

Via CFTC Portal

7 October 2021

Mr Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Proposed LCH SA Fee Grid related to the Extension of Eligible Collateral to new Government Bonds

Dear Mr. Kirkpatrick,

Pursuant to CFTC regulation §40.6(a), LCH SA (“**LCH SA**”), a derivatives clearing organization (“**DCO**”) registered with the Commodity Futures Trading Commission (the “**CFTC**”), is submitting for self-certification the updated fee grid to be applicable following the proposed extension of the scope of instruments eligible to margin collateral to additional government bonds (the “**Proposed Rule Change**”).

The extension of the scope of eligible collateral including the new fee grid applicable to CDSClear service are expected to be effective as of November 1st, 2021 however, in no event, will either be implemented earlier than 10 business days after the proposed changes are filed with the CFTC.

The text of the Proposed Rule Change is attached hereto as Appendix.

Part I: Explanation and Analysis

As part of the process to further enhance its non-cash collateral management offering, LCH SA is extending the scope of instruments eligible to margin collateral to a number of additional non-EUR government bonds¹.

In this context, LCH SA needs to update its existing non-cash collateral fee grid for house and client clearing activities.

Part II: Description of Rule Changes

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https://www.lch.com/system/files/media_root/LCH%20SA%20NCN%E2%82%AC%20CFTC%20self%20cert%208%20oct%2021.pdf

No amendments to the LCH SA CDS Clearing Rules are required to effect these changes.

As specified in Appendix A, the current LCH SA fee grid charges a 11bp fee on the amount of government bond securities allocated in full title transfer as collateral, except for clients of LCH SA CDSClear service, which are charged a 10 bps.

The purpose of the Proposed Rule Change is to introduce a fee amount (13bps for house and 10 bps for client clearing activities) for a new scope of eligible securities collateral.

The new scope of securities eligible as collateral are government bonds issued by the following states and denominated in their domestic currencies: Australia, Canada, Denmark, Japan, Norway, Sweden and Switzerland.

Part III: Core Principle Compliance

LCH SA reviewed the introduction of the Proposed Rule Change against the requirements of Commission's regulations and DCO Core Principles and has concluded that its compliance with all the requirements and standards therein and in particular with the following principle and Commission's regulations including, but not limited to § 39.21 would not be adversely affected by this proposed fee change.

DCO Core Principle L – Public Information. LCH SA has determined that the Proposed Rule Changes are consistent with the DCOs requirements of CFTC Regulation 39.21 to make available publicly each clearing and other fee charged to Clearing Members. As usual, the proposed fee change will be publicly available on LCH website and the DCO will ensure that sufficient information is provided to market participants so that they can identify and evaluate accurately the fees associated with using the relevant clearing services. The webpage on CDSClear fees will be updated with the proposed changes set out in Appendix A once they become effective. As a result, LCH SA believes that this proposed change is consistent with the requirements of Core Principle L and Commission Rule 39.21(c).

Part IV: Public Information

LCH SA has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH's website at: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>

Part V: Opposing Views

There were no opposing views expressed to LCH SA by governing board or committee members, members of LCH SA that were not incorporated into the rule.

Certification

LCH SA hereby certifies to the CFTC, 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.



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APPENDIX A

Current LCH SA CDSClear Fee Grid

	Securities	denominated in	House			Client
			Triparty	FTT	Pledge	
Government Securities (as listed in Haircut Schedule)	France	EUR	9.5 bps	11 bps	15 bps	10 bps
	Germany	EUR	9.5 bps	11 bps	15 bps	10 bps
	Belgium	EUR	9.5 bps	11 bps	15 bps	10 bps
	Netherlands	EUR	9.5 bps	11 bps	15 bps	10 bps
	Italy	EUR	9.5 bps	11 bps	15 bps	10 bps
	Portugal	EUR	9.5 bps	11 bps	15 bps	10 bps
	Spain	EUR	9.5 bps	11 bps	15 bps	10 bps
	Austria	EUR	9.5 bps	11 bps	15 bps	10 bps
	Finland	EUR	9.5 bps	11 bps	15 bps	10 bps
	USA	USD	9.5 bps	11 bps	15 bps	10 bps
	UK	GBP	9.5 bps	11 bps	15 bps	10 bps
Supranationals & Agencies	EFSB	EUR	9.5 bps	13 bps	15 bps	10 bps
	ESM	EUR	9.5 bps	13 bps	15 bps	10 bps
	EIB	EUR	9.5 bps	13 bps	15 bps	10 bps
	EU	EUR	9.5 bps	13 bps	15 bps	10 bps
	IBRD	EUR	9.5 bps	13 bps	15 bps	10 bps
	KfW	EUR	9.5 bps	13 bps	15 bps	10 bps
	Rentenbank	EUR	9.5 bps	13 bps	15 bps	10 bps
Equities	<i>As listed in Haircut Schedule</i>	EUR	N/A	13 bps	N/A	N/A

Proposed LCH SA CDS Clear Fee Grid change on new scope of eligible allocated securities effective as of 1 November 2021*

	Securities	denominated in	House			Client
			Triparty	FTT	Pledge	
Government Securities (as listed in Haircut Schedule)	France	EUR	9.5 bps	11 bps	15 bps	10 bps
	Germany	EUR	9.5 bps	11 bps	15 bps	10 bps
	Belgium	EUR	9.5 bps	11 bps	15 bps	10 bps
	Netherlands	EUR	9.5 bps	11 bps	15 bps	10 bps
	Italy	EUR	9.5 bps	11 bps	15 bps	10 bps
	Portugal	EUR	9.5 bps	11 bps	15 bps	10 bps
	Spain	EUR	9.5 bps	11 bps	15 bps	10 bps
	Austria	EUR	9.5 bps	11 bps	15 bps	10 bps

	Finland	EUR	9.5 bps	11 bps	15 bps	10 bps
	USA	USD	9.5 bps	11 bps	15 bps	10 bps
	UK	GBP	9.5 bps	11 bps	15 bps	10 bps
	Denmark	DKK	N/A	13 bps	N/A	10 bps
	Norway	NOK	N/A	13 bps	N/A	10 bps
	Sweden	SEK	N/A	13 bps	N/A	10 bps
	Canada	CAD	N/A	13 bps	N/A	10 bps
	Switzerland	CHF	N/A	13 bps	N/A	10 bps
	Australia	AUD	N/A	13 bps	N/A	10 bps
	Japan	JPY	N/A	13 bps	N/A	10 bps
Supranationals & Agencies	EFSB	EUR	9.5 bps	13 bps	15 bps	10 bps
	ESM	EUR	9.5 bps	13 bps	15 bps	10 bps
	EIB	EUR	9.5 bps	13 bps	15 bps	10 bps
	EU	EUR	9.5 bps	13 bps	15 bps	10 bps
	IBRD	EUR	9.5 bps	13 bps	15 bps	10 bps
	KfW	EUR	9.5 bps	13 bps	15 bps	10 bps
	Rentenbank	EUR	9.5 bps	13 bps	15 bps	10 bps
Equities	<i>As listed in Haircut Schedule</i>	EUR	N/A	13 bps	N/A	N/A

* Subject to regulatory review/approval process