

VIA CFTC PORTAL

Mr Christopher Kirkpatrick  
Commodity Futures Trading Commission  
115 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

17 April 2020

**LCH Limited Self-Certification: Complaints Procedure**

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification updates to its Complaints procedure.

**Part I: Explanation and Analysis**

LCH has procedures in its rulebook which describes how a person may make a formal complaint against LCH, and set out how that complaint will be investigated and resolved.

LCH proposes to broaden the grounds of complaint to include cases where substantive opposing views or comments to a proposed or recently introduced change to the Rulebook are raised.

Additionally, LCH proposes minor changes to this section (Procedures Section 8) of the procedures to tidy up the language, correct references and naming conventions. The changes also highlight that the Head of Business Risk could be invited to be a member of the Investigation Committee.

The rule changes will go live on, or after, 1 May 2020.

**Part II: Description of Rule Changes**

Procedures Section 8 (Complaints) has been updated to broaden the grounds of complaint to include a rulebook change. This section also includes conforming changes to tidy up the language, correct references and naming conventions and the inclusion of Head of Business Risk as a potential member of the Investigation Committee. These amendments are replicated in section 7 of the FCM Rulebook.

The text of the changes is attached hereto as:

- i. **Appendix I**, Procedures Section 8 (Complaints)
- ii. **Appendix II**, FCM Procedures

### Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards therein including Principle L (Public information) by having a clearer set of rules and procedures.

### 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: <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 or market participants 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 rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at [charlotte.woodwards@lch.com](mailto:charlotte.woodwards@lch.com).

Yours sincerely



Charlotte Woodward

Senior Regulatory Advisor  
LCH Limited

**Appendix I**  
Procedures Section 8 (Complaints)



**LCH LIMITED**  
**PROCEDURES SECTION 8**  
**COMPLAINTS**

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## 1. COMPLAINTS

### 1.1 Introduction

1.1.1 These Procedures describe how a person ("**the Complainant**") who:

- (a) has a complaint about the conduct or behaviour or other actions of a Member with regard to that Member's clearing activities with the Clearing House; ~~or~~
- (b) has a complaint arising in connection with the performance of, or the failure to perform, any of the Clearing House's regulatory functions; or
- ~~(b)~~(c) has substantive opposing views or comments to a proposed or recently introduced change to the Rulebook or FCM Rulebook (each, a "Complaint");

may make a formal complaint, and how that complaint will be investigated and resolved.

### 1.2 How to make a complaint

1.2.1 A ~~complaint with regard to the conduct or behaviour or other actions of a Member with regard to that Member's clearing activities conducted through the Clearing House or a complaint regarding the performance of the Clearing House or its failure to perform any of its regulatory functions~~ Complaint:

- (a) must be made in writing, ~~be~~-dated and addressed to the Chief Compliance Officer, LCH: ~~Clearnet~~ Limited at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, U.K.;
- (b) with respect to a Complaint described in Section 1.1.1(a) or (b), should set out, as far as possible, details of the conduct, behaviour or other actions complained of, date(s) and place(s) these occurred, the names of the person involved, the outcome sought, and any other relevant details;
- (c) with respect to a Complaint described in Section 1.1.1(c), should describe, in detail, the proposed or recently enacted rule change and relevant section or clause and all substantive opposing views and comments;
- ~~(e)~~(d) must be made no later than ~~3~~-three months after the conduct, behaviour, notification of the proposed rule change or other actions complained of, or, if the conduct, behaviour or other actions complained of consists of a series of events, no later than ~~3~~-three months after the end of the last such event; and
- ~~(d)~~(e) must contain the full name and address of the Complainant and, wherever possible the details of a contact telephone number and email address.

- 1.2.2 In submitting a ~~complaint~~ Complaint in accordance with these Procedures, the Complainant may submit such further and other documentation and material which he/she believes may be relevant.
- 1.2.3 Upon receipt of a written ~~complaint~~ Complaint ~~pursuant to these Procedures~~, the Chief Compliance Officer of the Clearing House shall acknowledge in writing to the address shown in the letter of complaint, receipt of the complaint. Such acknowledgment shall be made within 14 days of receipt of the ~~letter of complaint~~ Complaint. After receipt of a Complaint ~~complaint~~ in accordance with the procedure set out in this Section, the Clearing House shall conduct an internal investigation ~~or~~ and review such Complaint ~~complaint~~ in accordance with the procedures set out in Section 1.3 (*Internal investigation and review by the Clearing House*) below.

### 1.3 Internal Investigation and Review by the Clearing House

- 1.3.1 No later than 14 days from receipt of a Complaint ~~complaint of the type referred to in Section 1.1 or 1.2 above~~, the Chief Compliance Officer of the Clearing House shall refer the Complaint ~~complaint~~, together with any supporting material provided by the Complainant, to an Investigation Committee.
- 1.3.2 An Investigation Committee shall consist of ~~any 3~~ at least three of the following persons:
- (a) the Chief Compliance Officer;
  - (b) the Head of Legal, ~~London~~;
  - (c) the ~~Group~~ Head of Operations of the relevant business or Service;
  - (d) Head of Business Risk of the relevant business or Service; or
  - ~~(de)~~ any ~~person~~ Clearing House employee holding the position of ~~Executive Director or Managing Director at the Clearing House.~~
- ~~providing~~ provided **always that** an Investigation Committee ~~shall have~~ must include at least ~~one of~~ the Chief Compliance Officer or the Head of Legal, ~~London among its number.~~
- 1.3.3 The Investigation Committee ~~established pursuant to this Section 1~~ shall conduct an investigation into the subject matter of the Complaint ~~complaint~~ and shall deliver its report to the Complainant and to the Chief Executive of the Clearing House within a period of ~~12 weeks~~ three months from the referral to it of the Complaint ~~complaint~~. The ~~committee~~ Investigation Committee may make such recommendations as it deems fit for resolving the subject matter of the Complaint ~~complaint~~. The ~~committee~~ Investigation Committee ~~may~~, if it so decides, make no recommendations if it considers such course of action to be appropriate in the circumstances. The report shall contain reasons for the ~~committee's~~ Investigation Committee's decision.
- 1.3.4 The costs of the internal investigation and review shall be borne by the Clearing House.

- 1.3.5 Where the Chief Compliance Officer of the Clearing House receives a written complaint which is not a complaint regarding the conduct, behaviour or other actions of a Member in respect of its clearing activities with the Clearing House or that is not a complaint arising in connection with the performance of, or the failure to perform, any of the Clearing House's regulatory functions but is nevertheless a complaint regarding a Member or regarding the conduct, behaviour or actions of an officer or employee or other staff member of the Clearing House, then such complaint shall be referred to the Chief Executive of the Clearing House to be dealt with in accordance with the Requests for Review procedure set out in Section 11.6 of Section 7 (*Appeals Procedures*) of these Procedures.

#### 1.4 Referral to an Independent Investigator

- 1.4.1 Solely with respect to a Complaint described in Section 1.1.1(a) or (b) above, ~~i~~In the event that the Complainant is dissatisfied with the outcome of the Internal Investigation and Review ~~procedure set out in Section 1.3 above,~~ or in the event that the Complainant does not receive the report of the Investigation Committee within ~~14 weeks~~ three months of the ~~submission receipt of a complaint of the kind described in Section 1.1 and Section 1.2 above~~ the relevant Complaint (and provided that the subject matter of the Complaint ~~complaint~~ (or substantially the same matters) shall not have already been referred to an independent investigator as a result of a ~~complaint~~ Complaint from that same Complainant) the Complainant may ask for the Complaint ~~complaint~~ to be referred to an Independent Investigator nominated in accordance with the procedure set out in Section 1.5 (*Procedure for dealing with the complaint*) below.
- 1.4.2 A request for referral to an Independent Investigator shall be made in writing to the Chief Compliance Officer of the Clearing House and ~~shall~~ must be made no later than ~~2 two~~ two weeks following notification to the Complainant of the report of the Investigation Committee or ~~four months~~ 16 weeks from the ~~submission receipt~~ of the original Complaint ~~complaint~~ to the Clearing House in accordance with Section 1.2 (*How to make a complaint*).
- 1.4.3 Within 14 days of receipt of a written request, in accordance with Section 1.4.2 above, the Chief Compliance Officer of the Clearing House shall refer the Complaint ~~complaint~~ to an Independent Investigator (as described below).
- 1.4.4 An Independent Investigator shall be nominated for this purpose by The Centre for Dispute Resolution ("CEDR"), London. Such investigator shall be a person:
- independent of the Clearing House (for these purposes "**independent**" shall mean that such person is not and has not been an officer, director or employee of the Clearing House);
  - with appropriate knowledge of how clearing is carried out by the Clearing House and of the Regulations (including the Procedures), and other relevant documentation, regulation and applicable law; and

- (c) with appropriate experience of the market activities in respect of which the complaint relates.

1.4.5 The Clearing House shall be responsible for the payment of the fees and expenses of the Independent Investigator although this shall not give rise to any employment or other relationship between the Independent Investigator and the Clearing House, and shall not give rise to any duty between the Independent Investigator and the Clearing House other than that the Independent Investigator shall act as an independent complaints investigator in accordance with the terms of these Procedures.

1.4.6 In the event, that for reasons beyond the reasonable control of the Clearing House, referral to an Independent Investigator is not made within the ~~two~~2 week period referred to in Section 1.4.3 above, then the Chief Compliance Officer of the Clearing House shall notify the ~~C~~eomplainant in writing of the reasons for the delay.

## 1.5 Procedure for ~~D~~ dealing with ~~A C~~the complaint

1.5.1 Upon appointment, an Independent Investigator nominated in accordance with these Procedures, shall forthwith notify the Complainant and the Clearing House in writing of his appointment and shall invite the Complainant and the Clearing House to make such submissions and submit such documentation as each may wish within such timescale as the Independent Investigator may determine.

1.5.2 The Independent Investigator shall determine his or her own procedure for considering the Complaint ~~complaint~~ referred to him, shall be guided by the requirements of fairness and may, inter alia, do any one or more of the following:

- (a) interview the Complainant;
- (b) interview a representative of the Clearing House;
- (c) seek further or other information from the Clearing House and/or the Complainant;
- (d) make such further or other reasonable inquiries as he/she deems fit in order properly and fully to investigate the complaint.

## 1.6 Outcomes

1.6.1 The Independent Investigator shall, wherever reasonably possible, conclude his or /her investigation of a Complaint ~~complaint referred to him/her under these Procedures~~ within ~~a period of 2~~two months from the date of his or /her nomination. Where it is not reasonably possible to do so due to the nature or complexity of the matter referred to him or /her or for other good reason, ~~he/she~~the Independent Investigator shall notify the Complainant and the Clearing House in writing of this fact and provide a further date for the completion of the investigation.



- 1.6.2 The Independent Investigator shall, at the end of his or /her investigation, produce a written report setting out his or /her findings, conclusions, and reasons for ~~his/hersuch~~ conclusions. Such report shall be provided ~~both~~ to the Complainant and to the Clearing House, but shall not be made public unless the Complaint ~~complaint~~ is upheld in whole or in part and the Complainant so requests. In the event of such request, the report shall be made public by being published on the Clearing House's public website. Where only part of the Complaint ~~complaint~~ is upheld then only the part of the report relating to that part of the Complaint ~~complaint~~ shall be so published.
- 1.6.3 In his written report the Independent Investigator may:
- (a) dismiss the Complaint ~~complaint~~;
  - (b) uphold the Complaint ~~complaint~~ in its totality;
  - (c) uphold part of the Complaint ~~complaint~~ and dismiss part of the Complaint ~~complaint~~; or
  - (d) make such recommendations as he or /she deems fit in the circumstances, including a recommendation that the Clearing House make a compensatory payment and/or takes such action as may be reasonably practicable to remedy the cause of the Complaint ~~complaint~~.

**Appendix II**  
FCM Procedures



**FCM PROCEDURES OF THE CLEARING HOUSE**

**LCH LIMITED**

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## 7. COMPLAINTS

### 7.1 Introduction

7.1.1 These FCM Procedures describe how a person (the “**Complainant**”) who:

- (a) has a complaint about the conduct or behavior or other actions of an FCM Clearing Member with regard to that FCM Clearing Member's clearing activities with the Clearing House; ~~or~~
- (b) has a complaint arising in connection with the performance of, or the failure to perform, any of the Clearing House's regulatory functions; or
- ~~(b)~~(c) has substantive opposing views or comments to a proposed or recently introduced change to the Rulebook or FCM Rulebook (each, a “Complaint”);

may make a formal complaint, and how that complaint will be investigated and resolved.

### 7.2 How to make a complaint

7.2.1 ~~A complaint with regard to the conduct or behavior or other actions of an FCM Clearing Member with regard to that FCM Clearing Member's clearing activities conducted through the Clearing House or a complaint regarding the performance of the Clearing House or its failure to perform any of its regulatory functions~~Complaint:

- (a) must be made in writing, ~~be~~-dated and addressed to the Chief Compliance Officer LCH Limited at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, U.K.;
- (b) with respect to a Complaint described in Section 7.1.1(a) or (b), should set out, as far as possible, details of the conduct, behavior or other actions complained of, date(s) and place(s) these occurred, the names of the person involved, the outcome sought, and any other relevant details;
- (c) with respect to a Complaint described in Section 7.1.1(c), should describe, in detail, the proposed or recently enacted rule change and relevant section or clause and all substantive opposing views and comments
- ~~(e)~~(d) must be made no later than ~~three~~3 months after the conduct, behavior, notification of the proposed rule change or other actions complained of, or, if the conduct, behavior or other actions complained of consists of a series of events, no later than ~~3~~three months after the end of the last such event; and
- ~~(d)~~(e) must contain the full name and address of the Complainant and, wherever possible the details of a contact telephone number and email address.

- 7.2.2 In submitting a ~~complaint~~ Complaint in accordance with these FCM Procedures the Complainant may submit such further and other documentation and material which he/she believes may be relevant.
- 7.2.3 Upon receipt of a written ~~Complaint~~ complaint pursuant to these ~~FCM Procedures~~, the Chief Compliance Officer of the Clearing House shall acknowledge in writing to the address shown in the letter of complaint, receipt of the complaint. Such acknowledgment shall be made within 14 days of receipt of the ~~Complaint~~ letter of complaint. After receipt of a ~~Complaint~~ complaint in accordance with the procedure set out in this Section, the Clearing House shall conduct an internal investigation ~~and or~~ review such ~~Complaint~~ complaint in accordance with the procedures set out in Section 7.3 (*Internal investigation and review by the Clearing House*) below.

### 7.3 ~~I~~ Investigation and r Review by the Clearing House

- 7.3.1 No later than 14 days from receipt of a ~~Complaint~~ complaint of the type referred to in Section 7.2.1 or 7.2.2 (How to make a complaint) above, the Chief Compliance Officer of the Clearing House shall refer the ~~Complaint~~ complaint, together with any supporting material provided by the Complainant, to an Investigation Committee.
- 7.3.2 An Investigation Committee shall consist of ~~any 3~~ at least three of the following persons:
- (a) the Chief Compliance Officer;
  - (b) the Head of Legal, ~~London~~;
  - (c) the Head of Business Risk of the relevant business or Service ~~Head of Legal, New York~~;
  - (d) the ~~Group~~ Head of Operations of the relevant business or Service;
  - (e) any ~~person~~ Clearing House employee holding the position of ~~Executive~~ Director or Managing Director at the Clearing House.

**provided always that** an Investigation Committee ~~shall~~ must ~~have~~ include at least ~~one of~~ the Chief Compliance Officer or the Head of Legal, ~~London~~ among its number.

- 7.3.3 The Investigation Committee ~~established pursuant to this Section 7~~ shall conduct an investigation into the subject matter of the ~~Complaint~~ complaint and shall deliver its report to the Complainant and to the Chief Executive of the Clearing House within a period of ~~12 weeks~~ three months from the referral to it of the ~~Complaint~~ complaint. The ~~committee~~ Investigation Committee may make such recommendations as it deems fit for resolving the subject matter of the complaint. The committee may, if it so decides, make no recommendations if it considers such course of action to be appropriate in the circumstances. The report shall contain reasons for the ~~committee's~~ Investigation Committee's decision.

- 7.3.4 The costs of the internal investigation and review shall be borne by the Clearing House.
- 7.3.5 Where the Chief Executive Officer of the Clearing House receives a written complaint which is not a complaint regarding the conduct, behavior or other actions of an FCM Clearing Member in respect of its clearing activities with the Clearing House or that is not a complaint arising in connection with the performance of, or the failure to perform, any of the Clearing House's regulatory functions but is nevertheless a complaint regarding an FCM Clearing Member or regarding the conduct, behavior or actions of an officer or employee or other staff member of the Clearing House, then such complaint shall be referred to the Chief Executive of the Clearing House to be dealt with in accordance with the Requests for Review procedure set out in Section 6.6 (*Requests for review*) of these FCM Procedures.

#### 7.4 Referral to an independent investigator

- 7.4.1 Solely with respect to a Complaint described in Section 7.1.1(a) or (b) above, ~~In~~ in the event that the Complainant is dissatisfied with the outcome of the Internal Investigation and Review ~~procedure set out in Section 7.3 (*Internal investigation and review by the Clearing House*) above,~~ or in the event that the Complainant does not receive the report of the Investigation Committee within ~~14 weeks~~ three months of the ~~submission receipt~~ of a Complaint ~~complaint of the kind described in Sections 7.2.1 and 7.2.2 above (*How to make a complaint*)~~ (and provided that the subject matter of the Complaint ~~complaint~~ (or substantially the same matters) shall not have already been referred to an independent investigator as a result of a Complaint ~~complaint~~ from that same Complainant) the Complainant may ask for the Complaint ~~complaint~~ to be referred to an Independent Investigator nominated in accordance with the procedure set out in Section 7.5 (*Procedure for dealing with the complaint*) below.
- 7.4.2 A request for referral to an Independent Investigator shall be made in writing to the Chief Compliance Officer of the Clearing House and ~~shall~~ must be made no later than ~~2~~ two weeks following notification to the Complainant of the report of the Investigation Committee or ~~16 weeks~~ four months from the ~~submission receipt~~ of the original Complaint ~~complaint~~ to the Clearing House in accordance with Section 7.2 (*How to make a complaint*).
- 7.4.3 Within 14 days of receipt of a written request, in accordance with Section 7.4.2 above, the Chief Compliance Officer of the Clearing House shall refer the Complaint ~~complaint~~ to an Independent Investigator (as described below).
- 7.4.4 An Independent Investigator shall be nominated for this purpose by The Centre for Dispute Resolution (CEDR), London. Such investigator shall be a person:
- (a) independent of the Clearing House (for these purposes “independent” shall mean that such person is not and has not been an officer, director or employee of the Clearing House); and

- (b) with appropriate knowledge of how clearing is carried out by the Clearing House and of the FCM Rulebook (including the FCM Procedures) and other relevant documentation and Applicable Law; and
  - (c) with appropriate experience of the market activities in respect of which the complaint relates.
- 7.4.5 The Clearing House shall be responsible for the payment of the fees and expenses of the Independent Investigator although this shall not give rise to any employment or other relationship between the Independent Investigator and the Clearing House, and shall not give rise to any duty between the Independent Investigator and the Clearing House other than that the Independent Investigator shall act as an independent complaints investigator in accordance with the terms of these FCM Procedures.
- 7.4.6 In the event, that for reasons beyond the reasonable control of the Clearing House, referral to an Independent Investigator is not made within the 2 week day period referred to in 7.4.3 above, then the Chief Compliance Officer of the Clearing House shall notify the complainant in writing of the reasons for the delay.

## 7.5 Procedure for **D**ealing with the **e**Complaint

- 7.5.1 Upon appointment, an Independent Investigator nominated in accordance with these FCM Procedures, shall forthwith notify the Complainant and the Clearing House in writing of his appointment and shall invite the Complainant and the Clearing House to make such submissions and submit such documentation as each may wish within such timescale as the Independent Investigator may determine.
- 7.5.2 The Independent Investigator shall determine his or her own procedure for considering the Complaint ~~complaint~~ referred to him, shall be guided by the requirements of fairness and, and may, *inter alia*, do any one or more of the following:
- (a) interview the Complainant;
  - (b) interview a representative of the Clearing House;
  - (c) seek further or other information from the Clearing House and/or the Complainant; or
  - (d) make such further or other reasonable inquiries as he/she deems fit in order properly and fully to investigate the complaint.

## 7.6 Outcomes

- 7.6.1 The Independent Investigator shall, wherever reasonably possible, conclude his or ~~her~~ investigation of a Complaint ~~complaint referred to him/her under these FCM Procedures~~ within a period of 2two months from the date of his or ~~her~~ nomination. Where it is not reasonably possible to do so due to the nature

or complexity of the matter referred to him or /her or for other good reason, then the Independent Investigator ~~he/she~~ shall notify the Complainant and the Clearing House in writing of this fact and provide a further date for the completion of the investigation.

7.6.2 The Independent Investigator shall, at the end of his ~~or~~ /her investigation, produce a written report setting out his or her findings, conclusions, and reasons for ~~such~~ his/her conclusions. Such report shall be provided ~~both~~ to the Complainant and to the Clearing House but it shall not be made public unless the Complaint ~~complaint~~ is upheld in whole or in part and the Complainant so requests. In the event of such request, the report shall be made public by being published on the Clearing House's public website. Where only part of the Complaint ~~complaint~~ is upheld, then only the part of the report relating to that part of the Complaint ~~complaint~~ shall be so published.

7.6.3 In his written report the Independent Investigator may:

- (a) dismiss the Complaint ~~complaint~~;
- (b) uphold the Complaint ~~complaint~~ in its totality;
- (c) uphold part of the Complaint ~~complaint~~ and dismiss part of the Complaint ~~complaint~~; or
- (d) make such recommendations as he or /she deems fit in the circumstances including a recommendation that the Clearing House make a compensatory payment and/or takes such action as may be reasonably practicable to remedy the cause of the Complaint ~~complaint~~.