

VIA CFTC PORTAL

2 April 2019

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH Limited Self-Certification: Temporary change to the Margin Collateral Haircut Schedule

Dear Mr Kirkpatrick,

LCH Limited ("LCH"), a derivatives clearing organisation registered with the Commodity Futures Trading Commission (the "CFTC" or "Commission"), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), a temporary change to the Margin Collateral haircut Schedule (the "Schedule"). The change will take effect from 25 April 2019 to 7 May 2019 inclusive.

Part I: Explanation and Analysis

LCH proposes to temporarily amend the Schedule with respect to the margin collateral haircut applied to eligible Japanese Yen ("JPY") non-cash collateral posted to the Clearing House. The proposal will be implemented for a period that includes Japanese Golden Week. Japanese Golden Week is an annual event that consists of 4 public holidays over the period of a week commencing on 29 April¹. Due to the Japanese Imperial succession taking place in 2019, additional dates have been added², creating a 10-day Golden Week holiday period in 2019. During this extended Golden Week period the Japanese financial markets will be closed (i.e. from 29 April to 6 May inclusive).

Details of the change to the Schedule are attached hereto (as Appendix A) as a confidential submission.

The temporary amendment to the Schedule has been notified via clearing member circular (see Appendix B).

Part II: Description of Rule Changes

This submission does not require any changes to the LCH Rulebook.

Part III: Core Principle Compliance

LCH has concluded that compliance with the Core Principles will not be adversely impacted by this change, and in particular complies with Core Principles D and L.

Part IV: Public Information

LCH has posted notice of pending certification and submission with the CFTC, on the LCH website at <https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0>

¹ April 29th – Showa Day; May 3rd – Constitution Memorial Day; May 4th – Greenery Day; May 5th – Children's Day (which will be actually celebrated on May 6th).

² April 30th – Abdication Day; May 1st – Accession Day; May 2nd – National Holiday.

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participant, that were not incorporated into this change.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in 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 regarding this submission, please contact me at julian.oliver@lch.com

Yours sincerely,



Julian Oliver
Chief Compliance Officer

LCH Rule Submission

Appendix A

(FOIA – Request for Confidentiality)

Margin Collateral Haircut Schedule
Effective from 25-Apr-2019

LCH Rule Submission

Appendix A con't

(FOIA – Request for Confidentiality)

Margin Collateral Haircut Schedule

Effective from 8 May 2019

LCH Rule Submission

Appendix B

Collateral Member Circular

Acceptable Collateral Haircut Review for Super Golden Week in Japan

Wed, 27/03/2019

Circular No.	LCH Circular No 4015
Date:	27th March 2019
To:	All LCH Ltd Clearing Members

Please note that there is an extended Japanese holiday from the close of business on April 26th until markets re-open on May 7th. The LCH Limited (LCH) Risk Management department has undertaken a review of the haircuts applied to member margin collateral.

Temporary changes to the haircuts resulting from this review will be effective from and inclusive of **Thursday 25th April 2019 to Tuesday 7th May 2019** ("Temporary Haircut Period") and can be viewed within the [LCH Secure Area](#). Please note that these changes are subject to regulatory review.

The haircut schedule effective during the Temporary Haircut Period will be available alongside the existing haircut schedule within the [LCH Secure Area](#).

LCH continues to reserve the right to use its discretion in all circumstances and, in particular, around areas of specific concentration in securities received as margin collateral, including 'wrong-way' risk.

Members seeking further information in relation to this Circular or confirmation of eligibility should contact the following:

Collateral Operations Client Services
collateral.clientservices@lch.com

CaLM First Line Risk
CaLMFLR@lch.com