

VIA CFTC PORTAL

May 31, 2022

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

**LCH Limited Self-Certification: Payment Arrangement Enhancements**

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 its rules to provide for the requirement for annual member testing of contingency payment arrangements.

**Part I: Explanation and Analysis**

LCH has made changes to its Rulebook to ensure that Clearing Members test their contingency payment arrangements annually with LCH. LCH believes this change enhances its management of risks related to payments.

In order to implement these enhancements, LCH plans to revise its rules, specifically the LCH Procedures (Section 3 Financial Transactions) and LCH FCM Procedures.

**Part II: Description of Rule Changes**

LCH will make amendments to the LCH Procedures Section 3 (Financial Transaction Service) paragraph 1.3.1 (i) and the FCM Procedures paragraphs 1.2.1 (g) and 3.2.1 (j):

LCH will make changes to the LCH Procedures Section 3 (Financial Transactions) and its FCM Procedures to require Clearing Members test their contingency payment arrangements with LCH annually in order to ensure Clearing Members have arrangements in place to continue to meet their margin obligations in the event of a failure of their nominated payment arrangement.

The changes to the rules are included as **Appendices I - II** in black line form. The changes will be effective not earlier than June 14, 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 requirements and standards set forth therein. Specifically, this rule change has potential relevance to Core Principle F (Treatment of Funds).

LCH believes the changes described in this filing will not impact LCH's ongoing compliance with the objectives of Core Principle F. Regulation §39.15(d) requires LCH to hold funds and assets belonging to clearing members and their customers in a manner which minimizes the risk of loss or of delay in the access by LCH to such funds and assets. LCH considered its requirements

**An LSEG Business**

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related to the treatment of funds and believes the required testing described in this submission enhances its compliance with Core Principle F and regulation §39.15.

LCH believes these changes are consistent with the requirements of Core Principle F on the Treatment of Funds and CFTC regulation §39.15.

**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](mailto:michelle.weiler@lseg.com).

Sincerely,



Michelle Weiler  
US Compliance Officer  
LCH Limited

**Appendix I**  
LCH Procedures (Section 3 Financial Transactions)  
*Changed Pages*

**Appendix II**  
LCH FCM Procedures  
*Changed Pages*