

**Via CFTC Portal**

17<sup>th</sup> October 2018

**Ms. Abigail S. Knauff and Mr. August Imholtz**

Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

Dear Ms. Abigail S. Knauff and Mr. August Imholtz,

Pursuant to CFTC regulation §40.6(a), LCH SA ("**LCH SA**"), 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 changes are supposed to be effective as of October 31<sup>st</sup>, 2018 but in no event, they will be implemented earlier than 10 business days after they are filed with the CFTC.

**Part I: Explanation and Analysis**

Currently, CDSClear Clearing Members are charged a fee on their client clearing flows per EUR/USD million of gross notional cleared defined as follows:

Variable fee					
Client Clearing Per million gross notional cleared					
EUR indices	EUR single names	Credit Index Options – EUR Indices	US indices	US single names	Credit Index Option – US Indices*
€4	€12	€20	\$5	\$17	[\$20]

\* Subject to regulatory approval

The purpose of the proposed rule change is for LCH SA to introduce and specify a clearing fees incentive scheme for clients of CDSClear members including volume based discounts in order to encourage the growth of the CDSClear client clearing franchise.

**Part II: Description of Rule Changes**

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

The proposed incentive scheme defines a fee rebate based on volumes in order to make it more attractive for new buy side clients to select CDSClear services and/or CDSClear existing clients to clear more by reducing the marginal cost of clearing past predefined volumes thresholds as detailed below in Appendix.

The proposed fee discount scheme will be effective until 31<sup>st</sup> December 2020.

**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](mailto:françois.faure@lch.com).

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

**Francois Faure**  
Chief Compliance Officer  
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**APPENDIX**

**To be filed separately with the CFTC under Confidential Treatment request**