

VIA CFTC PORTAL

January 6, 2022

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

LCH Limited Self-Certification: ForexClear Contract Terms Corrections

Dear Mr. Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“CFTC”) Regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the CFTC, is submitting for self-certification corrections to the ForexClear Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual (together, “Contract Terms”).

Part I: Explanation and Analysis

The ForexClear service offers clearing for eligible deliverable and non-deliverable FX products.¹ More specifically, ForexClear offers risk management for non-deliverable forward currency pairs (“NDF”), non-deliverable option currency pairs (“NDO”), and deliverable forward, option and swap currency pairs. LCH will make changes to its Contract Terms mainly to correct two aspects of the NDO Contract Terms, aligning them with the NDF Contract Terms.

Part II: Description of Rule Changes

LCH will correct the Contract Terms as follows:

1. The ForexClear NDO Contract Terms will now explicitly provide that the Emerging Markets Trade Association (“EMTA”) Template or Non-EMTA NDF Contract Template applicable to a currency pair are incorporated into the ForexClear NDO Contract Terms (in a similar way to the ForexClear NDF Contract Terms).
2. In common with ForexClear NDF Contracts in non-EMTA currencies, there are specific terms by which LCH will now determine a settlement rate, if a Price Source Disruption

¹ <https://www.lch.com/services/forexclear/what-we-clear>

occurs in relation to a ForexClear NDO Contract. The amendments make it clear that such specific terms only apply to ForexClear NDO Contracts in non-EMTA currencies.

3. Other minor changes for clarity: in Part B, E, G, I, K and M of Contract Terms, as relevant, the parties to eligible ForexClear transactions are specified; in Part K of the Contract Terms, applicable only to non-FCMs, the reference to Foreign Exchange Swap Contract has been corrected; certain references have been deleted as redundant and others have been added.

The changes to the Contract Terms are set out in **Appendices I-II**. The changes will be effective not earlier than January 24, 2022.

Part III: Core Principle Compliance

LCH reviewed the proposed changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards set forth therein. Specifically, these rule changes have potential relevance to Core Principle C (Participant and Product Eligibility) and Core Principle L (Public information).

The changes described in this filing ensure that LCH meets the objectives of Core Principle C, including that LCH have appropriate requirements for determining the eligibility of agreements, contracts, or transactions submitted for clearing, taking into account LCH's ability to manage the risks associated with such agreements, contracts, or transactions. The changes described in this filing provide for the correction of two aspects of the NDO Contract Terms, aligning them with the NDF Contract Terms. LCH considered its product eligibility requirements, specifically those related to the maintenance of product terms and conditions, and determined that the changes discussed in this filing will not impact LCH's compliance with Core Principle C. As a result, LCH believes these changes are consistent with the requirements of Core Principle C on Participant and Product Eligibility under CFTC regulation §39.12.

The changes described in this filing ensure that LCH meets the objectives of Core Principle L, including that, in addition to the specified requirements of §39.21, LCH make available any information that is relevant to participation in the clearing and settlement activities of LCH. LCH considered its public information requirements and believes making the corrections described above will enhance its compliance with Core Principle L. The corrections provided for in this submission will be included in LCH's publicly available Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual, thereby providing clarity to market participants. As a result, LCH believes these changes are consistent with the requirements of Core Principle L on Public Information under CFTC regulation §39.21.

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: <https://www.lch.com/resources/rulebooks/proposed-rule-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.

Certification

LCH hereby certifies to the CFTC, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at michelle.weiler@lseg.com.

Yours sincerely,



Michelle Weiler
US Compliance Officer
LCH Limited

Appendix I
Product Specific Contract Terms and Eligibility Criteria Manual
Changed Pages

Appendix II
FCM Product Specific Contract Terms and Eligibility Criteria Manual
Changed Pages