

Via CFTC Portal

14th December 2016

Mrs. Parisa Abadi

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

Dear Mrs. Abadi,

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 activities according to the current market environment.

The fee grid changes are supposed to be effective as of January 1st, 2017 but in no event, they will be implemented earlier than 10 business days after they are filed with the CFTC.

The submitted changes are attached hereto as Appendix.

Part I: Explanation and Analysis

The purpose of the three 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 €2.25mio to €2.0mio

CDSClear currently offers an unlimited tariff for General Members that covers all self-clearing activity for a Clearing Member or affiliate for an annual fixed fee of €2.25mio (no variable fee).

The proposed change consists in decreasing the annual fixed fee to €2mio (all other conditions and terms remaining unchanged). This will ensure the General Members under the Unlimited Tariff benefit from the same financial terms of the CDC members having opted for the two year fixed extension.

The cap on self-clearing fees under the Introductory Tariff will be similarly revised down to €2.0mio.

2) Remove the discounts for client clearing fees (band based)

A volume based rebate mechanism was introduced early 2014 as detailed below. The objective at the time was to accelerate client clearing ahead of the mandatory clearing timeline, which is not justified anymore with the clearing obligation becoming effective through 2017.

The proposition submitted for approval consists in removing the volume based discounts applicable to client clearing fees entirely.

Terms & Conditions due to be terminated following approval on Jan 1st, 2017

Discounts for clients will be implemented as follows: Band	Benefit	Monthly Gross Notional Cleared
Band A	Base Fee	€0 to €2bn
Band B	16% fee discount	€2bn+ to €6bn
Band C	25% fee discount	€6bn+

3) Implement annual fixed fees for General Members under the Introductory Tariff

General Members under the Introductory Tariff are currently solely subject to volume based variable fees. This means that a member under this tariff with no clearing activity has full access to the CDSClear service resources, contributes to the service evolution being consulted on rules and product / services changes, benefits from unlimited support for training & system testing at no cost currently.

This proposition introduces an annual fixed fee payable by every General Member under the Introductory Tariff of **€200,000**. This fixed fee is separate and in addition to the self-clearing & client clearing variable fees and is due even for members with no clearing activity. Terms include:

- One twelfth of this fee will be charged each month,
- A pro-rata amount will be applied for Clearing Members starting or resigning their activity during the year.

This annual fixed fee for General Member under the Introductory Tariff will increase to **€400,000** for Members clearing more than €15Bn gross notional in clearing activity per year (whether self-clearing or clearing for clients).

Variable fees applied to self or client cleared notionals remain unchanged.

Part III: Core Principle Compliance

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

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 at: françois.faure@lch.com.

A handwritten signature in blue ink, appearing to read 'Faure', written over a horizontal line.

Francois Faure
Chief Compliance Officer
+33 1 70 37 65 96

APPENDIX – New CDSClear fee grid as of January 1st, 2017 *

CDSClear	General Membership								Select Membership	
	Unlimited Tarrif				Introductory Tarrif					
Per million	Dealer		Client Clearing		Dealer		Client Clearing		Dealer only	
	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD
Fixed fees - Annual ('000)	€ 2 000				€ 200 € 400		Annual Fixed fee Over €15Bio cleared over a year		€ 250 € 450 Over €25Bio cleared over a year	
Variable fees	Not applicable		€ 4	\$5	€ 3,5	\$4,5	€ 4	\$5	€ 4,0	\$5,0
Index	Not applicable		€ 4	\$5	€ 3,5	\$4,5	€ 4	\$5	€ 4,0	\$5,0
Single Name	Not applicable		€ 12	\$17	€ 10	\$13	€ 12	\$17	€ 10	\$13
Total fee cap					€ 2 000					

* Subject to all regulatory approval received