

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-99391; File No. SR-LCH SA-2024-001)

January 18, 2024

Self-Regulatory Organizations; LCH SA; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the CDSClear Fee Grid for 2024

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on January 4, 2024, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change (“**Proposed Rule Change**”) described in Items I, II and III below, which Items have been prepared primarily by LCH SA. LCH SA filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(2)<sup>4</sup> thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the **Proposed Rule Change**, from interested persons.

**I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change**

LCH SA is proposing to amend its CDSClear fee grid for single name and index CDS and options products (“**Fee Grid**”) by incorporating changes in the CDSClear business and new clearing services offered (the “**Proposed Rule Change**”). The text of the Proposed Rule Change has been annexed hereto [sic] as

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

Exhibit 5. No amendments to the LCH SA CDS Clearing Rule Book (“**Rule Book**”) or the CDS Clearing Procedures (“**Procedures**”) are required to effect these changes.<sup>5</sup> The text of the Proposed Rule Change has been annexed [sic] as Exhibit 5 to File No. SR-LCH SA-2024-001.<sup>6</sup>

The implementation of the Proposed Rule Change will be contingent on LCH SA’s receipt of all necessary regulatory approvals, including the approval by the Commission of the Proposed Rule Change described herein.

**II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, LCH SA included statements concerning the purpose of and basis for the Proposed Rule Change and discussed any comments it received on the Proposed Rule Change. The text of these statements may be examined at the places specified in Item IV below. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the Proposed Rule Change is for LCH SA CDSClear to amend its Fee Grid for single name and index CDS and options products by incorporating changes in the CDSClear business and new clearing services offered. The Proposed Rule Change reflects the ongoing development and new product scope of the

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<sup>5</sup> All capitalized terms not defined herein shall have the same definition as in the Rule Book or Procedures, as applicable.

<sup>6</sup> All capitalized terms not defined herein have the same definition as in the CDS Clearing Rule Book available at [https://www.lch.com/system/files/media\\_root/CDSClear\\_Rule\\_Book\\_\\_26.09.2023.pdf](https://www.lch.com/system/files/media_root/CDSClear_Rule_Book__26.09.2023.pdf).

CDS Clear service with the objective to meet Clearing Members' and Clients' evolving business needs. For example, among other changes, LCH SA is proposing to remove the €200,000 rebate under the General Member Introductory Tariff for total notional cleared below €10bn for single name and sovereign CDS, as this rebate was established to incentivize new clearing memberships as the business evolved. Likewise, LCH SA is also proposing to reduce the onboarding fee for options products from €30,000 to €15,000 to incentivize clearing of credit index options.

LCH SA is proposing to amend the CDS Clear Fee Grid for 2024 as follows for CDS products:

### **Self-Clearing Tariff for Corporates, Financials and Sovereign Index and Single Name CDS**

#### *i. General Member Unlimited Tariff*

LCH SA is proposing to clarify that the Annual Fixed Fee of €1,350,000 will be charged at a rate of 1/12th for each month the Clearing Member group is live. A footnote will be added to the Fee Grid to state that a Clearing Member is considered live for the whole month regardless of the go-live date within the considered month. LCH SA also proposes to amend the "Details" column of the Fee Grid to clarify that the Annual Fixed Fee applies to all indices and all non-sovereign single names activity for a Financial Group of a Clearing Member. This change is being made to simplify the existing language and has no impact on the General Member unlimited tariff amounts. LCH SA also proposes to remove reference to the full discount applied to sovereign single name variable fees, as the discount will no longer apply beginning in 2024.

*ii. General Member – Introductory Tariff*

LCH SA is proposing to apply a single annual fixed fee of €400,000 for the General Member’s Introductory Tariff. As such, LCH SA is subsequently proposing to remove the €200,000 rebate if a General Member’s notional amount cleared is below €10bn. LCH SA also proposes to delete the reference to the rebate under the Introductory Tariff heading, as this would no longer be applicable. In addition, as part of this revision to the Fee Grid, LCH SA is proposing to clarify that the fixed fee will be charged at a rate of 1/12th for each month the General Member is live. Finally, LCH SA will add a footnote to state that a General Member is considered live for the whole month regardless of the go-live date within the considered month.

*iii. Select Members*

For Select Members, LCH SA is proposing amendments to certain footnotes under the “Select Membership” heading. Specifically, LCH SA is proposing to clarify that the Annual Fixed Fee for Select Members will be charged 1/12th for each month the Select Member is live. This amended footnote will apply to the Annual Fixed Fee of €450,000. LCH SA also proposes to add a footnote clarifying the rebate available to Select Members. If a Select Member’s total annual gross notional cleared is under €10bn and the Select Member is live for the whole calendar year (January 1 – December 31), LCH SA will provide a €200,000 rebate in the Select Member’s December bill, resulting in a reduced Annual Fixed Fee of €250,000.

*iv. High Turnover Fee Plan*

LCH SA offers a High Turnover Fee Plan (“HTFP”) based on notional cleared. LCH SA is proposing to clarify that the HTFP applies on the notional cleared in a calendar year but excludes from the determination of the total cleared notional, the trades not charged under the Switch Programme. The HTFP will also continue to

exclude the notional cleared for which a CCP Switch credit note was used to zero out the clearing fees and the notional cleared part of a CCP Switch that thus did not attract any clearing fees (*i.e.*, only those trades which attract a fee will count towards the HTFP notionals). Finally, LCH SA is proposing to clarify that the HTFP does not apply to General Members.

*v. Onboarding Fees*

For new Clearing Member onboardings in 2024, LCH SA is proposing to add a €15,000 onboarding fee for the purposes of cost recovery and to align with other LCH SA services.<sup>7</sup> LCH SA will apply this to all application files received after January 1, 2024.

*vi. Annual Account Structure Fees*

LCH SA currently offers Legally Segregated Operationally Commingled (“**LSOC**”) accounts to Clearing Members of CDSClear, in addition to Individual Segregated Accounts and Omnibus Segregated Accounts. LCH SA is proposing to continue not to charge a yearly fee for LSOC accounts under the Proposed Rule Change and thus no change is being made to the Fee Grid.

**Client Clearing Tariff for Corporate, Financials and Sovereign Index and Single Names CDS**

*i. Intraday Trading Fee Plan*

LCH SA is proposing to add an intraday trading fee discount which will be applied by only charging the maximum notional of buys and sells per contract per day per trade account, where trade date is equal to clearing date (*i.e.*, trades that are backloaded or the result of an option exercise are excluded from the discount, as trade

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<sup>7</sup> LCH SA currently assesses an onboarding fee of €15,000 for its EquityClear SA and CommodityClear SA services.

date will be before the clearing date for these trades). LCH SA is proposing the intraday trading fee plan to clients in order to incentivize clients to sign up for CDS Clear services. Clearing Members that would benefit from this tariff are usually market makers who would buy and sell the same instrument multiple times a day. Such Clearing Members can instead already benefit from the Unlimited tariff available to General Members.

*ii. CCP Switch Programme*

LCH SA is proposing to amend the first footnote to clarify that the CCP Switch Programme (“**Switch Programme**”) is available to market participants and applicable to live CCP trades beginning on January 4, 2024 onwards.<sup>8</sup> LCH SA is not proposing any other amendments to this section of the Fee Grid.

*iii. High Turnover Fee Plan*

LCH SA is proposing to amend the footnote to clarify that the HTFP applies on the notional cleared in a calendar year but excludes from the determination of the total cleared notional, the trades not charged under the Intraday Trading Fee Plan or the Switch Programme. The HTFP will also continue to exclude the notional cleared for which a CCP Switch credit note was used to zero out the clearing fees and the notional cleared part of a CCP Switch that thus did not attract any clearing fees (*i.e.*, only those trades which attract a fee will count towards the HTFP notionals). Finally, LCH SA is proposing to clarify that the HTFP does not apply to General Members.

LCH SA is proposing to amend the CDS Clear Fee Grid for 2024 as follows for options products:

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<sup>8</sup> Under the CCP switch Incentive Programme, Members and Clients may benefit from the programme by closing out existing CDS transactions at their current CDS CCP and clearing new transactions at LCH SA. Any trades that were moved to LCH SA from another CCP prior to 1 Jan 2024 will be rebated in 2023 and cannot be claimed for after this date.

## **General Members**

### *i. Introductory Tariff*

LCH SA is proposing to clarify the Introductory Tariff floor on clearing fees will be charged 1/12<sup>th</sup> for each month a General Member Group is live. A footnote will be added to the Fee Grid to state that a General Member is considered live for the whole month regardless of the go-live date within the considered month. LCH SA also proposes to clarify that there will be no Electronic Exercise Platform for exercising credit index options (“EEP”) usage fees in 2024, as reference to 2023 will no longer be applicable.

### *ii. Unlimited Tariff*

LCH SA is proposing to clarify the Unlimited Tariff annual fixed fee will be charged 1/12<sup>th</sup> for each month a Member Group is live. A footnote will be added to the Fee Grid to state that a Member is considered live for the whole month regardless of the go-live date or the membership termination date within the considered month. LCH SA also proposes to clarify that there will be no EEP usage fees in 2024, as reference to 2023 will no longer be applicable. LCH SA also currently offers a discounted rate of €115,000 for notional cleared strictly above €15bn. LCH SA is proposing to clarify that it will provide a €260,000 rebate to the Clearing Member’s December bill if the General Member Group is live for the whole calendar year (January 1 – December 31).

### *iii. New Market Participant Tariff*

LCH SA is proposing to clarify that there will be no EEP usage fees in 2024, as reference to 2023 will no longer be applicable. LCH SA is also proposing to add that in-year switches are not permitted, in order to align with other General Member tariffs.

*iv. Onboarding Fees*

LCH SA is proposing to reduce its current onboarding fee from €30,000 to €15,000 per legal entity under the Introductory Tariff or per Financial Group of a Clearing Member under the Unlimited Tariff. LCH SA is not proposing any other amendments to this section of the Fee Grid.

**Select Members**

*v. Introductory Tariff*

LCH SA is proposing to clarify that there will be no EEP usage fees in 2024, as reference to 2023 will no longer be applicable. LCH SA is not proposing any other amendments to this section of the Fee Grid.

*vi. Unlimited Tariff*

LCH SA is proposing to clarify that there will be no EEP usage fees in 2024, as reference to 2023 will no longer be applicable. LCH SA is also proposing to clarify the Unlimited Tariff annual fixed fee will be charged 1/12<sup>th</sup> for each month a Select Member is live. A footnote will be added to the Fee Grid to state that a Select Member is considered live for the whole month regardless of the go-live date within the considered month. LCH SA also currently offers a discounted rate of €115,000 for notional cleared strictly above €15bn. LCH SA is proposing to clarify that it will provide a €285,000 rebate to the Select Member's December bill if the Select Member is live for the whole calendar year (January 1 – December 31).

*vii. Onboarding Fees*

LCH SA is proposing to reduce its current onboarding fee from €30,000 to €15,000 per Legal Entity under the Introductory Tariff or per Financial Group of a Select Clearing Member under the Unlimited Tariff. LCH SA is not proposing any other amendments to this section of the Fee Grid.



## **Clients**

### *i. Variable Fees*

LCH SA is proposing to apply the full discount of client variable fees to 2024, as 2023 will no longer be applicable. LCH SA is not proposing any other amendments to this section of the Fee Grid.

LCH SA is also proposing to establish a fee structure for the retrieval of archived files. This proposed change will establish the fee structure currently applicable to LCH SA's EquityClear and RepoClear services. Specifically, LCH is proposing to charge a fee of €500 for the first archived file retrieval and €250 for each additional archived file retrieval. For ancillary requests, including ad hoc requests related to investigations, analysis and data and analytics, LCH SA is proposing to charge a fee based on time spent on the request. LCH SA is proposing to charge €500 for ½ day, €1,000 for 1 day and €500 for each additional ½ day. LCH SA is also proposing to clarify that the charge for certain large requests (*i.e.*, >50 files) will be provided in a quote as determined by LCH SA. In addition, LCH SA is also proposing to clarify that it will provide a more tailored estimate for each ancillary request received. To clarify, the proposed archived report fee structure is currently implemented for EquityClear and RepoClear, and LCH SA is proposing to extend to CDSClear as well.

### **2. Statutory Basis**

LCH SA believes that the Proposed Rule Change is consistent with the requirements of Section 17A of the Exchange Act<sup>9</sup> and the regulations thereunder applicable to LCH SA. Section 17A(b)(3)(D) of the Act<sup>10</sup> requires that the rules of a

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<sup>9</sup> 15 U.S.C. 78q-1.

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(D).

clearing agency provide for the equitable allocation of reasonable dues, fees and other charges among its participants.

LCH SA believes the amendments to the Fee Grid are reasonable given the changes to its CDSClear service and equitable for both existing and new Clearing Members. Specifically, the Proposed Rule Change reflects the evolution and further maturity of LCH SA's CDSClear service, including the expansion of the CDSClear service in the United States and to support the LSOC model, and provides for additional clarity to existing and new Clearing Members. LCH SA is proposing to introduce an onboarding fee of €15,000 per entity beginning in 2024 to align with the onboarding fees assessed for other services of LCH SA.<sup>11</sup> In an effort to further align fees assessed for each service, LCH SA is proposing to reduce the options onboarding fee from €30,000 to €15,000. For house accounts, LCH SA is proposing a single annual fixed fee of €400,000 for General Members' Introductory Tariff and removing the €200,000 rebate for notional cleared below €10bn. LCH SA is also clarifying the application of the rebate pertaining to the fixed fee for Select Members. Specifically, a rebate of €200,000 will be applied to a Select Member's December invoice, such that the Select Member will only pay a fixed fee of €250,000 instead of €450,000, provided that the Select Member is live for the whole calendar year (January 1 – December 31) and its annual notional cleared is below €10bn.

To provide clarity on the application of the fixed fee for General Members and Select Members for both single name and index CDS and options products, LCH SA is proposing to add clarifying language stating that 1/12th of the annual fixed fee will be charged to General Members Unlimited, General Members Introductory and Select

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<sup>11</sup> LCH SA currently assesses an onboarding fee of €15,000 for its EquityClear SA and CommodityClear SA services. Please see LCH SA onboarding fees available at: <https://www.lch.com/membership/sa-membership/sa-fees>.

Members that are live for any part of a calendar month. This clarification will address mid-year joiners and leavers.

For client clearing, LCH SA proposes to institute an Intraday Trading Fee Plan discount, whereby only the maximum notional of buys and sells per contract per day per trade account will be charged, and only in the case where the trade date and clearing date are equal. LCH SA also proposes to clarify that under its current HTFP, only chargeable trades will count towards HTFP notionals, however trades not charged under the Intraday Trading Fee Plan or the Switch Programme would not be included. The HTFP will also continue to exclude the notional cleared for which a CCP Switch credit note was used to zero out the clearing fees and the notional cleared part of a CCP Switch that thus did not attract any clearing fees.

LCH SA will continue to incentivize market participants clearing new transactions at LCH SA CDSClear. Currently, General Members and Select Members and Clients can benefit from LCH SA's Switch Programme by closing out existing CDS transactions at their current CDS CCP and clearing new transactions at LCH SA CDSClear. After registration, such Members will not be charged variable fees for new transactions cleared at LCH SA CDSClear under the Switch Programme during a 6-month period and a credit note will be applied to Members' and Clients' clearing accounts, covering the fees associated with closing out positions at another CDS CCP. The credit note will be applicable towards fees associated with future transactions cleared at LCH SA CDSClear. LCH SA is proposing to clarify that the Switch Programme is available to market participants and applicable to live CCP trades beginning January 4, 2024, onwards.

Finally, LCH SA is proposing to continue the fee holiday for options Clients for 2024 and will continue not to charge for EEP usage fees in 2024 for

options General Members, Select Members and Clients. LCH SA will also provide Members with the option to request archived reports and proposes to align the fee associated with retrieval and any ancillary requests thereto, with other LCH SA services.<sup>12</sup> LCH SA therefore believes that the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(D) of the Act<sup>13</sup> in that the amendments to the Fee Grid for 2024 are reasonable and equitable among its participants.

B. Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act<sup>14</sup> requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. LCH SA does not believe that the Proposed Rule Change would impose any burden on competition. The purpose of the Proposed Rule Change is for LCH SA to amend its Fee Grid for 2024 by incorporating changes to the CDSClear business and new clearing services offered to meet Clearing Members' and Clients' evolving business needs. As part of this effort LCH SA is proposing to align certain fees with other LCH SA service offerings, further incentivize competition by offering certain discounts and make clarifying changes on how fees will be calculated and applied. LCH SA believes the Proposed Rule Change would not burden any Clearing Members or other market participants given that amendments to the Fee Grid will be applied equally for all CDSClear Clearing Members and Clients. Therefore, LCH SA does not believe that the Proposed Rule Change would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>12</sup> LCH SA currently offers this service for its EquityClear SA and RepoClear SA services.

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(I).

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments relating to the Proposed Rule Change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>15</sup> of the Act and paragraph (f) of Rule 19b-4<sup>16</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission’s internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-LCH SA-2024-001 on the subject line.

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(2).

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-LCH SA-2024-001. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10 am and 3 pm. Copies of the filing also will be available for inspection and copying at the principal office of LCH SA and on LCH SA's website at: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-LCH SA-2024-001 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

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<sup>17</sup> 17 CFR 200.30-3(a)(12).