Rule Changes on the addition of Non-Deliverable Swaps as eligible SwapClear products**

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 add non-deliverable interest rate swaps (“ND IRS”), denominated in certain currencies, as eligible products of the SwapClear service. In addition, this self certification covers information on clearing fees applicable to the new products.

**Part I: Explanation and Analysis**

LCH proposes to add ND IRS denominated in Korean Won (“KRW”), Indian Rupee (“INR”) and Chinese Renminbi (“CNY”) as products eligible for clearing in the SwapClear service. The relevant sections of the LCH Rulebook have been updated to this effect.

NDIRS contracts require counterparties swapping fixed interest payments for floating rate payments on the same underlying notional principal, on fixed dates over the life of the contract, with the net cash settled in US Dollar (“USD”). KRW, INR and CNY are the most actively traded NDIRS with volumes comparable to Singapore Dollar and Hong Kong Dollar swaps (currently cleared by SwapClear in deliverable form). SwapClear will settle all flows related to these products (whether notional, interest, fees or variation margin) in USD. The maximum maturity, based on existing liquidity, will be 11 years for KRW and INR and 5.5 years for CNY.

In addition, LCH will not charge clearing fees to SwapClear Clearing Members or their Clients for the clearing of ND IRS from the launch date, scheduled to be April 30, 2018, until December 31, 2018 (including registration, portfolio transfer and compression fees). Clearing Members have been notified and the LCH website will be updated accordingly as of the launch date of the new product.

The rule changes and the changes to the LCH website related to fees will go live on, or after, April 30, 2018.

## Part II: Description of Rule Changes

The rule changes and the fees related changes are explained separately below.

### Rule changes

Procedures Section 2C (“SwapClear Clearing Service”) has been updated with clarifying wording in section 1.7 (“Variation Margin and NPV Payments”). Also, the table in subsection 1.7.2 (“Official Quotations”) has been updated with the new ND IRS currencies (KRW, INR and CNY) and the respective times at which prices and rates used for the zero coupon yield curves will be taken. Finally, new paragraphs 1.7.6 and 1.8.15 (both titled “Non-deliverable Interest Rate Swaps”) have been added to clarify that SwapClear will settle all flows related to ND IRS in USD.

Equivalent changes have been made to the FCM Procedures in the following sections, respectively: 2.1.7 (“FCM SwapClear Contract Valuation”); 2.1.7 (c) (“Official Quotations”); and, 2.1.7 (f) and 2.1.8 (q).

The general SwapClear Product Specific Contract Terms include clarifying wording in section 2.3 regarding the economic terms of the SwapClear Contracts. In addition, Part B (1.2) has been updated with a new section d) specific to the product characteristics of the ND IRS eligible for clearing. Equivalent changes have been made to the FCM Product Specific Contract Terms in section 2.3 and Part B (1.1(d)), respectively.

The texts of the rule changes are attached hereto as:

- i. **Appendix I**, Procedures Section 2C (SwapClear)
- ii. **Appendix II**, FCM Procedures
- iii. **Appendix III**, SwapClear Product Specific Contracts Terms and Eligibility Criteria Manual
- iv. **Appendix IV**, FCM Product Specific Contracts Terms and Eligibility Criteria Manual

### Fee changes

SwapClear developed a fee plan specific to Clearing Members wishing to clear ND IRS contracts. The fees will vary according to the tariff of choice. SwapClear offers four tariffs: Bronze, Silver, Gold and Platinum tariffs. Fees related to client clearing activity will be the same as those currently applicable to the other SwapClear eligible products.

To note, following the launch, ND IRS will be the subject of a fee holiday until December 31, 2018, after which the applicable fee plan will be applied. Clearing Members have been notified of the fee plan and the fee holiday via LCH Circular.

The LCH website will be updated to set out the fees applicable to ND IRS, complemented by a note regarding the fee holiday and a link to the LCH Circular. The text of the changes to the website is attached as **Appendix V** and a copy of the LCH Circular is included as **Appendix VI**, for reference.

### 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](mailto:julian.oliver@lch.com).

Yours sincerely



Julian Oliver  
Chief Compliance Officer  
LCH Limited

**Appendix I**  
Procedures Section 2C (SwapClear)



**LCH LIMITED**

**PROCEDURES SECTION 2C**

**SWAPCLEAR CLEARING SERVICE**

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In respect of each Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client) a single separate calculation in respect of the variation margin and/or NPV Payments owed by or to the relevant SCM shall be performed in respect of the SwapClear Contracts entered into by the relevant SCM on behalf of such Omnibus Gross Segregated Clearing Client.

In respect of a group of Combined Omnibus Gross Segregated Clearing Clients a single separate calculation in respect of the variation margin and/or NPV Payments owed by or to the relevant SCM shall be performed in respect of SwapClear Contracts entered into by the relevant SCM on behalf of such Combined Omnibus Gross Segregated Clearing Clients.

No offset between the "C" and the "H" accounts is allowed (except (i) pursuant to Rule 8(d) of the Default Rules or any Insufficient Resources Determination Rule, or (ii) in relation to the transfer of House Excess or Client Buffer in accordance with the Rulebook) and no offset between any Client Accounts is allowed (except pursuant to Rule 15(a)(ii) of the Default Rules, a Cross-ISA Client Excess Deduction or any Insufficient Resources Determination Rule).

Except as expressly provided herein, Collateral and/or NPV Payments (as applicable) that are provided pursuant to this Procedure must, subject to intra-day registration, be in the form of cash in the currency of the SwapClear Transaction. Except as expressly provided herein, ~~W~~where a SwapClear Transaction is registered intra-day, and the variation margin obligation and/or NPV Payment obligations (as applicable) is covered with non-cash Collateral, the Clearing House will, the following business day, require the SCM to replace that non-cash amount with cash in the currency of the SwapClear Transaction.

All SwapClear Contracts will be marked-to-market or settled-to-market (as applicable) daily using the Clearing House's zero coupon yield curves. The daily change in the net present value will be credited to or debited from the relevant position account.

Any transfers of cash Collateral by an SCM to the Clearing House in respect of the SCM's variation margin obligations in connection with a SwapClear CTM Contract, or by the Clearing House to an SCM in respect of the Clearing House's variation margin obligations in connection with a SwapClear CTM Contract shall be for the purpose of collateralisation and not settlement of the relevant party's obligations under the relevant SwapClear CTM Contract.

Any NPV Payment made by an SCM to the Clearing House under a SwapClear STM Contract, or by the Clearing House to an SCM under a SwapClear STM Contract, shall be for the purpose of settlement of the applicable party's obligation to pay the required NPV Amount pursuant to the terms of that SwapClear STM Contract and not for the purpose of collateralising any obligations of either party under that SwapClear STM Contract.

#### 1.7.1 *Zero Coupon Yield Curve Construction*

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon

curves and portfolio valuation. Details of the construction method and Instruments used are available on request from SwapClear Risk on +44 (0)20 7 426 7549, but may be subject to change without prior notification.

### 1.7.2 Official Quotations

Zero coupon yield curves will use prices and rates taken at:

All times quoted are London time

AUD BBSW & OIS	12:00
CAD	20:00
CHF LIBOR & OIS	16:30
<a href="#">CNY</a>	<a href="#">8:20, 13:15 and 19:05</a>
CZK	16:30
DKK	16:30
EURO EURIBOR	16:30
GBP LIBOR	16:30
HKD	12:00
HUF	16:30
<a href="#">INR</a>	<a href="#">8:20, 13:15 and 19:05</a>
JPY LIBOR & OIS	12:00
<a href="#">KRW</a>	<a href="#">8:20, 13:15 and 19:05</a>
MXN	20:00
NOK	16:30
NZD	12:00
PLN	16:30

either pay interest on cumulative amounts received by the SCM in respect of variation margin obligations, or charge interest on cumulative amounts paid by the SCM in respect of variation margin obligations.

#### 1.7.5 *Price Alignment Amount*

The payment of NPV Payments by the applicable party on a daily basis would, without adjustment, distort the pricing for certain SwapClear Transactions cleared through the Clearing House. In order to minimise the impact of such NPV Payments, the Clearing House will, for a SCM, either (i) charge a Price Alignment Amount if that SCM has, on a cumulative net basis, received NPV Payments from the Clearing House, or (ii) pay a Price Alignment Amount if that SCM has, on a cumulative net basis, paid NPV Payments to the Clearing House. In a negative interest rate environment where the applicable Price Alignment Amount Rate is negative, the Clearing House will, for a SCM, either (i) pay a Price Alignment Amount if that SCM has, on a cumulative net basis, received NPV Payments from the Clearing House, or (ii) charge a Price Alignment Amount if that SCM has, on a cumulative net basis, paid NPV Payments to the Clearing House.

#### 1.7.6 *Non-deliverable Interest Rate Swaps*

The Clearing House will calculate variation margin, NPV Payments, Price Alignment Interest and Price Alignment Amount in relation to SwapClear Contracts that are non-deliverable interest rate swaps in USD, and all amounts due or payable under such SwapClear Contracts must be paid in USD.

### 1.8 **Coupon Payments**

#### 1.8.1 *Calendars and Coupons*

Payment dates for coupon payments will be set based on the SwapsMonitor Financial Calendar (see Section 1.2.3). Changes to the calendar that affect SwapClear Contracts will be published and made available to SCMs by the Clearing House in a Clearing Member Report. The central control and publication of these calendars will assist the reconciliation of coupon payments between SCMs and the Clearing House. Coupon payments will be adjusted, in the event of a holiday amendment, in accordance with the Contract Terms.

#### 1.8.2 *Calculation of Fixed Amount*

The Clearing House will calculate the Fixed Amount payable by a party on a Payment Date as either:

- (a) if an amount is specified for the SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, such amount; or



available the Clearing House will, at its sole discretion, determine a value for the Index level.

#### 1.8.15 Non-deliverable Interest Rate Swaps

The Clearing House will calculate all coupon payments for SwapClear Contracts that are non-deliverable interest rate swaps, including the Fixed Amount or Floating Amount payable under any such SwapClear Contract, in USD, and all amounts due or payable under such SwapClear Contracts must be paid in USD.

### 1.9 Initial Margin

The Clearing House will require SCMs to transfer Collateral in respect of their initial margin obligations, which are not discharged. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate initial margin requirements for SwapClear Contracts.

Separate initial margin calculations are performed for an SCM's Proprietary Accounts and for each Individual Segregated Account, Custodial Segregated Account and Omnibus Segregated Account (other than an Affiliated Client Omnibus Gross Segregated Account). In respect of each Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client) separate initial margin calculations are performed in respect of the SwapClear Contracts entered into by the relevant SCM on behalf of such Omnibus Gross Segregated Clearing Client. In respect of a group of Combined Omnibus Gross Segregated Clearing Clients a single initial margin calculation is performed in respect of SwapClear Contracts entered into by the relevant SCM on behalf of such Combined Omnibus Gross Segregated Clearing Clients.

No offset between the "C" and the "H" accounts is allowed (except (i) pursuant to Rule 8(d) of the Default Rules or any Insufficient Resources Determination Rule, or (ii) in relation to the transfer of House Excess or Client Buffer in accordance with the Rulebook) and no offset between any Client Accounts is allowed (except pursuant to Rule 15(a)(ii) of the Default Rules, a Cross-ISA Client Excess Deduction or any Insufficient Resources Determination Rule).

#### 1.9.1 Margin Parameters

The Clearing House Risk Management Department uses appropriate yield curve scenarios, both in terms of shape and magnitude of movement, to capture potential losses based on an observed history - the primary component of the initial margin calculation. These scenarios will be continually monitored and reviewed periodically or on an ad hoc basis according to market conditions. However, in accordance with the Regulations, the Clearing House retains the right at its discretion to vary the rates for the whole market or for a specific SCM's Proprietary Account and/or Client Accounts.

**Appendix II**  
FCM Procedures



**FCM PROCEDURES OF THE CLEARING HOUSE**

**LCH LIMITED**

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(c) *Default Fund (DF) Account*

Each FCM Clearing Member's Contribution is held in a separate financial account. The DF account code is "F".

2.1.7 *FCM SwapClear Contract Valuation*(a) *Net Present Value*

The Clearing House will calculate the Net Present Value (NPV) of each eligible FCM SwapClear Contract using the Clearing House's zero coupon yield curves.

It is a condition of registration that sufficient Margin, as determined by the Clearing House, is furnished to the Clearing House to cover the Clearing House's Margin requirement for each FCM SwapClear Transaction (taking into account, for these purposes, available SwapClear Tolerance, if any), except that such Margin shall not be required to be furnished prior to registration as a condition thereto if such FCM SwapClear Transaction is a Sub-Block US Trading Venue Transaction.

All FCM SwapClear Contracts credited to an FCM Clearing Member will, on submission to the Clearing House, be marked-to-market, in accordance with FCM Regulation 46 (*Collateralization of FCM SwapClear Contracts*). Except as expressly provided herein, the NPV so determined must, subject to Intra-day Registration (see Section ~~2.1.3(e)~~ 2.1.3(e)), be paid by the FCM Clearing Member in cash in the currency of the FCM SwapClear Contract. Where an FCM SwapClear Transaction is registered intra-day, and the NPV is covered with non-cash Collateral, the Clearing House will, the following Business Day, require payment of the full cash amount.

(b) *Zero Coupon Yield Curve Construction*

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon curves and portfolio valuation. Details of the construction method and Instruments used are available on request from the Clearing House Risk Management Department at +44 (0)20 7426 7549, but may be subject to change without prior notification.

(c) *Official Quotations*

Zero Coupon Yield curves will use prices and rates taken at:

All times quoted, are London time.

AUD	
BBSW & OIS	12:00

CAD	20:00
CHF LIBOR & OIS	16:15
<a href="#">CNY</a>	<a href="#">8:20, 13:15 and 19:05</a>
CZK	16:15
DKK	16:15
EURO EURIBOR	16:15
GBP LIBOR	16:15
HKD	12:00
HUF	16:15
<a href="#">INR</a>	<a href="#">8:20, 13:15 and 19:05</a>
JPY LIBOR & OIS	12:00
<a href="#">KRW</a>	<a href="#">8:20, 13:15 and 19:05</a>
MXN	20:00
NOK	16:15
NKD	12:00
PLN	16:15
SEK	16:15
SGD	12:00
USD LIBOR & OIS	20:00
ZAR	16:15
EURO OIS	18:15

GBP	
OIS	17:15

Zero coupon yield curves used for daily marking to market will be published on the Clearing House's Member Reporting website after the end of each Business Day.

(d) *Variation Margin*

On the date of registration, the Net Present Value of an FCM SwapClear Contract will be credited to or debited from the applicable FCM Clearing Member's financial accounts in cash in denomination currency.

On all subsequent days, the change in the Net Present Value from one Business Day to the next will be credited to or debited from such FCM Clearing Member's financial accounts in cash in denomination currency.

Separate Variation Margin calculations are performed in respect of an FCM Clearing Member's house "H" account and in respect of an FCM Clearing Member's client "C" account. No offset between the "C" and the "H" accounts is permitted. The Clearing House shall make or receive a separate Variation Margin payment in respect of each house "H" account and each client "C" account (subject to the Default Rules) of each FCM Clearing Member.

(e) *Price Alignment Interest (PAI)*

In order to compensate for the payment of changes in NPV on a daily basis for FCM SwapClear Transactions cleared through the Clearing House, the Clearing House will for each FCM Clearing Member either charge interest on cumulative variation margin received, or pay interest on cumulative variation margin paid (see Section 3.5.2). In a negative interest rate environment, where PAI rates are negative, the Clearing House will pay interest on cumulative amounts received in respect of variation margin obligations and charge interest on cumulative amounts paid. PAI is debited, credited and netted in accordance with the Clearing House's normal practices.

(f) *Non-deliverable Interest Rate Swaps*

The Clearing House will calculate variation margin, NPV Payments and PAI in relation to FCM SwapClear Contracts that are non-deliverable interest rate swaps in USD, and all amounts due or payable under such FCM SwapClear Contracts must be paid in USD.

2.1.8 *Coupon Payments*

The Index level used for calculating the Floating Rate is determined according to the 2006 ISDA Definitions in respect of the following indices (or successor indices from time to time):

- (i) non-revised Index of Consumer Prices excluding Tobacco in the European Monetary Union;
  - (ii) non-revised Index of Consumer Prices excluding Tobacco in France;
  - (iii) non-revised Retail Price Index All Items in the United Kingdom; and
  - (iv) non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment in the United States.
- (p) *Index Final*

The Clearing House shall calculate the Index Final by taking the relevant Index level for the applicable Reference Month. In the event of no Index level being available the Clearing House shall, in its sole discretion, determine a value for the Index level.

(q) *Non-deliverable Interest Rate Swaps*

The Clearing House will calculate all coupon payments for FCM SwapClear Contracts that are non-deliverable interest rate swaps, including the Fixed Amount or Floating Amount payable under any such FCM SwapClear Contract, in USD, and all amounts due or payable under such FCM SwapClear Contracts must be paid in USD.

2.1.9 ***Initial Margin***

The Clearing House will require FCM Clearing Members to furnish it with Initial Margin. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate Initial Margin requirements for FCM SwapClear Contracts.

Separate Initial Margin calculations are performed for an FCM Clearing Member's house "H" and client "C" accounts and, within a "C" account, separately in respect of each FCM Client Sub-Account therein. No offset between the "C" and "H" accounts is permitted.

The Clearing House reserves the right to require additional amounts of Margin from a specific FCM Clearing Member or from all FCM Clearing Members in accordance with FCM Regulation 14 (*Margin and Collateral*).

**Appendix III**  
SwapClear Product Specific Contracts Terms and Eligibility Criteria Manual





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

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inconsistency between either the ISDA 2000 Definitions, the ISDA 2008 Inflation Definitions will (where they are applicable) prevail.

- 1.4 References in the ISDA 2000 Definitions and the ISDA 2006 Definitions to a "**Swap Transaction**" and references in the ISDA 2008 Inflation Definitions to an "**Index Transaction**" shall be deemed to be references to a "**SwapClear Transaction**" for the purposes of SwapClear.
- 1.5 Except where expressly stated otherwise, all reference to "**Articles**" means Articles in the ISDA 2000 Definitions, the ISDA 2006 Definitions or the ISDA 2008 Inflation Definitions as the case may be as published by ISDA.
- 1.6 In relation to any amendments to either the ISDA 2000 Definitions, the ISDA 2006 Definitions or the ISDA 2008 Inflation Definitions, the Clearing House may from time to time, by notice delivered to the SwapClear Clearing Members and the SwapClear Dealers, give directions as to whether such amendment shall apply to SwapClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine. Any such notice may provide that the amendment to the ISDA 2000 Definitions, the ISDA 2006 Definitions or the ISDA 2008 Inflation Definitions may take effect so as to apply to SwapClear Contracts registered in a SwapClear Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines and the accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, any SwapClear Clearing Member or SwapClear Dealer shall not invalidate the amendment with which the notice is concerned.

## 2. **Economic Terms**

- 2.1 The Economic Terms of a SwapClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding SwapClear Transaction in respect of the terms designated as Economic Terms in this Schedule.
- 2.2 It is part of the eligibility criteria for registration as a SwapClear Contract that the particulars of a SwapClear Transaction presented to the Clearing House must include matched information in respect of such designated Economic Terms, except that information in respect of (i) (viii) OR (ix) (not both) of 2.3 below for vanilla interest rate swaps with constant notional principal and variable notional swaps and (n) or (o) (not both) of 2.4 below in relation to forward rate agreements must be provided.
- 2.3 The Economic Terms for vanilla interest rate swaps with constant notional principal and variable notional swaps ([including non-deliverable interest rate swaps](#)) comprise:
  - (a) Notional Amount (see Article 4.7) of the ISDA 2000 Definitions and Article 4.7 of the ISDA 2006 Definitions for definition) (for variable notional swaps, the Notional Amount can be set out in a Notional Amount Schedule)<sup>1</sup>

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<sup>1</sup> SwapClear will accept IRS, Basis or zero coupon swaps with a Notional Amount which for each payment calculation period may remain unchanged, increase or decrease relative to its previous value. The changes in notional can only take place at the calculation period start dates and must be pre-determined at the point of registration. The notional schedule will be applied at the start of the corresponding calculation period,

- (b) Currency (see Article 1.7 of the ISDA 2000 Definitions and Article 1.7 of the ISDA 2006 Definitions for definition);
- (c) Trade Date (see Article 3.7 of the ISDA 2000 Definitions and Article 3.7 of the ISDA 2006 Definitions for definition);
- (d) Effective Date (see Article 3.2 of the ISDA 2000 Definitions and Article 3.2 of the ISDA 2006 Definitions for definition);
- (e) Termination Date (see Article 3.3 of the ISDA 2000 Definitions and Article 3.3 of the ISDA 2006 Definitions for definition);
- (f) Additional Payments/Fees:
  - (i) the Payer of the Additional Payments/Fees (if any);
  - (ii) the amount of the Additional Payments/Fees (specify zero if none).
- (g) Business Days (see Article 1.4 of the ISDA 2000 Definitions and Article 1.4 of the ISDA 2006 Definitions for definition);
- (h) Business Day Convention (see Article 4.12 for definition);
- (i) Where Fixed Rate – Floating Rate Swap:
  - (i) Fixed Rate Payer (see Article 2.1 of the ISDA 2000 Definitions and Article 2.1 of the ISDA 2006 Definitions for definition);
  - (ii) Fixed Rate Payer Payment Dates;
  - (iii) Fixed Amount (see Article 4.4 of the ISDA 2000 Definitions and Article 4.4 of the ISDA 2006 Definitions for definition) [or Fixed Rate and Fixed Rate Day Count Fraction][or Fixed Rate Payer Schedule]<sup>2</sup>
  - (iv) Floating Rate Payer (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition);
  - (v) Floating Rate Payer Payment Dates;
  - (vi) Floating Rate Payer compounding dates (if applicable);
  - (vii) Floating Amount (see Article 4.5 of the ISDA 2000 Definitions and Article 4.5 of the ISDA 2006 Definitions for definition);
  - (viii) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);

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adjusted (or unadjusted) with the calculation period calendar specified in the trade. Notional schedules need not be identical for the two legs of the trade.

<sup>2</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a Fixed Rate on the fixed leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value.

(**Note:** Further details in respect of such options are as provided in the Procedures).

- (ix) Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 Version)" and Article 7.3(b) of the ISDA 2006 Definitions for definition);
  - (x) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2(e) of the ISDA 2006 Definitions for definition)<sup>3</sup>;
  - (xi) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2(b) of the ISDA 2006 Definitions for definition);
  - (xii) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2(f) of the ISDA 2006 Definitions for definition).
- (j) Where Floating Rate – Floating Rate Swap ("**basis**" swap):
- (i) Floating Rate Payer 1 (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition):
    - (a) Floating Rate Payer Payment Dates;
    - (b) Floating Rate Payer compounding dates (if applicable);
    - (c) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);
- (**Note:** the details of each such option are as provided in the Procedures)
- (d) Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 version)" and Article 7.3(b) of the ISDA 2006 Definitions for definition);
  - (e) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2(e) of the ISDA 2006 Definitions for definition);<sup>4</sup>
  - (f) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2(b) of the ISDA 2006 Definitions for definition);

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<sup>3</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

<sup>4</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

- (g) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2(f) of the ISDA 2006 Definitions for definition)
  - (ii) Floating Rate Payer 2 (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition):
    - (a) Floating Rate Payer Payment Dates;
    - (b) Floating Rate Payer compounding dates (if applicable);
    - (c) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition)
- (Note:** The details of each such option are as provided in the Procedures)
- (d) Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 version)" and Article 7.3(b) of the ISDA 2006 Definitions for definition);
  - (e) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2(e) of the ISDA 2006 Definitions for definition);<sup>5</sup>
  - (f) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2(b) of the ISDA 2006 Definitions for definition);
  - (g) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2(f) of the ISDA 2006 Definitions for definition).

SwapClear Contracts registered by the Clearing House in respect of such vanilla interest rate swaps with constant notional principal or in respect of such variable notional swaps ([including non-deliverable interest rate swaps](#)) constitute "IRS SwapClear Contracts".

- 2.4 The Economic Terms for Forward Rate Agreements (using only the ISDA 2006 Definitions) comprise:
- (a) Notional Amount (see Article 4.7 for definition);
  - (b) Currency (see Article 1.7 for definition);
  - (c) Trade Date (see Article 3.7 for definition);
  - (d) Effective Date (see Article 3.2 for definition);

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<sup>5</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

## PART B PRODUCT ELIGIBILITY CRITERIA FOR REGISTRATION OF A SWAPCLEAR CONTRACT

### 1. SwapClear Transaction

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a SwapClear Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the eligibility criteria, set out in paragraphs 1.2(a), (b), ~~or~~ (c) or (d) below for a SwapClear Transaction; and
- (b) each party to the transaction is either a SwapClear Dealer or a SwapClear Clearing Member (including an SCM Branch),

and the requirements of (a) and (b) continue to be satisfied at Registration Time.

### 1.2 SwapClear Product Eligibility Criteria for a SwapClear Transaction

- (a) Vanilla interest rate swaps and notional interest rate swaps having the characteristics set out in the table below:

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Variable Notional</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
Interest rate swap	GBP	Fixed	GBP-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis Swap	GBP	GBP-LIBOR-BBA	GBP-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis swap	GBP	GBP-WMBA-SONIA-COMPOUND	GBP-LIBOR-BBA	No	18,675 days	0.01-99,999,999,999.99
OIS	GBP	Fixed	GBP-WMBA-SONIA-COMPOUND	No	18,675 days	0.01-99,999,999,999.99
Interest rate swap	USD	Fixed	USD-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis swap	USD	USD-LIBOR-BBA	USD-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Basis swap	USD	USD-FEDERAL FUNDS-H.15-LIBOR-BBA	USD-LIBOR-BBA	No	11,375 days	0.01-99,999,999,999.99
OIS	USD	Fixed	USD-FEDERAL FUNDS H.15-OIS-COMPOUND	No	11,375 days	0.01-99,999,999,999.99
Interest rate swap	EUR	Fixed	EUR-LIBOR-BBA	Yes	18,675 days	0.01-99,999,999,999.99
Interest rate swap	EUR	Fixed	EUR-EURIBOR-Telerate	Yes	18,675 days	0.01-99,999,999,999.99
Interest rate swap	EUR	Fixed	EUR-EURIBOR-Reuters	Yes	18,675 days	0.01-99,999,999,999.99

(d) Non-deliverable interest rate swaps having the characteristics set out in the table below:

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Variable Notional</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
<u>Interest rate swap</u>	<u>KRW</u>	<u>Fixed</u>	<u>KRW-CD-KSDA-BLOOMBERG</u>	<u>No</u>	<u>4.050 days</u>	<u>1.0-10.000.000.000.000</u>
<u>OIS</u>	<u>INR</u>	<u>Fixed</u>	<u>INR-FBIL-MIBOR-OIS-COMPOUND</u>	<u>No</u>	<u>4.050 days</u>	<u>0.01-99.999.999.999.99</u>
<u>Interest rate swap</u>	<u>CNY</u>	<u>Fixed</u>	<u>CNY-CNREPOFIX=CFXS-REUTERS</u>	<u>No</u>	<u>2.025 days</u>	<u>0.01-99.999.999.999.99</u>

**Appendix IV**  
FCM Product Specific Contracts Terms and Eligibility Criteria Manual





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FCM PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA  
MANUAL

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- 1.4 References in the ISDA 2000 Definitions and the ISDA 2006 Definitions to a "**Swap Transaction**" and references in the ISDA 2008 Inflation Definitions to an "**Index Transaction**" shall be deemed to be references to an "**FCM SwapClear Transaction**" for the purposes of SwapClear.
- 1.5 Except where expressly stated otherwise, all reference to "**Articles**" means Articles in the ISDA 2000 Definitions, the ISDA 2006 Definitions or the ISDA 2008 Inflation Definitions as the case may be as published by ISDA:
- (a) in relation to any amendments to any of the ISDA 2000 Definitions, the ISDA 2006 Definitions or the ISDA 2008 Inflation Definitions, the Clearing House may from time to time, by notice delivered to the FCM Clearing Members and the SwapClear Clearing Members, give directions as to whether such amendment shall apply to FCM SwapClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine;
  - (b) any such notice may provide that the amendment to the ISDA 2000 Definitions, the ISDA 2006 Definitions or ISDA 2008 Inflation Definitions, as the case may be, may take effect so as to apply to FCM SwapClear Contracts registered in an FCM Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines; and
  - (c) the accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, an FCM Clearing Member or a SwapClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

## 2. **Economic Terms**

- 2.1 The Economic Terms of an FCM SwapClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM SwapClear Transaction in respect of the terms designated as Economic Terms in this Schedule.
- 2.2 It is part of the eligibility criteria for registration as an FCM SwapClear Contract that the particulars of an FCM SwapClear Transaction presented to the Clearing House must include matched information in respect of such designated Economic Terms, except that in respect of vanilla interest rate swaps with constant notional principal and variable notational swaps, the information described in either 2.3(i)(viii) or 2.3(i)(ix) below (but not both) must be provided.
- 2.3 The Economic Terms for vanilla interest rate swaps with constant notional principal and variable notional swaps ([including non-deliverable interest rate swaps](#)) comprise:
- (a) Notional Amount (see Article 4.7) of the ISDA 2000 Definitions and Article 4.7 of the ISDA 2006 Definitions for definition) (for variable notional swaps, the Notional Amount can be set out in a Notional Amount Schedule<sup>1</sup>;

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<sup>1</sup> SwapClear will accept IRS, Basis or zero coupon swaps with a Notional Amount which for each payment calculation period may remain unchanged, increase or decrease relative to its previous value. The changes in notional can only take place at the calculation period start dates and must be pre-determined at the point

- (b) Currency (see Article 1.7 of the ISDA 2000 Definitions and Article 1.7 of the ISDA 2006 Definitions for definition);
- (c) Trade Date (see Article 3.7 of the ISDA 2000 Definitions and Article 3.7 of the ISDA 2006 Definitions for definition);
- (d) Effective Date (see Article 3.2 of the ISDA 2000 Definitions and Article 3.2 of the ISDA 2006 Definitions for definition);
- (e) Termination Date (see Article 3.3 of the ISDA 2000 Definitions and Article 3.3 of the ISDA 2006 Definitions for definition);
- (f) Additional Payments/Fees:
  - (i) the Payer of the Additional Payments/Fees (if any);
  - (ii) the amount of the Additional Payments/Fees (specify zero if none).
- (g) Business Days (see Article 1.4 of the ISDA 2000 Definitions and Article 1.4 of the ISDA 2006 Definitions for definition);
- (h) Business Day Convention (see Article 4.12 of the ISDA 2000 Definitions and Article 4.12 of the ISDA 2006 Definitions for definition);
- (i) Where Fixed Rate – Floating Rate Swap:
  - (i) Fixed Rate Payer (see Article 2.1 of the ISDA 2000 Definitions and Article 2.1 of the ISDA 2006 Definitions for definition);
  - (ii) Fixed Rate Payer Payment Dates;
  - (iii) Fixed Amount (see Article 4.4 of the ISDA 2000 Definitions and Article 4.4 of the ISDA 2006 Definitions for definition) [or Fixed Rate and Fixed Rate Day Count Fraction] [or Fixed Rate Payer Schedule]<sup>2</sup>;
  - (iv) Floating Rate Payer (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition);
  - (v) Floating Rate Payer Payment Dates;
  - (vi) Floating Rate Payer compounding dates (if applicable);
  - (vii) Floating Amount (see Article 4.5 of the ISDA 2000 Definitions and Article 4.5 of the ISDA 2006 Definitions for definition);

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of registration. The notional schedule will be applied at the start of the corresponding calculation period, adjusted (or unadjusted) with the calculation period calendar specified in the trade. Notional schedules need not be identical for the two legs of the trade.

<sup>2</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a Fixed Rate on the fixed leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The Fixed Rate must be greater than or equal to 0%.

- (viii) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);  
  
(**Note:** Further details in respect of such options are as provided in the FCM Procedures).
  - (ix) Designated Maturity (see Article 7.3(b) and Article 7.3 (b) of the ISDA 2006 Definitions of the "Annex to the 2000 ISDA Definitions (June 2000 Version)" for definition);
  - (x) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)<sup>3</sup>;
  - (xi) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);
  - (xii) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2 (f) of the ISDA 2006 Definitions for definition).
- (j) Where Floating Rate – Floating Rate Swap ("basis" swap):
- (i) Floating Rate Payer 1 (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition):
    - A. Floating Rate Payer Payment Dates;
    - B. Floating Rate Payer compounding dates (if applicable);
    - C. Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);  
  
(**Note:** the details of each such option are as provided in the FCM Procedures)
    - D. Designated Maturity (see Article 7.3(b) of the "Annex to the 2000 ISDA Definitions (June 2000 version)" and Article 7.3 (b) of the ISDA 2006 Definitions for definition);
    - E. Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)<sup>4</sup>;

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<sup>3</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

<sup>4</sup> SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

- F. Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition); and
- G. Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2 (f) of the ISDA 2006 Definitions for definition).

Any FCM SwapClear Contract registered with respect to an FCM SwapClear Transaction which is one of the vanilla interest rate swaps with constant notional principal or the variable notional swaps [\(including non-deliverable interest rate swaps\)](#) described in this Section 2.3 shall constitute an “IRS FCM SwapClear Contract”.

2.4 The Economic Terms for Forward Rate Agreements (using only the ISDA 2006 Definitions) comprise:

- (a) Notional Amount (see Article 4.7 for definition);
- (b) Currency (see Article 1.7 for definition);
- (c) Trade Date (see Article 3.7 for definition);
- (d) Effective Date (see Article 3.2 for definition);
- (e) Termination Date (see Article 3.3 for definition);
- (f) Additional Payments/Fees:
  - (i) the Payer of the Additional Payments/Fees (if any);
  - (ii) the amount of the Additional Payments/Fees (specify zero if none);
- (g) Business Days (see Article 1.4 for definition);
- (h) Business Day Convention (see Article 4.12 for definition);
- (i) Fixed Rate Payer (see Article 2.1 for definition);
- (j) Fixed Rate Payer Payment Dates;
- (k) Fixed Rate;
- (l) Floating Rate Payer (see Article 2.2 for definition);
- (m) Floating Rate Payer Payment Dates;
- (n) Floating Rate Option (see Article 6.2(i) for definition);
- (o) Designated Maturity (see Article 7.3(b) for definition);
- (p) Spread (see Article 6.2(f) for definition);

FRA	HUF	Fixed	HUF-BUBOR-Reuters	1,225 days	0.01-99,999,999,999.99
FRA	JPY	Fixed	JPY-LIBOR-BBA	1,225 days	0.01-99,999,999,999.99
FRA	NOK	Fixed	NOK-NIBOR-NIBR	1, 225 days	0.01-99,999,999,999.99
FRA	NOK	Fixed	NOK-NIBOR-OIBOR	1, 225 days	0.01-99,999,999,999.99
FRA	PLN	Fixed	PLN-WIBOR-WIBO	1, 225 days	0.01-99,999,999,999.99
FRA	SEK	Fixed	SEK-STIBOR-SIDE	1, 225 days	0.01-99,999,999,999.99
FRA	USD	Fixed	USD-LIBOR-BBA	1, 225 days	0.01-99,999,999,999.99

(c) Vanilla inflation rate swaps with constant notional principal having the characteristics set out in the table below;

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
Zero coupon inflation indexed swap	EUR	Fixed	EUR-EXT-CPI	30 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	EUR	Fixed	FRC-EXT-CPI	30 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	GBP	Fixed	UK-RPI	50 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	USD	Fixed	USA-CPI-U	30 years	0.01-99,999,999,999.99

(d) Non-deliverable interest rate swaps having the characteristics set out in the table below:

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Variable Notional</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
<u>Interest rate swap</u>	<u>KRW</u>	<u>Fixed</u>	<u>KRW-CD-KSDA-BLOOMBERG</u>	<u>No</u>	<u>4,050 days</u>	<u>1.0-10,000,000,000,000</u>
<u>OIS</u>	<u>INR</u>	<u>Fixed</u>	<u>INR-FBIL-MIBOR-OIS-COMPOUND</u>	<u>No</u>	<u>4,050 days</u>	<u>0.01-99,999,999,999.99</u>

<a href="#">Interest rate swap</a>	<a href="#">CNY</a>	<a href="#">Fixed</a>	<a href="#">CNY-CNREPOFIX=CFXS-REUTERS</a>	<a href="#">No</a>	<a href="#">2,025 days</a>	<a href="#">0.01-99.999,999,999.99</a>
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## 2. Additional FCM SwapClear Product Eligibility Criteria

2.1 A contract must also meet the following additional criteria to be eligible as an FCM SwapClear Transaction:

(a) **Day Count Fractions**

(See Article 4.16 of the "Annex to 2000 ISDA Definitions (June 2000 Version)", and Article 4.16 of the ISDA 2006 Definitions for definition)

- (i) The Clearing House will only accept the following day count fractions for vanilla interest rate swaps with constant notional principal and variable notional swaps. Day Count Fractions are applied to each deal leg independently, as communicated via the affirmed MarkitWire trade detail:

Day Count Fractions using the ISDA 2000 Definitions

Day Count Fraction	MarkitWire/FpML Code
30/360 (or Bond Basis)	30/360
30E/360 (or Eurobond Basis)	30E/360
Actual/360	ACT/360
Actual/365 (Fixed)	ACT/365.FIXED
Actual/365 (or Actual/Actual)	ACT/365.ISDA
Actual/Actual (ISMA)	ACT/ACT.ISMA

Day Count Fractions using the ISDA 2006 Definitions:

Day Count Fraction	MarkitWire/FpML Code
30/360 (or Bond Basis)	30/360
30E/360 (or Eurobond Basis)	30E/360
Actual/360	ACT/360
Actual/365 (Fixed)	ACT/365.FIXED
Actual/Actual	ACT/ACT.ISDA
30E/360 (ISDA)	30E/360.ISDA
Actual/Actual (ICMA)	ACT/ACT.ICMA

The Clearing House will only accept the following Day Count Fractions for Forward Rate Agreements. Day Count Fractions are applied to each deal leg independently, as communicated via the affirmed MarkitWire trade detail:

Day Count Fractions using the ISDA 2006 Definitions:

Day Count Fraction	MarkitWire/FpML Code	Currency
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## Appendix V

LCH Website changes

<https://www.lch.com/services/swapclear/fees>

(webpage 1)

### Fees

The cost to protect your trades by clearing at SwapClear

#### **Member Fees**

##### SwapClear Self-Clearing Fees

A single tariff is applied to a Member in relation to all contracts cleared by that Member and any Member of or Affiliated Firm of its Member Group, either for their own account or with respect to a SwapClear Dealer, within a calendar year. A new Member should notify LCH of its preferred tariff when joining the SwapClear service and whether it wishes to elect to clear inflation swaps and/or non-deliverable interest rate swaps (“NDIRS”).

New SwapClear Clearing Members qualify for a waiver of the applicable booking fee for the first 1500 backloaded trades (excluding Inflation Swaps) that are registered for clearing, for a period of up to 12 months from go-live. A new SwapClear Clearing Member joining the service will be billed the first fixed tariff instalment in the month after member go-live.

#### The bronze tariff

- Under the Bronze Tariff a Member Group is charged £500,000 in equal monthly instalments of £41,667, plus a £75 per contract booking fee and a £6 per existing contract maintenance fee per month.
- Where a Member Group's total fees incurred by that Member Group reach £1,500,000 in any calendar year then no further fees are payable for the remainder of that year unless more than 20,000 contracts are cleared in which case the Silver Tariff will apply.
- A Bronze Member Group that does not reach the Bronze Tariff fee cap of £1,500,000 within the calendar year will begin the following year on the Bronze Tariff.
- A Bronze Tariff Member Group which reaches the £1,500,000 fee cap within the calendar year will automatically begin the following year on the Silver Tariff, the Gold Tariff or the Platinum Tariff, depending on the cleared volume.
- A Bronze Tariff Member Group can at any time elect to move to an alternative tariff to commence the following year.
- The clearing of inflation swaps is charged in accordance with the regular inflation swaps pricing plan.
- The clearing of NDIRS is subject to an additional fee.



## The silver tariff

- The Silver Tariff of £1,500,000 per year is designed for a Member Group which is expected to clear less than 30,000 contracts per year.
- No booking fee or maintenance fee is applied to the first 20,000 contracts cleared in a calendar year for a Member Group on the Silver Tariff.
- Cleared contracts in excess of 20,000 in one calendar year incur a booking fee of £75 per contract but no maintenance fee.
- Fees are collected in equal instalments of £125,000 plus any booking fees (where applicable) monthly in arrears.
- Member Groups using the Silver Tariff will have a fee cap of £2,250,000 in any calendar year, equating to 30,000 cleared contracts annually. Where the fees payable in relation to a Member Group reach £2,250,000 in any calendar year then no further fees are payable that year and the Member Group will automatically be invoiced at the Gold Tariff for the following year.
- A Silver Tariff Member Group can at any time elect to move to the Gold Tariff or Platinum Tariff to commence the following year.
- The clearing of inflation swaps is charged in accordance with the regular inflation swap pricing plan.
- The clearing of NDIRS is subject to an additional fee.

## The gold tariff

- The Gold Tariff of £2,250,000 per year is designed for a Member Group that is expected to clear 30,000 contracts or more per year.
- A Gold Tariff Member Group can at any time elect to move to the Platinum Tariff to commence the following year.
- Member Groups are charged a flat monthly fee of £187,500 payable in arrears. No booking or maintenance fees are payable.
- A Member Group that is on the Gold Tariff and which reaches the £300,000 cap for inflation swap fees will automatically start the following year on the Platinum Tariff.
- The clearing of inflation swaps is charged in accordance with the regular inflation swap pricing plan.
- The clearing of NDIRS is subject to an additional fee.
- ~~A Member Group that is on the Gold Tariff and which reaches the £300,000 cap for inflation swap fees will automatically start the following year on the Platinum Tariff.~~

## The platinum tariff

- The Platinum Tariff of £2,550,000 per year is designed for a Member Group that is expected to clear 30,000 contracts or more per year, together with a substantial number of inflation swaps volume.
- Member Groups are charged a flat monthly fee of £212,500 payable in arrears. No booking or maintenance fees are payable.
- The clearing of NDIRS is subject to an additional fee.

There are no additional fees for the clearing of inflation swaps.

#### Inflation swaps – regular pricing plan

- A Member Group may clear up to 200 inflation swap contracts each calendar year for a fee of £30,000. Cleared contracts in excess of 200 in one calendar year incur a booking fee of £120 per trade.
- Inflation swaps contracts incur a maintenance fee of £12 per trade per month.
- The £30,000 fee is due in February each year and is payable by all SwapClear Clearing Members that clear an inflation swap contract in the calendar year or have any live inflation swaps contracts as at the 1st January in each calendar year. All other clearing fees for inflation swaps are payable monthly in arrears.
- Where a Member Group's total clearing fees incurred by that Member Group for the clearing of inflation swaps contracts reaches £300,000 in any calendar year then no further fees are payable for the clearing of inflation swaps for the remainder of that year and that Member Group will automatically be invoiced £300,000 in the following year.
- A Member Group that commences clearing inflation swaps contracts during a calendar year will have its fees pro-rated for that calendar year.

#### Non-deliverable interest rate swaps

A SwapClear Clearing Member or Member Group that has elected the Bronze Tariff, the Silver Tariff or Gold Tariff that wishes to clear trades that are NDIRS may choose either of the following fee plans:

#### Clearing Member - Bronze Tariff, Silver Tariff and Gold Tariff

##### Plan A

For an annual fee of £225,000 a SwapClear Clearing Member or Member Group may clear an unlimited amount of NDIRS trades denominated in the following currencies: KRW, INR and CNY.

Where additional currencies are made available to clear, SwapClear Clearing Members or Member Groups will be entitled to elect to pay an additional fee to clear NDIRS trades in those currencies.

##### Plan B

A SwapClear Clearing Member or Member Group may clear a NDIRS trade for a £75 registration fee plus a monthly maintenance fee of £6 per open trade that is a NDIRS.

#### Clearing Member - Platinum Tariff

[All SwapClear Clearing Members or Member Groups that have elected the Platinum Tariff will have their annual fee increased from £2,550,000 to £2,775,000.](#)

[NDIRS clearing is subject to a fee holiday as described in circular \*No. 3941\*.](#)

## Other fees

In addition there is a one-off on boarding fee of £50,000 for each new SwapClear Clearing Member, FCM Clearing Member or SwapClear Dealer or Affiliate which is a member of, or an Affiliated Firm of, a Member Group.

A "Member Group" means a SwapClear Clearing Member or an FCM Clearing Member, its direct and indirect subsidiaries and its direct and indirect holding companies and every direct and indirect subsidiary of each such holding company, from time to time. For the purposes of this definition: (i) 'subsidiary' means a company in which an entity holds more than 50% of the voting rights; and (ii) 'holding company' means a company that holds more than 50% of the voting rights in another entity.

An "Affiliated Firm" in relation to a Member Group means a firm that satisfies both of the following tests:

- A SwapClear Clearing Member or a FCM Clearing Member (or any other member of its Member Group) holds 50% or more of the voting rights in the firm; and
- One or more SwapClear Clearing Members or FCM Clearing Members (or any other member of their Member Group) together hold more than 50% of the voting rights in the firm.

"Voting rights" means the rights conferred on shareholders in respect of their shares or, in the case of a company not having a share capital, on members, to vote at general meetings of the company on all, or substantially all, matters.

Changes in an entity's corporate ownership may lead to changes in the tariff that applies to it.

Terms used herein are as defined in the rulebook of LCH.

All clearing fees are payable in GBP.

If you would like to discuss LCH tariffs please contact your relationship manager for further details.

## SwapClear Compression Fees

### Scheduled Compression

Fee tariff for scheduled compression runs (per trade)

Fee Schedule	LCH Compression	ACSP Compression
Trades	£	£
0 - 35,000	14.00	9.00
35,001 - 70,000	10.00	7.50
70,000+	7.00	6.00

- **Fee Cap**
- **£1,400,000**

- Risk replacement trades resulting from a compression run will not attract a registration fee (where applicable).
- Any ACSP provider fees are payable in addition to the LCH fees.

### Ad-hoc Compression requests

In response to a request from one or more SwapClear Clearing Members, LCH may operate compression on an ad-hoc basis. The fixed-fee arrangement for ad-hoc compression is as follows:

- Fees for ad-hoc compression are not included in the fee charged by LCH for scheduled compression cycles, as set out above, and the resulting compressed trades will not form part of any cumulative trade count totals.
- Ad-hoc compression is subject to a processing fee of £15 per trade with a minimum charge of £100,000 per cycle per SwapClear Clearing Member.

### SwapClear Portfolio Transfer Fees

- A fee is payable by a SwapClear Clearing Member which receives a Portfolio Transfer.
- A Member Group is entitled to 500 Portfolio Transfer trades in a calendar year free of charge.
- Each Portfolio Transfer is charged at £12.50 per Contract that is transferred.

- Fees for portfolio Transfers are capped at £300k per Member Group in any calendar year.

For the purposes of this section a “Portfolio Transfer” means:

- The transfer of SwapClear Contracts or FCM SwapClear Contracts registered to the Proprietary Account of one SwapClear Clearing Member to the Proprietary Account of another SwapClear Clearing Member.

The transfer of SwapClear Contracts registered in a SwapClear Clearing Member’s Proprietary Account from one SCM Branch to another SCM Branch or one SwapClear Dealer to another SwapClear Dealer.

## Notes

- Fees will be charged on a ‘per group’ basis in line with LCHs Membership Fee Policy.
- Fees will be collected monthly in arrears.
- The fee structure is independent of any fees clearing members may be charged by an ACSP for their compression services.
- Ad-hoc compression runs will be carried out in LCH’s sole discretion.
- For the purposes of the above, a ‘trade’ means a SwapClear Contract or FCM SwapClear Contract, as applicable. References to SwapClear Clearing Members shall include FCM clearing Members, as applicable.
- Terms used above and not defined above have the meaning assigned to them in the Rulebook or FCM Rulebook of LCH, as applicable.

(Webpage 2)

## Fees

The cost to protect your trades by clearing at SwapClear

### Client Clearing Fees

SwapClear Client Clearing fees under the SwapClear Client Clearing service are charged to the clearing member under a choice of two pricing plans.

### Standard Pricing Plan

The Standard Pricing Plan has an up-front Booking fee and an ongoing Maintenance fee.

#### Booking fee

New trades are charged on a per-million notional basis in the currency of the trade as set out in the table below. The Booking fee is incurred at the time that the trade is cleared and collected monthly in arrears.

#### Booking fee

Transaction Maturity	Interest Rate Swaps	Inflation Swaps
0 - 1year	0.9	1.4
1 year+ to 3 year	2.25	3.4
3 year+ to 5 year	4.05	6.1
5 year+ to 7 year	5.4	8.1
7 year+ to 10 year	7.2	10.8
10 year+ to 12 year	8.1	12.2
12 year+ to 15 year	9	13.5
15 year+ to 20 year	13.5	20.3
20 year+ to 25 year	16.2	24.3
25 year + to 51 year	18	27

[The fees applicable for the clearing of NDIRS for SwapClear Clearing Clients or FCM Clients will be the same as those currently payable by SwapClear Clearing Members for SwapClear Contracts that are not NDIRS \(or inflation ZCIS\) and will be payable in USD.](#)

[NDIRS clearing is subject to a fee holiday as described in circular \*No. 3941\*.](#)

#### Maintenance fee

The Maintenance fee is incurred annually on the anniversary date of the registration of each trade and collected monthly in arrears and is not payable for trades terminated before their anniversary date. The fee is charged on a per-million notional basis in the currency of the trade as follows:

- Interest rate swaps: 3 per-million of notional (e.g. \$30 for \$10 million notional)
- Inflation swaps: 12 per-million of notional (e.g. €60 for €5 million of notional)

The Maintenance fee is reduced to 4.5 in perpetuity for all inflation swaps cleared or backloaded within one year of service go-live.

#### High Turnover Plan

The High Turnover Plan incurs an up-front booking fee and an on-going "risk consumption" maintenance fee.

#### Booking fee

The Booking fee is incurred upon trade registration and payable monthly in arrears as follows:

- Interest Rate Swaps: USD 25 per ticket booking fee for each newly registered and backloaded trade charged upfront.
- Inflation Swaps: USD 37.5 for each newly registered and backloaded trade

#### Maintenance fee

The ongoing risk consumption fee is calculated at 10 basis points annualized on the client's Initial Margin requirement (regardless of type of collateral used to cover IM). It is calculated daily and paid monthly in arrears – equivalent to \$1,000 per \$1 million (annualized) of IM. (e.g. an average IM of \$50 million equals an annual risk consumption fee of \$50,000.)

#### Blended Rate and multilateral compression fee schedule for SwapClear clients

For each trade terminated from blended rate compression or Multilateral compression, the charge will be:

- Per trade terminated = (a) Registration replacement fee + (b) Processing fee

- Registration replacement fee is a charge for booking a notional offsetting position based on the client's current fee plan at the point of compression (eg \$25 for High Turnover plan and the published schedule for Standard Pricing Plan).
- Processing fee will be discounted based on the aggregate monthly sum of: cleared trades and trades compressed using blended rate, standard, and multilateral compression. The following processing fees will apply by compression type:

Band	Blended Rate	Multilateral
Activity greater or equal to 750	\$25	\$50
Activity greater or equal to 250 but less than 750	\$50	\$75
All other activity	\$75	\$100

The applicable band will be assessed on a quarterly basis based on the preceding quarter's activity. Replacement swaps (i.e. those that are the result of the blending activity or multilateral compression activity) are not charged any blended rate or multilateral compression fee.

#### EMIR account structures

There is more information on account structure fees under EMIR.

SwapClear charges all fees to clearing members; members individually make pricing arrangements with clients and confidentially notify SwapClear of the pricing plan for each client. Clients can switch pricing plans quarterly, and must give SwapClear, LCH reasonable advance notice to make the operational changes necessary to effectuate such a change, i.e. not less than fifteen (15) days prior to a calendar quarter that the firm elects to Service and the SwapClear US Domiciled Service are services of LCH.



**Appendix VI**  
LCH Member Circular

Circular No. LCH Circular No. **3941**  
Date: 6th April 2018  
To: All LCH Limited SwapClear Clearing Members

## Non deliverable Interest Rate Swaps Membership and Client Fee Tariffs

Dear SwapClear Member,

In anticipation of the launch of clearing for SwapClear Contracts that are non-deliverable interest rate swaps ("NDIRS"), LCH Limited is writing to inform SwapClear Clearing Members of the associated fee structure. The clearing of NDIRS, and the associated fees set out below, remain subject to regulatory approval.

### Fee Holiday

In order to facilitate testing and implementation of NDIRS clearing, the Clearing House will not charge fees to Clearing Members or Clients for the clearing of NDIRS until 1 January 2019\* (including registration, portfolio transfer and compression fees).

### Clearing Member - Bronze Tariff, Silver Tariff and Gold Tariff

A SwapClear Clearing Member or Member Group that has elected the Bronze Tariff, the Silver Tariff or Gold Tariff that wishes to clear NDIRS may choose either of the following fee plans:

#### Plan A

For an annual fee of £225,000 a SwapClear Clearing Member or Member Group may clear an unlimited amount of NDIRS denominated in the following currencies: KRW, INR and CNY. Where additional currencies are made available to clear, SwapClear Clearing Members or Member Groups will be entitled to elect to pay an additional fee to clear NDIRS in those currencies.

#### Plan B

A SwapClear Clearing Member or Member Group may clear a NDIRS for a £75 registration fee plus a monthly maintenance fee of £6 per open contract that is a NDIRS.

### Clearing Member - Platinum Tariff

All SwapClear Clearing Members or Member Groups that have elected the Platinum Tariff will have their annual fee increased from £2,550,000 to £2,775,000.

## SwapClear Client Clearing Fees

The fees applicable for the clearing of NDIRS for SwapClear Clearing Clients or FCM Clients will be the same as those currently payable by SwapClear Clearing Members for SwapClear Contracts that are not NDIRS (or Inflation ZCIS) and will be payable in USD.

*The Clearing House charges all fees to Clearing Members. Clearing Members individually make pricing arrangements with Clients.*

Kind regards,

## LCH Relationship Management

Terms used in this circular have the meaning assigned to them in either the Rulebook or FCM Rulebook (as applicable) or at [www.lch.com](http://www.lch.com). The terms 'SwapClear Clearing Member' and 'SwapClear Contract' include an 'FCM Clearing Member' and an 'FCM SwapClear Contract'.

*\*For technical reasons, maintenance fees will be payable from go-live for SwapClear Contracts entered with respect to SwapClear Clearing Clients and FCM Clients where the fees associated are payable prior to the end of 2018.*