

Member circular

18 February 2019

Dear Customer,

Brexit Update: LCH Limited Article 25 Recognition by ESMA under a no-deal Brexit

On 19 December 2018, the European Commission (“EC”) implemented its “no-deal” contingency action plan including a conditional and temporary equivalence decision for central counterparties (“CCPs”) in the United Kingdom. Further to this announcement, LCH issued a [member notice](#) confirming continuity of service to all customers after 29 March 2019 in the event of no deal.

On [4 February 2019](#) the European Securities and Markets Association (“ESMA”) and the Bank of England announced that they had agreed Memoranda of Understanding regarding cooperation and information sharing arrangements with respect to CCPs. This was a necessary condition for ESMA to recognise UK CCPs following the EC’s equivalence decision.

Further to these announcements, we are pleased to confirm that LCH Ltd has been recognised by ESMA as a third country CCP under Article 25 of EMIR. This recognition will apply from 30 March 2019 until 30 March 2020 in the absence of a withdrawal agreement with the UK in accordance with Article 50(2) of the Treaty on European Union. This recognition confirms LCH Ltd’s ability to continue to offer all clearing services for all products and services to all members and clients after 29 March 2019 in a no-deal Brexit scenario.

LCH reserves its right to take any action it considers appropriate at any time, should there be a material change in circumstances. Members should continue to make their own assessment of risks, take such advice as they consider necessary, and continue with their own Brexit preparations.

LCH Ltd will seek a smooth transition from temporary to permanent recognition under the revised supervisory framework for EU and third country CCPs (‘EMIR 2.2’). This will require final adoption of EMIR 2.2 and LCH Ltd to subsequently make formal application for, and be granted, permanent recognition as a third country CCP by ESMA.

We thank you for your continued support and look forward to continuing to partner with you in 2019 and beyond. Please do not hesitate to contact us directly if you would like to discuss further.

Yours faithfully



Daniel Maguire
CEO, LCH Group

Martin Pluves
CEO, LCH Limited