LCH The Markets' Partner

<u>VIA CFTC PORTAL</u>

January 27, 2022

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

LCH Limited Self-Certification: Amendments Related to Israeli Shekel Swap Contracts

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 revisions to the LCH rules to provide for unique features of swap contracts that reference the Israeli Shekel ("ILS").

Part I: Explanation and Analysis

While Sunday is a good 'Business Day' for ILS swap contracts under the 2021 ISDA interest rate derivatives definitions, LCH treats it as a non-business day in line with generally accepted market practice. Consequently, LCH is submitting for self-certification revisions to its rules to correctly reflect this in all instances where ILS swap contracts are referenced. These revisions are in Section 2C of the LCH Procedures and the LCH FCM Procedures (jointly the "Procedures").

Part II: Description of Rule Changes

LCH's rules reflect the unique treatment of business days with respect to ILS swap contracts, with the exception of section 1.8.6 of Procedure 2C and sections 2.1.8(a) and (f) of the FCM Procedures, which are being amended for consistency. Separately, section 1.8.6 of Procedure 2C and section 2.1.8(f) of the FCM Procedures are being amended to reflect the exception applicable to standard coupon inflation swap contracts, whereby LCH will adjust the effective date of such swap contract to be the first Business Day of the relevant Reference Month.

The changes to the rules are included as **Appendices I-II** in black line form. The changes will be effective not earlier than February 10, 2022.

Part III: Core Principle Compliance
LCH reviewed the proposed rule 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).

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. LCH considered its product

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eligibility requirements, specifically those related to the maintenance of product terms and conditions, and determined that the changes outlined in this filing will not impact LCH's compliance with Core Principle C. Furthermore, LCH believes the proposed changes represent LCH's Procedures with greater clarity. 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.

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
Compliance Officer, US
LCH Limited

Appendix I
Section 2C of the LCH Procedures
Changed Pages

Appendix II
LCH FCM Procedures
Changed Pages