

VIA CFTC PORTAL

8 December 2021

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

LCH Limited Self-Certification: Bloomberg Short-Term Bank Yield Swaps¹ Fees

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 revisions to its rules to provide for additional fees related to Bloomberg Short-Term Bank Yield swaps ("BSBY Swaps").

Part I: Explanation and Analysis

In order to cover additional costs incurred by LCH when clearing BSBY Swaps, LCH is revising its rules to include additional fees. In order to facilitate the fee change related to BSBY Swaps, LCH plans to revise the SwapClear fee schedule on its website.²

Part II: Description of Rule Changes

LCH will amend the SwapClear fee schedule to include additional fees related to BSBY Swaps. These fees are meant to add approximately 5% to current SwapClear interest rate swap clearing fees only for BSBY Swaps. Clearing members and their clients will be charged current SwapClear clearing fees plus the additional proposed fees when clearing BSBY Swaps.

The changes to the rules are included as **Appendix I** in blackline form. The changes will be effective not earlier than December 23, 2021.

Part III: Core Principle Compliance

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

The changes described in this filing also 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.

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² <https://www.lch.com/services/swapclear/fees>

LCH considered its public information requirements and believes making the additions described above will enhance its compliance with Core Principle L. The changes provided for in this submission will be included in LCH's publicly available SwapClear Fee Schedule, 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@lseq.com.

Yours sincerely,



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I

Website changes (SwapClear Fees)

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

(The changes will be included on a new tab titled "BISL BSBY Fees")

BISL BSBY Fees

In accordance with the below schedule, index fees will be payable by a SwapClear Clearing Member or an FCM Clearing Member (each, a "Member") for each new trade registered in their name, which references the Bloomberg Short-Term Bank Yield ("BSBY")* index provided by Bloomberg Index Services Limited ("BISL") (each such trade, a "BSBY Trade").

Client Clearing Fees – Standard Pricing Plan

Where a Member is subject to the standard pricing plan for trades it clears with respect to a SwapClear Clearing Client or an FCM Client, LCH will charge the Member the following additional fee for each such trade that is a BSBY Trade on a per-million notional basis, in USD.

<u>Transaction Maturity</u>	<u>Booking fee per BSBY Trade</u>
<u>0 - 1year</u>	<u>0.045</u>
<u>1 year+ to 3 year</u>	<u>0.1125</u>
<u>3 year+ to 5 year</u>	<u>0.2025</u>
<u>5 year+ to 7 year</u>	<u>0.27</u>
<u>7 year+ to 10 year</u>	<u>0.36</u>
<u>10 year+ to 12 year</u>	<u>0.405</u>
<u>12 year+ to 15 year</u>	<u>0.45</u>
<u>15 year+ to 20 year</u>	<u>0.675</u>
<u>20 year+ to 25 year</u>	<u>0.81</u>
<u>25 year + to 51 year</u>	<u>0.9</u>

In addition, a Member will pay a maintenance fee equal to 5% of any maintenance fees it incurs under the standard pricing plan, in respect of BSBY Trades registered in its name. These fees are payable in USD.

Client Clearing Fees – High Turnover Plan

Where a Member is subject to the high turnover plan for trades it clears with respect to a SwapClear Clearing Client or an FCM Client, LCH will charge it an additional fee of USD \$1.25 for each such trade that is a BSBY Trade.

Member Fees

Where a Member is subject to one of the following tariffs for trades it clears for its own account or with respect to a SwapClear Dealer, then LCH will charge the Member the following additional fees, in respect of such tariff and such trades.

<u>Member tariff type</u>	<u>BSBY fee</u>
<u>Bronze</u>	<u>Booking fee: £3.75 per BSBY Trade</u> <u>Maintenance fee: £0.30 per month per BSBY Trade</u>
<u>Silver</u>	<u>Booking fee: £3.75 per BSBY Trade</u>
<u>Gold</u>	<u>Booking fee: £0.60 per BSBY Trade</u>
<u>Platinum</u>	<u>Booking fee: £0.60 per BSBY Trade</u>

The BSBY fees will not apply to SwapClear Contracts or FCM Contracts that result from a position transfer or a compression run effected by the Clearing House.

The BSBY fees will be calculated and invoiced monthly in arrears to SwapClear Clearing Members and FCM Clearing Members, in the currency in which the fees are incurred.

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**<https://www.bloomberg.com/professional/product/indices/bsby/>

A copy of the BISL licence for use of the BSBY index is located at [BSBY-Web-Terms.pdf](#) (bbhub.io).

The BSBY index is not available for use under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, as it has become retained EU law and effective in the United Kingdom under the European Union (Withdrawal) Act 2018 and as it is amended (the "UK BMR"). The index will only be available for use as a benchmark in the United Kingdom following an announcement by BISL that the index is ready for launch in the United Kingdom