

VIA CFTC PORTAL

28 September 2017

Mr Christopher Kirkpatrick  
Commodity Futures Trading Commission  
115 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

### **LCH Limited Self Certification: Extension of LCH Spider**

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its website to include further interest rate derivative products as eligible for portfolio margining with SwapClear products. The newly eligible products will be long gilt, 2-year Schatz, 5-year Bobl and 10-year Bunds.

#### **Part I: Explanation and Analysis**

The proposed changes will include new interest rate derivatives products as being eligible for portfolio margining with SwapClear products. LCH currently clears these products, long gilt, 2-year Schatz, 5-year Bobl and 10-year Bunds, in its Listed Rates service for contracts traded on CurveGlobal via the London Stock Exchange Derivatives Market (LSEDM). In order to effect this change the products must be listed on the LCH website, in accordance with the LCH Rulebook.

No further rule changes are required for LCH Spider to update its eligible products.

The changes will go live on, or after, December 4, 2017.

#### **Part II: Description of Rule Changes**

The LCH website will be updated to include these products in its list of listed rate derivative products which are eligible for clearing.

The text of the changes to the LCH website is attached hereto as **Appendix I**.

### **Part III: Core Principle Compliance**

LCH has reviewed the changes against the requirements of the Core Principles, in particular Core Principles D and G, and finds that they will continue to comply with all the requirements and standards therein.

### **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:

<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 or market participants 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 rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at [julian.oliver@lch.com](mailto:julian.oliver@lch.com).

Yours sincerely



Julian Oliver  
Chief Compliance Officer  
LCH Limited

**Appendix I**  
**LCH Website**

<http://www.lch.com/asset-classes/listed-derivatives/lse-dm-interest-rate-derivatives-markets-curve-global>



CurveGlobal is an LSEG-backed interest rate derivatives platform that offers trading and clearing of futures and OTC products for the full range of both short-term interest rate (STIRs) and long-term interest rate (LTIRs) euro-and sterling-based listed derivatives.

Trading takes place on London Stock Exchange Derivatives Market, a recognized investment exchange, with clearing and portfolio margining taking place at LCH.

Interest Rate derivative products:

- Short Term Interest Rate (STIR) futures on Three months Euribor® and Sterling
- Long Term Interest Rate (LTIR) futures on Schatz, Bobl, Bund and Long Gilt.

The Clearing House has designated the following interest rate derivative products as eligible for portfolio margining:

- Three-Month EURIBOR Interest Rate Futures
- Three-Month Sterling Interest Rate Futures
- [Long Gilt](#)
- [2-year Schatz](#)
- [5-year Bobl](#)
- [10-year Bunds](#)

LCH Spider is an innovative tool that unlocks portfolio margining opportunities between Listed Rates and SwapClear-cleared OTC products for eligible Clearing Members and Clients. For more information please visit [SwapClear.com](#).

The CurveGlobal market is cleared using Synapse, the strategic derivatives clearing platform which gives members the benefit of one consolidated, consistent and comprehensive Listed Derivatives platform using FIXML industry standard messaging.

Margin is calculated using PAIRS, a VaR-based model already in use by LCH in other services. This approach will enable significant margin and capital efficiencies across derivatives products and act as a first step towards provision of wider efficiencies across the interest rate landscape.

More information on becoming a clearing member can be found [here](#).

Existing clearing members wishing to clear these services please contact  
[listedratesmembershipsales@lch.com](mailto:listedratesmembershipsales@lch.com)