

July 13, 2023

**VIA CFTC PORTAL**

**Mr Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581**

**Re: Amendment to the LCH SA Fee Grid related to the Extension of Eligible Collateral to Include Additional Supranational and Agency Bonds under the Triparty Collateral Solution**

Dear Mr. Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“**CFTC**”) Regulation § 40.6(a), LCH SA (“**LCH SA**”), a derivatives clearing organization (“**DCO**”) registered with the CFTC, certifies to the CFTC the amended fee grid (the “**Fee Grid**”) related to the extension of eligible collateral to include additional supranational and agency bonds (“**Additional Triparty Collateral**”) under the triparty collateral solution for LCH SA’s CDSClear service<sup>1</sup> (the “**Proposed Rule Change**”) expected to be effective on August 1<sup>st</sup>, 2023. However, in no event, it will either be implemented earlier than 10 business days after the proposed changes are filed with the CFTC.

The text of the Proposed Rule Change is attached hereto as Appendix A.

**Part I: Explanation and Analysis**

As part of the process to further enhance its triparty collateral service offering with Euroclear Bank and Euroclear France and to align the triparty collateral service offering across LSEG Group, LCH SA is extending the triparty offering to include the Additional Triparty Collateral and amending the Fee Grid.

*Extension of Triparty Collateral Eligibility*

Under the current list of eligible triparty collateral, LCH SA accepts European Union supranational debt and Kreditanstalt für Wiederaufbau (“**KfW**”) agency debt. Under the Proposed Rule Change, LCH SA will add the following supranational debt as eligible triparty collateral: European Financial Stability Facility; European Stability Mechanism; European Investment Bank; and Investment Bank for Reconstruction and Development. LCH SA also will add Landwirtschaftliche Rentenbank (“**LR**”) agency debt as eligible triparty

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<sup>1</sup> The Triparty Collateral solution is already rule filed with the CFTC :  
[LCHSA\\_CDSClear\\_TripartyCollat\\_Full CFTC SelfCert\\_Formal\\_30 May 23.pdf](#)

collateral. The Additional Triparty Collateral is 3G pool ECB eligible and accepted at Euroclear Bank and Euroclear Settlement for Euronext-zone Securities (ESES).

*Amendment to Fee Grid*

LCH SA proposes to amend the Fee Grid following the extension of eligible collateral to include the Additional Triparty Collateral. This amendment will establish triparty fees for the Additional Triparty Collateral consistent with the spread between current eligible triparty collateral and bilateral collateral through Full Title of Transfer (“FTT”) deposit. In addition, LCH SA proposes to amend the triparty fee for European Union supranational debt and KfW agency debt to be consistent with the triparty fees for the Additional Triparty Collateral. Specifically, LCH SA proposes to make the following amendments to the Fee Grid:

- Amend the current triparty fee for European Union supranational debt from 9.5bps to 11.5bps;
- Amend the current triparty fee for KfW agency debt from 9.5bps to 11.5bps; and
- Establish a triparty fee of 11.5bps for the Additional Triparty Collateral.

**Part II: Description of Rule Changes**

No amendments to the LCH SA CDS Clearing Rule Book are required to effect these changes.

LCH SA proposes to extend the eligible collateral to include the Additional Triparty Collateral and amend the Fee Grid to align the triparty collateral service offering across LSEG. The Proposed Rule Change will provide a wider offering of eligible collateral through the triparty collateral solution and provide greater collateral optimization opportunities for LCH SA clearing members. Amendments to the Fee Grid will align the spread between the triparty collateral solution and the bilateral FTT deposit. Appendix A sets forth amendments to the Fee Grid.

**Part III: Core Principle Compliance**

LCH SA reviewed the Proposed Rule Change against the DCO Core Principles as set forth in the Commodity Exchange Act (“CEA”) and applicable CFTC regulations and concluded it is compliant therewith. LCH SA notes the Proposed Rule Change will have a minimum impact on the following Core Principle and CFTC regulations including, but not limited to Regulation § 39.21.

- **DCO Core Principle L – Public Information.** LCH SA has determined that the Proposed Rule Change is consistent with DCO Core Principle L and CFTC Regulation § 39.21 requiring each clearing and other fee charged to clearing members be made available publicly. The amended Fee Grid will be made publicly available on the LCH SA website once the Proposed Rule Change becomes effective and LCH SA will ensure that sufficient information is provided to market participants so that they can identify and evaluate accurately the fees associated with using the relevant clearing services. As a result of this review, LCH SA believes the Proposed Rule Change is consistent with DCO Core Principle L and CFTC Regulation § 39.21.

**Part IV: Public Information**

LCH SA has submitted a notice of pending certifications to the CFTC and posted a copy of the submission on LCH SA's website at: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.

**Part V: Opposing Views**

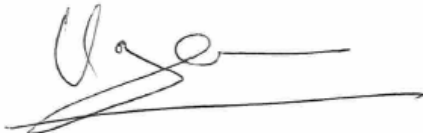
There were no substantive opposing views expressed to LCH SA by governing board or committee members, or clearing members of LCH SA that were not incorporated into the Proposed Rule Change.

**Certification**

LCH SA hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation § 40.6, that the Proposed Rule Change complies with the CEA, as amended, and the regulations promulgated thereunder.

If you require any additional information or have any questions regarding this submission, please contact the undersigned.

Best regards,

A handwritten signature in black ink, appearing to read 'Uzan', with a long horizontal line extending to the right.

**Carole Uzan**  
Chief Compliance Officer  
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**Attachment:** Appendix A: Securities Collateral Fee/Spread (bps)

**APPENDIX A**

**LCH SA CDSClear Fee Grid effective as of August 1, 2023**

	<b>Securities</b>	<b>Full Title Transfer</b>	<b>Pledge</b>	<b>Triparty</b>	<b>CDSClear Clients</b>
<b>Government Securities</b>	Australia	13	N/A	N/A	10
	Austria	11	15	9.5	10
	Belgium	11	15	9.5	10
	Canada	13	N/A	N/A	10
	Denmark	13	N/A	N/A	10
	Finland	11	15	9.5	10
	France	11	15	9.5	10
	Germany	11	15	9.5	10
	Italy	11	15	9.5	10
	Japan	13	N/A	N/A	10
	Netherlands	11	15	9.5	10
	Norway	13	N/A	N/A	10
	Portugal	11	N/A	9.5	10
	Spain	11	15	9.5	10
	Sweden	13	N/A	N/A	10
	Switzerland	13	N/A	N/A	10
	UK	11	15	N/A	10
USA	11	15	N/A	10	
<b>Supranationals</b>	European Financial Stability Facility	13	15	N/A 11.5	10
	European Stability Mechanism	13	15	N/A 11.5	10
	European Investment Bank	13	15	N/A 11.5	10
	European Union	13	15	9.5 11.5	10
	Investment Bank for Reconstruction and Development	13	15	N/A 11.5	10
<b>Agencies</b>	Rentenbank	13	15	N/A 11.5	10
	Kreditanstalt für Wiederaufbau	13	15	9.5 11.5	10
<b>Equities</b>	All (as listed in Haircut Schedule)	13	N/A	N/A	N/A