27 April 2018

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

Dear Mr Kirkpatrick:

LCH Limited ("LCH"), a derivatives clearing organisation registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), a communication to its clearing members which notifies changes to the ForexClear Initial Margin ("IM") Floor. These changes take effect on or after 14 May 2018.

**Part I: Explanation and Analysis**
The ForexClear service is amending its IM model to ensure continued compliance with risk management regulatory requirements, after the 2008 crisis falls out of the 10-year look back period.

The clearing member communication about implementation of this change is attached hereto as Appendix A.

**Part II: Description of Rule Changes**
No Rulebook changes are required in respect of this proposal.

**Part III: Core Principle Compliance**
LCH concludes 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 a notice of pending certification with the CFTC and a copy of this submission on the LCH website at [https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0](https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0)

**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 these changes.

**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.

Yours sincerely,

[Signature]
Julian Oliver
Chief Compliance Officer
Appendix A
Dear Members,

As previously communicated, Forexclear will be changing its Initial margin ("IM") model to ensure continued compliance with EMIR RTS 25 after the 2008 crisis falls out of the 10-year lookback period.

This communication provides an update on phase 1 implementation of this change.

We are happy to confirm that phase 1 is still scheduled to go live on 2nd May 2017 with first calculation occurring on 1st May. Margin call resulting from potential shortfall will be implemented from May 14th EOD subject to regulatory approval.

As part of phase 1, two new reports will be provided showing the results of the Stress VaR calculation. The two new reports will be:

1- FREP0136 - Stressed VaR Add-on by House Activity by Member

2- FRPT0136C - Stressed VaR Add-on by clients

Sample of the new reports have been posted on the secure area.
https://secure-area.lchclearnet.com/secure_area/secure/default.asp?folder=5164&view=list

You will also find in the secure area:
- The IM/Notional grids showing the impact of the model change at risk factor and portfolio level for both House and Clients.
- The details of the scenarios for the retained stress period

Please do not hesitate to contact ForexClear.RiskManagement@lch.com if you require any further information about this change.

Kind Regards.

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