

Via CFTC Portal

2nd January 2018

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 (“**DCO**”) registered with the Commodity Futures Trading Commission (the “**CFTC**”), is submitting for self-certification the changes related to the proposed acceptance of clients’ self-referencing transactions on their clearing broker.

The intended date of implementation is 31st January 2018 subject to any relevant regulatory review and/or approval process duly completed and in no event, the new service will be implemented earlier than ten (10) business days after the formal filing with the CFTC.

Part I: Explanation and Analysis

LCH is proposing to include single names positions in the self-referencing margining principles currently applicable to indices.

LCH has communicated to the CFTC staff all related material detailing the proposed changes as duly attached hereto as Appendix.

The authorisation by LCH of self-referencing transaction will be contingent on LCH’s receipt of all necessary regulatory review comments and approvals.

Part II: Description of Rule Changes

LCH proposes to apply the exact same risk framework for self-referencing single names transactions.

The following provisions of the CDS Clearing Supplement and Section 4 of the Procedures have been amended to take into account that change:

- the eligibility requirement in respect of single names in Section 4 of the Procedures (paragraph 4.1(c)(iii)(B)(11)); and
- the provisions on the self referencing transactions in Part A and B of the CDS Clearing Supplement (Sections 1.2 and 9 and Appendix XIII of Parts A and B).

We have also taken the opportunity to make the following minor amendments to the CDS Clearing Supplement:

- adding a reference to the Senior Financial and Senior Non Preferred transaction types (Section 2.3 of Part B); and
- clarifying the option will be exercised on a LCH cleared index (Sections 1.2 and 7.1 of Part C).

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:

<https://www.lch.com/resources/rules-and-regulations/proposed-rule-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 CFTC, pursuant to the procedures set forth in the Commission regulation §40.6, that this change 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.



Francois Faure
Chief Compliance Officer
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APPENDIX

- 1) Memorandum to ERCo dated November 6th, 2017 **(to be filed separately with the CFTC under Confidential Treatment request)**
- 2) Extracts of the CDS Clearing Supplement
- 3) Extracts of Section 4 of the Procedures