

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 17 SECURITIES AND EXCHANGE COMMISSION File No.* SR - 2018 - * 005
 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"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <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 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
--	---

Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document

Description

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

LCH SA is filing a proposed fee incentive scheme for CDSClear client clearing activities applicable from 31 October 2018.

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

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 10/31/2018 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 *

[Add](#) [Remove](#) [View](#)

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 *

[Add](#) [Remove](#) [View](#)

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 *

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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**”) will introduce a new fee incentive scheme for CDSClear client clearing activities applicable from October 31st, 2018.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by LCH SA Local Management Committee on September 4th 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 the proposed rule change is for LCH SA to introduce and specify a clearing fees incentive scheme for clients of CDSClear members, including volume based discounts, in order to encourage the growth of the CDSClear client clearing franchise.

Currently, CDSClear clearing members are charged a fee on their client clearing flows per EUR/USD million of gross notional cleared defined as follows:

Variable fee					
Client Clearing Per million gross notional cleared					
EUR indices	EUR single names	Credit Index Options – EUR Indices	US indices	US single names	Credit Index Option – US Indices*
€4	€12	€20	\$5	\$17	[\$20]

*Subject to regulatory approval

The proposed incentive scheme defines a fee rebate based on volumes in order to make it more attractive for new buy side clients to select CDSClear services and/or CDSClear existing clients to clear more by reducing the marginal cost of clearing past pre-defined volumes thresholds as detailed below in Exhibit 5.

The thresholds apply to quarterly notional cleared and the potential resulting rebate will be applied on the bill for the last month of the quarter.

The first quarterly notionals to be reviewed will be the Q4 2018 ones.

The proposed fee discount scheme will be effective until 31st December 2020.

Finally, the proposed incentive scheme will also exempt from clearing fees the registration of clients' positions at CDSClear resulting from the transfer of such positions from another CCP.

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.¹

LCH SA has determined that the proposed fees are reasonable and appropriate to charge to offer and maintain CDSClear client clearing services.

In particular, LCH SA believes that the volume-based discounts for CDSClear client clearing activities have been set up at an appropriate level given the costs and expenses to LCH SA in providing such services.

LCH SA believes that imposing such clearing fees is consistent with the requirements of Section 17A of the Act² 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.³

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

1 15 U.S.C. 78q-1(b)(3)(D).

2 15 U.S.C. 78q-1.

3 15 U.S.C. 78q-1(b)(3)(I).

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

Additionally, the fees and related discounts will apply equally to all clients of 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.

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 pursuant to Section 19(b)(3)(A)⁴ of the Act and Rule 19b-4(f)(2).⁵

4 15 U.S.C. 78s(b)(3)(A).

5 17 CFR 240.19b-4(f)(2).

(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 Client Fee Grid, effective upon filing

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



By: _____

Francois Faure
Chief Compliance Officer

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-LCH SA-2018-005)

[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 _____, 2018, 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 introduce a new fee incentive scheme for CDS Clear client clearing activities applicable from October 31st, 2018.

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 the proposed rule change is for LCH SA to introduce and specify a clearing fees incentive scheme for clients of CDSClear members, including volume based discounts, in order to encourage the growth of the CDSClear client clearing franchise.

Currently, CDSClear clearing members are charged a fee on their client clearing flows per EUR/USD million of gross notional cleared defined as follows:

Variable fee					
Client Clearing					
Per million gross notional cleared					
EUR indices	EUR single names	Credit Index Options – EUR Indices	US indices	US single names	Credit Index Option – US Indices*
€4	€12	€20	\$5	\$17	[\$20]

**Subject to regulatory approval*

The proposed incentive scheme defines a fee rebate based on volumes in order to make it more attractive for new buy side clients to select CDSClear services and/or CDSClear existing clients to clear more by reducing the marginal cost of clearing past pre-defined volumes thresholds as detailed below in Exhibit 5.

The thresholds apply to quarterly notional cleared and the potential resulting rebate will be applied on the bill for the last month of the quarter.

The first quarterly notionals to be reviewed will be the Q4 2018 ones.

The proposed fee discount scheme will be effective until 31st December 2020.

Finally, the proposed incentive scheme will also exempt from clearing fees the registration of clients' positions at CDSClear resulting from the transfer of such positions from another CCP.

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.⁵

LCH SA has determined that the proposed fees are reasonable and appropriate to charge to offer and maintain CDSClear client clearing services.

In particular, LCH SA believes that the volume-based discounts for CDSClear client clearing activities have been set up at an appropriate level given the costs and expenses to LCH SA in providing such services.

LCH SA believes that imposing such clearing fees is consistent with the requirements of Section 17A of the Act⁶ and the regulations thereunder applicable to it

⁵ 15 U.S.C. 78q-1(b)(3)(D).

⁶ 15 U.S.C. 78q-1.

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 purposes of the Act.⁷ 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 related discounts have been set up at an appropriate level given the costs and expenses to LCH SA in offering and maintaining the relevant client clearing services.

Additionally, the fees and related discounts will apply equally to all clients of 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.

⁷ 15 U.S.C. 78q-1(b)(3)(I).

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)⁸ of the Act and Rule 19b-4(f)(2)⁹ thereunder because it establishes a fee or other charge imposed by LCH SA on its Clearing Members. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such proposed rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-2018-005 on the subject line.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

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-2018-005. 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-2018-005 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.¹⁰

Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New CDSClear fee grid effective as of October 31st, 2018*

1. Quarterly Credit Index Option thresholds

Notional cleared (Quarterly)	Fees
From €0 to €2bn	Full published variable fees apply
From over €2bn to €10bn	20% discount on published variable fees <i>(applicable only above €2bn)</i>
Over €10bn	No further fees apply

2. Quarterly Credit Index thresholds

Notional cleared (Quarterly)	Fees
From €0 to €30bn	Full published variable fees apply
Over €30bn	No further fees apply

3. Quarterly Corporate Single Name Thresholds

Notional cleared (Quarterly)	Fees
From €0 to €4bn	Full published fees variable apply
Over €4bn	No further fees apply

* Subject to all regulatory review or approval process duly completed