

VIA CFTC PORTAL

11 November 2021

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

LCH Limited Self-Certification: Bloomberg Short-Term Bank Yield Swaps

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 related to clearing Bloomberg Short-Term Bank Yield swaps (“BSBY Swaps”).

Part I: Explanation and Analysis

LCH is revising its rules in order to provide for the clearing of four swap instruments that reference the BSBY index with a maximum tenor of 11 years (4,050 days). In order to facilitate clearing BSBY Swaps, LCH plans to revising its rules, specifically the Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual (jointly the “Product Terms”).

Part II: Description of Rule Changes

LCH will amend Section 1.2 of Part B of the Product Specific Contract Terms and Eligibility Criteria Manual (SwapClear Product Eligibility Criteria for a SwapClear Transaction) and Section 1.1 of the FCM Product Specific Contract Terms and Eligibility Criteria Manual (FCM SwapClear Product Eligibility Criteria for an FCM SwapClear Transaction) to include BSBY Swaps as follows.

<i>Instrument</i>	<i>Currency</i>	<i>Leg 1</i>	<i>Leg 2</i>	<i>Variable Notional</i>	<i>Maximum Tenor</i>	<i>Notional Amount</i>
Interest Rate Swap	USD	Fixed	USD-BSBY	Yes	4,050 days	0.01-99,999,999,999.99
Basis Swap	USD	USD-BSBY	USD-SOFR-COMPOUND	No	4,050 days	0.01-99,999,999,999.99
Basis Swap	USD	USD-BSBY	USD-SOFR-OIS Compound	No	4,050 days	0.01-99,999,999,999.99
Basis Swap	USD	USD-BSBY	USD-BSBY	No	4,050 days	0.01-99,999,999,999.99

The changes to the rules are included as **Appendices I - II** in black line form. The changes will be effective not earlier than November 29, 2021.

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 Principles C (Participant and Product Eligibility), D (Risk Management), and L (Public Information).

The changes described in this filing meet the objectives of Core Principle C, including that LCH have appropriate requirements for determining the eligibility of submitted transactions, taking into account LCH's ability to manage the associated risks. In determining whether to offer BSBY Swaps for clearing, LCH considered factors that included: trading volume; liquidity; availability of pricing data; and the ability for LCH to manage BSBY within LCH's existing operational, risk management, and default management tools. LCH carefully considered these factors and feels that BSBY Swaps meet LCH's qualifications and the requirements of Core Principle C.

Furthermore, LCH will clear BSBY Swaps under its existing rules, consistent with existing operational, risk management, and default management tools. The only required change to LCH's rules is the listing of BSBY Swaps in the Product Terms. LCH's clearing of BSBY Swaps will be non-discriminatory. BSBY Swaps with the same terms and conditions will be economically equivalent, providing for appropriate offsets in compliance with Core Principle C.

LCH believes the changes described in this filing will not impact LCH's ongoing compliance with the objectives of Core Principle D. The addition of BSBY Swaps will not require changes to LCH's risk management framework, margin methodology, or margin requirements. As explained above, LCH will clear BSBY Swaps consistent with its current operational, risk management, and default management tools. LCH considered its risk management requirements and believes clearing BSBY Swaps will not impact LCH's ongoing compliance with Core Principle D.

The changes described in this filing also 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 including the BSBY Swaps that LCH plans to make available for clearing in its publicly available Product Terms maintains its compliance with Core Principle L.

LCH believes these changes are consistent with the requirements of Core Principle C on Participant and Product Eligibility under CFTC regulation §39.12, Core Principle D on Risk Management under CFTC regulation §39.13, and 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 julian.oliver@lseg.com.

Yours sincerely,



Julian Oliver
Chief 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