

Via CFTC Portal

20th December 2018

Ms. Abigail S. Knauff and Mr. August Imholtz

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

Dear Ms. Abigail S. Knauff and Mr. August Imholtz,

Pursuant to CFTC regulation §40.6(a), LCH SA (“**LCH**”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “**CFTC**”), is submitting for self-certification the amendments to the CDSClear fee grid as a consequence of the evolution of the CDSClear business and arrangements.

The fee grid changes are supposed to be effective as of January 7th, 2019 but in no event, they will be implemented earlier than 10 business days after they are filed with the CFTC.

The proposed changes are attached hereto as Appendix.

Part I: Explanation and Analysis

The purpose of the proposed changes are partially reflecting a move to a more matured phase of development of CDSClear and adjusting the fee levels to the current market environment.

Part II: Description of Rule Changes

1) Change the Unlimited Tariff for General Members from €2,000,000 per year to €1,700,000 per year for 2019

CDSClear currently offers an unlimited tariff for General Members that covers all self-clearing CDS Index and Single Name activity for a Clearing Member and its affiliates for an annual fixed fee of €2,000,000 (no variable fee).

The propose change consists in decreasing the annual fixed fee amount to €1,700,000 per year. This fixed fee will cover all clearing fees for Index and Single Name CDS House activity excluding Sovereign CDS for all affiliates of a given Clearing Member group.

2) Set a new Options Clearing Service fee grid

As specified in the new LCH CDSClear options fee grid attached below in Appendix, it is proposed to:

- Rename the current Options clearing service tariff the Options Introductory tariff
- Increase the annual cap in the Options Introductory tariff from €500k to €600k for both General Members and Select Members
- Introduce a new tariff called the Options Unlimited tariff available to both General Members and Select Members and in which Members would pay an annual fixed fee to cover all their clearing fees related to House clearing activity of Credit Index Options. The level of this annual fixed fee (no pro-rating) would be set to:
 - o €375k for General Members
 - o €400k for Select Members
- Maintain the one-off onboarding fee of €30k to the Options clearing service under the following terms and conditions:
 - o The onboarding will be waived for all General and Select Members until 31-Mar-2019
 - o Under the Options Introductory tariff, an onboarding fee will be charged for each legal entity (even if of the same Group) onboarding the service
 - o Under the Options Unlimited tariff, only one single onboarding fee will be charged for all affiliated entities of a given Clearing Member Group onboarding the service

Part III: Core Principle Compliance

LCH will continue to comply with all Core Principles following the introduction of these changes and has concluded that its compliance with the Core Principles would not be adversely affected by these changes.

Part IV: Public Information

LCH has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH's 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 that were not incorporated into the rule.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation §40.6, that attached changes submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me.

A handwritten signature in blue ink, appearing to read 'Faure', with a horizontal line drawn underneath it.

Francois Faure
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APPENDIX

Current Unlimited Tariff

Direct Membership	Annual Fixed Fee	Self-Clearing/Variable Fees			
		EUR Indices	EUR Single Names	US Indices	US Single Names
General Member Unlimited Tariff	€2,000,000	No Variable Fee			

Current LCH CDSClear Options clearing service fee grid*

General Member	Onboarding Fees	€ 30k	one-off fee per Legal Entity waived until 31-Mar-18
	Clearing Fees	\$ 15	per million of option notional on US Indices**
		€ 15	per million of option notional on European Indices
	<i>Floor on clearing fees</i>	€150k	<i>Per calendar year (no pro-rating)</i>
	<i>Cap on Clearing fees</i>	€500k	<i>Per calendar year (no pro-rating)</i>
Select Member	Onboarding Fees	€ 30k	one-off fee per Legal Entity waived until 31-Mar-18
	Clearing Fees	\$ 18	per million of option notional on US Indices**
		€ 18	per million of option notional on European Indices
	<i>Cap on Clearing fees</i>	€500k	<i>Per calendar year (no pro-rating)</i>
Client	Clearing Fees	\$ 20	per million of option notional on US Indices
		€ 20	per million of option notional on European Indices
<ul style="list-style-type: none"> • Clearing fee holiday from launch until 31-Dec-2017 for all Members and Clients. 			

** Subject to regulatory approval

Proposed Unlimited Tariff**

General Member	Annual Fixed Fee	Self-Clearing/Variable Fees			
		EUR Indices	EUR Single Names	US Indices	US Single Names
Unlimited Tariff	€ 1,700,000	No Variable Fee			

Proposed LCH CDS Clear Options clearing service fee grid**

General Member	Introductory Tariff		Cover only one legal entity (no affiliate coverage)
	Clearing Fees	\$ 15	per million of option notional on US Indices*
		€ 15	per million of option notional on European Indices
	<i>Floor on clearing fees</i>	€ 150k	<i>Per calendar year (no pro-rating)</i>
	<i>Cap on Clearing fees</i>	€ 600k	<i>Per calendar year (no pro-rating)</i>
	Unlimited Tariff		Cover all affiliates of a given Clearing Member Group
			Cover all clearing fees for Credit Option House activity for both iTraxx and CDX.NA underlying index families
	<i>Fixed fee (annual)</i>	€ 375k	<i>Per calendar year (no pro-rating)</i>
			<i>Excludes any potential future EEP usage fees</i>
	Onboarding Fees (both Introductory & unlimited)	€ 30k	One-off fee per Legal Entity under the Introductory tariff or per Clearing Member Group under Unlimited tariff waived until 31-Mar-19
Select Member	Introductory Tariff		Cover only one legal entity (no affiliate coverage)
	Clearing Fees	\$ 18	per million of option notional on US Indices*
		€ 18	per million of option notional on European Indices
	<i>Cap on Clearing fees</i>	€ 600k	<i>Per calendar year (no pro-rating)</i>
	Unlimited Tariff		Cover all affiliates of a given Clearing Member Group
			Cover all clearing fees for Credit Option House activity for both iTraxx and CDX.NA underlying index families
	<i>Fixed fee (annual)</i>	€ 400k	<i>Per calendar year (no pro-rating)</i>
			<i>Excludes any potential future EEP usage fees</i>

	Onboarding Fees (both Introductory & unlimited)	€ 30k	One-off fee per Legal Entity <u>under the Introductory tariff or per Clearing Member Group under Unlimited tariff waived until 31-Mar-19</u>
Client	Clearing Fees	\$ 20	per million of option notional on US Indices
		€ 20	per million of option notional on European Indices
* <i>Subject to regulatory approval</i>			

** *Subject to any appropriate regulatory review and/or approval process duly completed*