

**VIA CFTC PORTAL SUBMISSION**

14 November 2017

Mr. Christopher Kirkpatrick  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

Dear Mr. Kirkpatrick:

LCH Limited ("LCH"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), a change to its Rules to make Australian Dollars ("AUD") cash, eligible to be posted as Initial Margin ("IM"). This change will take effect on or after December 1, 2017.

**Part I: Explanation and Analysis**

LCH plans to add AUD cash to the list of eligible collateral accepted by the clearing house with respect to IM liabilities. Clearing members that are participants in the LCH AUD PPS<sup>1</sup> will be able to post AUD cash (subject to limits set by LCH) as IM collateral.

**Part II: Description of Rule Changes**

No Rulebook amendments are required to make AUD cash an eligible IM currency; however changes must be made to the LCH website page "Acceptable Collateral" - <http://www.lch.com/risk-collateral-management/collateral-management/acceptable-collateral>

Changes to the Acceptable Collateral page are shown in Appendix A of this letter.

**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 C.

**Part IV: Public Information**

LCH has posted a notice of pending certification with the CFTC and a copy of this submission on the LCH 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 this change.

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<sup>1</sup> Arrangement in Australia, for the Australian market, that is LCH's proprietary direct debit system (the Protected Payments System).

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

Yours sincerely,



Julian Oliver, Chief Compliance Officer

# LCH Rule Submission

## Appendix A

<http://www.lch.com/risk-collateral-management/collateral-management/acceptable-collateral>

LCH Ltd accepts a wide range of currencies as cash collateral to make it simple for our members and their clients to meet their margin requirements at the clearing house.

LCH Ltd will apply an FX haircut in any instance where there is a mismatch between the main currency of risk on the cleared positions and the currency of the collateral.

[Click here](#) to find details of the LCH Ltd Margin Collateral Haircut Schedule including FX haircuts.

**Initial Margin:** LCH Ltd accepts the following currencies as cover for initial margin intraday and end of day:

**Non-FCMs \***

- USD
- EUR
- GBP

**FCMs**

- USD
- EUR\*\*
- GBP\*\*

\* Clearing Members may also deposit Swiss Francs subject to a maximum of CHF 300mn per Clearing Member and small amounts of the following currencies are eligible subject to pre-agreement with the Collateral and Liquidity Management – Front Office (contacts [here](#)): [Australian Dollars](#), Canadian Dollars; Japanese Yen; Swedish Krona; Danish Krone; and Norwegian Kroner.

\*\* For FCM purposes, cash collateral can only be accepted in USD unless margin is being paid on a USD currency holiday.

**Variation Margin:** All calls for variation margin must be met in cash and in the currency of the underlying exposure.