

VIA CFTC PORTAL

October 22, 2021

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

LCH Limited Self-Certification: ForexClear Fees and Rulebook Correction

Dear Mr. Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“CFTC”) Regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification corrections to the ForexClear fee schedule and Rules.

Part I: Explanation and Analysis

The ForexClear service charges fees to Clearing Members in relation to their activity in eligible deliverable and non-deliverable FX products, as appropriate.¹ These include fixed and variable components and are charged at the Clearing Member Group level. LCH will make one correction to its ForexClear Fee Schedule. Additionally, LCH will correct an error in its Rules related to the maximum settlement date for a ForexClear non-deliverable option contract.

Part II: Description of Rule Changes

LCH will correct the ForexClear Fee Schedule by updating the FX Options fee for the Zinc Tariff, which is applicable to deliverable FX products only, from US\$ 2 to GBP 2. There are currently no FX deliverable members on the zinc tariff, so there has been no billing implication.

Additionally, LCH will make a correction to its Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual to correct the maximum settlement date for a ForexClear non-deliverable option contract, for the currency pair BRL-USD (“BRL-USD Contract”). Currently, the maximum settlement date for a BRL-USD Contract is incorrectly listed as an exception at five years and two business days after the submission date. This rule change will correct this to align the maximum settlement date for a BRL-USD Contract at two years and two business days after the submission date. This correction will not impact any trades as there is no open interest in the BRL-USD Contract.

¹ <https://www.lch.com/services/forexclear/what-we-clear>

The changes to the ForexClear fees webpage as well as the Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual are set out in **Appendixes I-III**. The changes will be effective not earlier than November 5, 2021.

Part III: Core Principle Compliance

LCH reviewed the proposed changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards set forth therein. Specifically, these rule changes have potential relevance to Core Principle L (Public information).

The changes described in this filing ensure that LCH meets the objectives of Core Principle L, including that, in addition to the specified requirements of §39.21, LCH make available any information that is relevant to participation in the clearing and settlement activities of LCH. LCH considered its public information requirements and believes making the corrections described above will enhance its compliance with Core Principle L. The corrections provided for in this submission will be included in LCH's publicly available ForexClear Fee Schedule, Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual, thereby providing clarity to market participants. As a result, LCH believes these changes are consistent with the requirements of Core Principle L on Public Information under CFTC regulation §39.21.

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: <https://www.lch.com/resources/rulebooks/proposed-rule-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.

Certification

LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at julian.oliver@lch.com.

Yours sincerely,



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I

Website changes (ForexClear fees)

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

Fees

ForexClear Clearing Members may be members of either or both of the ForexClear Deliverable Service and the ForexClear Non-Deliverable Service. ForexClear Clearing Members may choose from a variety of fee tariffs: Gold – Combined Tariff, Bronze, Silver and Zinc. Each tariff covers all house trade registration activity for a ForexClear Clearing Member Group.

Deliverable FX Only Fees

Tariff	Annual Tariff	FX Options Fee / mn	FX spot / Forward Hedges Fee / mn	**FX Forward Settlement Fee / mn	Annual Fee Cap
Silver	GBP 885,000	n/a	n/a	0.2 EUR or USD	
Zinc	GBP 495,000	US\$ GBP 2	n/a	0.2 EUR or USD	GBP 1,045,000
Bronze	US\$ 400,000	US\$ 2	US\$ 2	0.2 EUR or USD	

Note: New Clearing Members of the ForexClear Deliverable Service will be eligible for a fee discount, please refer to 'Fee Discounts'

**Only applicable to FX Forward transactions that are not cleared for the purpose of hedging FX Options, reducing initial margin requirements or reducing settlement risk.

Appendix II
Product Specific Contract Terms and Eligibility Criteria Manual
Changed Pages



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

PART M
REGISTRATION OF A FOREXCLEAR NDO CONTRACT - PRODUCT
ELIGIBILITY CRITERIA

1. Registration of a ForexClear NDO Contract

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

- (a) the transaction meets the Product Eligibility Criteria set out in paragraph 2 below, as applicable, for a ForexClear NDO Transaction;
- (b) each party to the transaction is either (i) a ForexClear Dealer or (ii) a ForexClear Clearing Member who has not been declared a defaulter by the Clearing House; and
- (c) the ForexClear Clearing Member in whose name the ForexClear NDO Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of paragraphs 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

2. Product Eligibility Criteria for a ForexClear NDO Contract

Instrument	Non-Deliverable Currency Option Transaction
Economic Terms	The transaction particulars submitted to the Clearing House specify all the Economic Terms.
Currency Pair	One of
	USD/BRL,
	USD/KRW,
	USD/INR,
	USD/TWD,
	AUD/USD,
	EUR/USD,
	GBP/USD,
	CHF/USD, or
	JPY/USD
Valuation Date	A date with respect to the Currency Pair to which the ForexClear NDO Transaction relates and is (i) a valid Business Day, (ii) no earlier than the business day (as

	defined in the Regulations) immediately following the Submission Date and (iii) determined as set forth in the Procedures, relevant EMTA Template or relevant LCH G10 NDO Contract Template, as applicable, for the Currency Pair.
Settlement Date	A date with respect to the Currency Pair to which the ForexClear NDO Transaction relates and is:
	no earlier than the date immediately following the Valuation Date; and
	(A) with respect to ForexClear NDO Contracts where BRL is the Reference Currency, no later than the date falling five (5) calendar years plus two Business Days immediately following the Submission Date and (B) for all other ForexClear NDO Contracts, no later than the date falling two (2) calendar years plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set forth in the Procedures, relevant EMTA Template or relevant LCH G10 NDO Contract Template, as applicable, for the Currency Pair.
Settlement Type	Non-Deliverable
Settlement Currency	USD
Settlement Rate Option	As set forth in the relevant EMTA Template or LCH G10 Contract Template
Calculation Agent	The Clearing House

Appendix III
FCM Product Specific Contract Terms and Eligibility Criteria Manual
Changed Pages



FCM PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL

PART B
REGISTRATION OF AN FCM FOREXCLEAR NDO CONTRACT - PRODUCT
ELIGIBILITY CRITERIA

1. Registration of an FCM ForexClear NDO Contract

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

- (a) the transaction meets the FCM Product Eligibility Criteria set out in paragraph 2 or 3 below, as applicable, for an FCM ForexClear NDO Transaction;
- (b) each party to the transaction is an Executing Party; and
- (c) the FCM ForexClear Clearing Member in whose name the FCM ForexClear NDO Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of paragraphs 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

2. Product Eligibility Criteria for an FCM ForexClear NDO Contract

Instrument	Non-Deliverable Currency Option Transaction
Economic Terms	The transaction particulars submitted to the Clearing House specify all the Economic Terms.
Currency Pair	One of
	USD/BRL,
	USD/KRW,
	USD/INR,
	USD/TWD,
	AUD/USD,
	EUR/USD,
	GBP/USD,
	CHF/USD, or
	JPY/USD
Valuation Date	A date with respect to the Currency Pair to which the FCM ForexClear NDO Transaction relates and is (i) a valid Business Day, (ii) no earlier than the Business Day

	immediately following the Submission Date and (iii) determined as set forth in the FCM Procedures, relevant EMTA Template or relevant LCH G10 NDO Contract Template, as applicable, for the Currency Pair.
Settlement Date	A date with respect to the Currency Pair to which the FCM ForexClear NDO Transaction relates and is:
	no earlier than the date immediately following the Valuation Date; and
	(A) with respect to FCM ForexClear NDO Contracts where BRL is the Reference Currency, no later than the date falling five (5) calendar years plus two Business Days immediately following the Submission Date and (B) for all other FCM ForexClear NDO Contracts, no later than the date falling two (2) calendar years plus two Business Days immediately following the Submission Date, provided that in each case such date shall be: (i) a valid Business Day and (ii) determined as set forth in the FCM Procedures, relevant EMTA Template or relevant LCH G10 NDF Contract Template, as applicable, for the Currency Pair.
Settlement Type	Non-Deliverable
Settlement Currency	USD
Settlement Rate Option	As set forth in the relevant EMTA Template or LCH G10 Contract Template
Calculation Agent	The Clearing House