



**VIA CFTC Portal**

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

06 September 2023

**LCH Limited Self-Certification: Revised Margin Collateral Haircut Schedule**

Dear Mr. Kirkpatrick,

LCH Limited (“LCH”), a derivatives clearing organisation registered with the Commodity Futures Trading Commission (“CFTC”), is submitting for self-certification, pursuant to CFTC Regulation §40.6(a), a new schedule of securities acceptable for margin cover purposes (“Schedule”). This new Schedule will take effect on or after **September 22, 2023**.

**Part I: Explanation and Analysis**

LCH proposes to introduce this new Schedule following its review of the haircuts applied to collateral members and clients can post for margin purposes.

**Part II: Description of Rule Changes**

LCH is intending to amend its collateral haircuts applied to conventional and inflation linked bond following updated market data observed in Q2 2023. There are no changes to its FX haircuts.

The Schedule will be notified via a circular to clearing members prior to the implementation date, and a copy of the Schedule is attached as **Confidential Appendix I**, with the updates highlighted in red<sup>1</sup>.

This submission does not require any changes to the LCH Rulebook.

**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 D (Risk Management).

The changes described in this filing ensure that LCH meets the objectives of Core Principle D, including that LCH possess the ability to manage the risks associated with discharging its responsibilities through the use of appropriate tools and procedures. Core Principle D also requires LCH to ensure it has sufficient margin from each member and participant to cover potential exposures in normal market conditions and that this is reviewed on a regular basis. Furthermore, §39.13(g)(12) states that a clearing organization shall apply appropriate reductions in value to reflect

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<sup>1</sup> The Schedule will be shared with Clearing Members in a secure website area and then made publicly available on the LCH website circa three months after the implementation date.



credit, market and liquidity risks. As well as evaluate the appropriates of the haircuts, which is inline with these changes.

LCH considered its risk management requirements, specifically those related to the types of assets that LCH may accept as margin, and determined that the changes outlined in this filing will not impact LCH's compliance with Core Principle D. As a result, LCH believes these changes are consistent with the requirements of Core Principle D on Risk Management under CFTC Regulation §39.13.

#### **Part IV: Public Information**

LCH has posted notice of pending certification and submission with the CFTC, on the LCH website at <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.

#### **Part V: Opposing Views**

There have been 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 rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Should you have any questions please contact me at [ebba.andersson1@lseg.com](mailto:ebba.andersson1@lseg.com).

Yours sincerely,

**Ebba Andersson**  
Senior Compliance Officer  
**LCH Limited**



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TRADE

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**LCH**

## **Confidential Appendix I**

### LCH Margin Collateral Haircut Schedule