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SECURITIES AND EXCHANGE COMMISSION
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Self-Regulatory Organizations; LCH SA; Notice of Filing of Application for Registration as a Clearing Agency and Request for Exemptive Relief

I. Introduction

On July 5, 2016, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”) filed with the Securities and Exchange Commission (“Commission”) a Form CA-1 seeking registration as a clearing agency under Section 17A of the Securities Exchange Act of 1934¹ (“Act”) and Rule 17Ab2-1 thereunder.² Specifically, LCH SA is seeking to provide central counterparty (“CCP”) services for U.S. persons for security-based swaps, in particular single-name credit default swaps (“CDS”), through its CDSClear business unit. LCH SA also is seeking exemptive relief (i) from Sections 5 and 6 of the Act³ with respect to its end-of-day pricing process; (ii) from Section 19(b) of the Act⁴ and Rule 19b-4 thereunder⁵ with respect to filing certain proposed rule changes relating to its non-U.S. business; (iii) from Rules 17Ad-22(c)(2) and 17Ad-22(c)(2)(iii)⁶ with respect to its annual audited financial

¹ 15 U.S.C. 78q-1.

² 17 CFR 240.17Ab2-1(a).

³ 15 U.S.C. 78e and 78f.

⁴ 15 U.S.C. 78s(b).

⁵ 17 CFR 240.19b-4.

⁶ 17 CFR 240.17Ad-22(c)(2) and 17 CFR 240.17Ad-22(c)(2)(iii).

statements; and (iv) Rule 17a-22⁷ with respect to requirements to provide the Commission with physical copies of certain materials.⁸ The Commission is publishing this notice to solicit comments from interested persons regarding LCH SA's Form CA-1 and Request for Exemptive Relief.⁹ The Commission will consider any comments it receives in making its determination of whether to grant LCH SA's application for registration as a clearing agency and Request for Exemptive Relief.

II. LCH SA Form CA-1 Application

LCH SA's Form CA-1 application and accompanying exhibits contain information regarding LCH SA and its CDSClear operations.¹⁰ Set forth below is a summary of certain aspects of LCH SA's Form CA-1 application.

A. Overview of LCH SA

LCH SA maintains its principal office in Paris, France and is a wholly-owned subsidiary of LCH.Clearnet Group Limited ("LCH Group"), a limited company incorporated under the laws

⁷ 17 CFR 240.17a-22.

⁸ See Letter from Christophe Hémon, CEO, LCH SA, to Brent J. Fields, Secretary, Securities and Exchange Commission (August 9, 2016) (hereinafter "Request for Exemptive Relief").

⁹ The descriptions set forth in this notice regarding the structure and operations of LCH SA have been derived from information contained in LCH SA's Form CA-1 application. The application and exhibits thereto for which LCH SA has not requested confidential treatment are available on the Commission's Web site at www.sec.gov/rules/other.shtml.

¹⁰ Schedule A to LCH SA's Form CA-1 includes a description of the risk management procedures utilized by LCH SA. Exhibit A contains information about the ownership and governance structure of LCH SA. Exhibit B contains a list of LCH SA's officers and senior managers of LCH SA and the CDSClear business unit. Exhibit C includes a narrative and graphic descriptions of LCH SA's organizational structure. Exhibit E includes copies of the CDS Clearing rulebook, procedures and articles of association. Exhibit J provides a description of CDSClear's services and functions.

of England and Wales.¹¹ LCH Group is majority owned by the London Stock Exchange Group plc (“LSEG”). In its home jurisdiction, LCH SA is the only CCP in France and is regulated as a bank and a CCP under French law by the Autorité des Marchés Financiers, Autorité de Contrôle Prudentiel et de Résolution, and Banque de France.¹² In addition, LCH SA is a CCP authorized to offer clearing services in the European Union pursuant to the European Market Infrastructure Regulation (“EMIR”) and also is registered with the CFTC as a derivatives clearing organization (“DCO”) to provide clearing services for broad-based index CDS to U.S. members and their customers.¹³

LCH SA offers clearing services for derivatives, exchange-traded futures and options, cash equities and fixed income and energy instruments through three lines of CCP services: EquityClear, CommodityClear, and RepoClear.¹⁴ These services constitute LCH SA’s “non-U.S. business” in that they operate entirely outside the United States and do not have any U.S. clearing members. LCH SA’s CDS clearing services are located in the CDSClear business unit. While all clearing services are provided from within the same legal entity, CDSClear is “ring-fenced” as it has its own rulebook, policies and procedures, risk management framework, risk management personnel, default fund, waterfall, default management process, operations department, and certain information technology resources.¹⁵ Registration with the Commission

¹¹ See LCH SA Form CA-1, Exhibit A at 1.

¹² See generally, LCH SA Form CA-1, Exhibit J-3 (LCH SA CDSClear Service Description) Section 2.3.

¹³ Id.

¹⁴ See generally, LCH SA Form CA-1, Exhibit C.

¹⁵ See generally, LCH SA Form CA-1, Exhibit C.

as a clearing agency would permit LCH SA to offer single-name CDS clearing services to U.S. persons through its CDSClear business unit. LCH SA currently offers index CDS and single-name CDS clearing services to non-U.S. persons in Europe and is authorized to offer index CDS clearing services to U.S. clearing members and their customers under its DCO registration.

B. LCH SA Membership Standards and Enforcement of Rules

1. Membership Standards

LCH SA has established requirements concerning membership. These requirements are used to accept, deny, or condition any person's participation in LCH SA's clearing services as a member and include standards for financial responsibility, operational capacity, business experience, and creditworthiness.¹⁶ Members must comply with these requirements on an ongoing basis.¹⁷

With respect to financial responsibility, LCH SA's rulebook contains net capital requirements that, among other things, establish minimum net capital requirements for members that may be scalable based on the risk the members introduce to LCH SA. Regarding operational capacity and business experience requirements, a member must be able to demonstrate that it has sufficient expertise in clearing activities, that its systems and operations are sufficiently reliable and capable of supporting the performance of the member in meeting its obligations (including having sufficient facilities, equipment, personnel, hardware and software

¹⁶ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Rule Book) Section 2.2.1.

¹⁷ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Rule Book) Section 2.2.2.

systems), and that it has appropriate banking arrangements.¹⁸ To assess a member's creditworthiness, LCH SA uses an internal credit scoring framework to determine the member's credit risk based on financial and qualitative factors.¹⁹

LCH SA imposes several monitoring and reporting obligations on its members to ensure ongoing compliance with its membership obligations. LCH SA monitors on an ongoing basis certain indicators of its members, including CDS spreads, long-term credit ratings, and equity returns. Each member is required to notify LCH SA in writing of material changes to itself or its operations, such as changes in the direct or indirect controlling ownership, reduction in capital of more than 10%, the occurrence of insolvency proceedings, the default of any of the member's clients, and any change to the member's systems or operations that materially impact the member's ability to meet its obligations as a member. Furthermore, members are required to provide to LCH SA audited financial statements on an annual basis, as well as interim financial statements during the course of the year.²⁰

2. Capacity to Enforce Rules and Discipline Members

LCH SA has established rules to monitor for members' breaches of its rules, enforce its rules, and discipline members. Additionally, as noted above, CDSClear members are required to notify LCH SA of certain breaches relating to financial or operational capacity, and are required

¹⁸ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Rule Book) Section 2.2.1.

¹⁹ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Rule Book) Section 2.2.4.1.

²⁰ See generally, LCH SA Form CA-1, Schedule A at 9; See also Exhibit E-4 (LCH SA CDS Rule Book) Sections 2.3.1 and 2.3.2.

to submit to inspections and audits by LCH SA.²¹ In the event that a member breaches its obligations, LCH SA may impose certain risk-reducing measures, including restricting a member's ability to submit additional transactions for clearing, or impose disciplinary sanctions, such as fines or public censure.²² LCH SA also may suspend or terminate the membership in certain circumstances such as upon a member's material breaches of its obligations, upon suspension or termination of a member's membership in another clearing house, or upon the occurrence of an event that materially impacts the member's ability to meet its obligations under relevant membership agreements.²³

LCH SA also has established pre-defined procedures for the disciplining of members and for affording a member or a person with respect to the CDSClear services the opportunity to dispute a decision by LCH SA to discipline the member or to deny, prohibit, or limit the person's access to the CDSClear services. These disciplinary proceedings set forth procedures regarding investigations of a member by LCH SA, which require LCH SA to send a written notice to the member regarding the details of the investigation and an opportunity for the member to object. Following an investigation, LCH SA must provide a written report of its findings to the member and, where LCH SA has determined to impose disciplinary proceedings, form a disciplinary committee and provide the member the opportunity to respond to the report. The disciplinary committee is required to provide the member with notice of its decision and any sanctions

²¹ See generally LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book) Section 2.3.3.

²² See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA Rulebook) Section 2.4.1; and Exhibit E-6.8 (LCH SA CDS Clearing Proceedings, Section 8: Disciplinary Proceedings) Section 8.4.

²³ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA Rulebook) Section 2.4.1.1.

imposed. Members are permitted to dispute the decision and imposition of sanctions, and to submit such dispute to arbitration or litigation, as applicable.²⁴

C. Governance

LCH SA is governed by its board of directors, which determines LCH SA's business strategies and oversees implementation of those strategies. The Terms of Reference of LCH SA's Board of Directors require the board to be composed of between 3 and 18 members, and must include a non-executive chair; executive directors; independent non-executive members; at least one director representing LSEG; and a director nominated by a user of LCH SA.²⁵

LCH SA has an audit committee tasked with determining whether LCH SA management has put in place adequate internal control systems and assisting the board in reviewing LCH SA's audited financial statements, regulatory compliance, risk governance framework, internal control environment and information security and business continuity plans.²⁶ LCH SA also has established a risk committee to consider LCH SA's risk appetite, tolerance and strategy. The risk committee reviews on an annual basis LCH SA's operational risk policy and regularly

²⁴ See generally, LCH SA Form CA-1, Exhibit E-6.8 (LCH SA CDS Clearing Procedures, Section 8: Disciplinary Proceedings).

²⁵ See generally, LCH SA Form CA-1, Exhibit A; and Exhibit A.2 (LCH SA Terms of Reference of the Board of Directors) Section 1.

²⁶ See generally, LCH SA Form CA-1, Exhibit A-5 (LCH SA Terms of Reference of the Audit Committee of the Board of Directors) Section 1.

reviews reports prepared by LCH SA's risk management department.²⁷ Representatives of members and customers are directly represented on the Risk Committee.²⁸

In addition to these internal governance structures, LCH SA also has a process for considering external views regarding certain aspects of its CDSClear service. Specifically, when considering a material change to the CDSClear service, LCH SA engages certain banks (some of which are members), which also bear part of the cost of developing and operating CDSClear, in a consultative process where such banks may provide recommendations to LCH SA. Ultimately, LCH SA maintains authority for operating CDSClear, and may choose to not implement any recommendations.²⁹

D. Safeguarding of Securities and Funds

1. Margin

LCH SA employs a risk-based margin methodology specific to its CDSClear service to calculate its exposures to CDSClear members and to set initial margin requirements.³⁰ Specifically, LCH SA uses a Value at Risk ("VaR") model to calculate member margin requirements sufficient to cover losses under normal market conditions with a 99.7% confidence interval. The margin model takes into account a variety of risks, including changes to credit spreads, recovery rates, and interest rates. In addition to its initial margin requirements, to

²⁷ See generally, LCH SA Form CA-1, Exhibit A-4 (LCH SA Terms of Reference of the Risk Committee of the Board of Directors).

²⁸ See generally, Exhibit A-2 (LCH SA Terms of Reference of the Risk Committee of the Board of Director) Section 1.1.

²⁹ See generally, LCH SA Form CA-1, Exhibit A

³⁰ See generally, LCH SA Form CA-1, Exhibit H-1 (LCH SA Audited Financial Statements for the Year Ended 31 December 2015) at 18.

manage the risk of price fluctuations occurring in a member's open position, LCH SA and members are required to make cash payments to meet a variation margin requirement.³¹ LCH SA performs an independent model validation annually. In addition to margin requirements derived from its model, LCH SA imposes margin requirements on members to address position concentrations, wrong way risk, and illiquid positions. LCH SA also requires additional margin from members with lower credit standing.³²

LCH SA requires each member to post collateral to satisfy its margin requirement to allow LCH SA to manage its risk exposure. LCH SA limits the collateral that is eligible to cash and securities with low credit, liquidity, and market risk, and applies haircuts to collateral posted in the form of securities.³³

2. Default Fund

Apart from its initial and variation margin requirements, LCH SA has established a mutualized default fund exclusively for the CDSClear service and keeps it separate from the default funds for LCH SA's other services.³⁴ The default fund is only available for use to cover losses as a result of, and following, an event of default with respect to a member. LCH SA sizes

³¹ See generally, LCH SA Form CA-1, Exhibit H-1 (LCH SA Audited Financial Statements for the Year Ended 31 December 2015) at 18; See also, LCH SA Form CA-1, Exhibit E-4 (CDS Clearing Rule Book) Section 4.2.5; and Exhibit E-6 (LCH.Cleernet SA CDS Clearing Procedures, Section 2 – Margin and Price Alignment Interest).

³² See generally, LCH SA Form CA-1, Exhibit H-1 (LCH SA Audited Financial Statements for the Year Ended 31 December 2015) at 18; and Exhibit J-3 (CDSClear Service Description) Section 9.1.

³³ See generally, LCH SA Form CA-1, Exhibit E-4 (CDS Clearing Rule Book) Sections 4.2.6.3 and 4.2.6.4; See also, LCH SA Form CA-1, Exhibit E-6.3 (LCH SA CDS Clearing Procedures Section 3 – Collateral and Cash Payment) Section 3.9.

³⁴ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book) Article 4.4.1.1.

the default fund to cover the theoretical losses associated with the default of the largest two members in extreme but plausible market conditions plus an additional buffer.³⁵ Each clearing member is required to contribute to the default fund in an amount that is the greater of the clearing member's proportionate share of the total default fund based on the margin requirements related to positions held in the CDSClear service, or the minimum contribution of €10 million.³⁶ LCH SA calibrates its default fund, and member default fund requirements, on a monthly basis.³⁷ LCH SA's Risk Committee reviews results of stress testing related to the CDSClear default fund on at least a quarterly basis.³⁸

3. Investment and Liquidity Risk Management

To appropriately manage cash collateral posted by members to satisfy margin and default fund requirements, LCH SA has an investment risk policy that is designed to ensure that collateral is invested securely. LCH SA's policies require investments be made with counterparties that meet certain minimum credit standards (based on LCH SA's internal credit assessment).³⁹

³⁵ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book) Sections 4.4.1.1 and 4.4.1.2.

³⁶ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book) Article 4.4.1.3.

³⁷ See generally, LCH SA Form CA-1, Exhibit J-3 (LCH SA CDSClear Service Description) Section 11.1.

³⁸ See generally, Exhibit A-4 (LCH SA Terms of Reference of the Risk Committee of the Board of Directors) Section 9.1.

³⁹ See generally, LCA SA Form CA-1, Exhibit H-1 (LCH SA Audited Financial Statements for the Year Ended 31 December 2015) at 20.

LCH SA monitors and measures liquidity resources and requirements for the entity as a whole, and calculates its liquidity needs daily. In addition to the cash collateral it holds and its capital as immediate liquidity resources, during liquidity stress events, LCH SA also can access French central bank liquidity through the Banque de France and also maintains other secured financing facilities.⁴⁰

4. Default Management Process

To manage losses incurred in the event of a member default, LCH SA's default management process sets forth the steps LCH SA would take in the event of such an occurrence.⁴¹ Upon the declaration of an event of default, LCH SA's default management process begins to minimize losses and disruption by attempting to hedge against market risk and transfer client positions to non-defaulting members, and to dispose of the defaulting member's portfolio through a competitive auction process within the five-business-day default management process period.⁴² Default losses resulting from a CDSClear member's default can be covered only by using the financial resources collected for CDSClear pursuant to the default waterfall.⁴³

Under the default waterfall, the defaulting member's initial margin, variation margin and additional margins are first used to cover losses. If these resources are insufficient to cover the losses, the defaulting member's default fund contribution is applied. To the extent that losses are

⁴⁰ See generally, LCH SA Form CA-1, Exhibit H-1 (LCH SA Audited Financial Statements for the Year Ended 31 December 2015) at 23-24.

⁴¹ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book, Appendix 1 "CDS Default Management Process").

⁴² See generally, LCH SA Form CA-1, Schedule A at 10-11; see also Exhibit E-4 (LCH SA CDS Clearing Rule Book) Appendix 1, Section 2.1.

⁴³ See generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book) Section 4.4.1.

still not covered, LCH SA would use a portion of its own capital (in the amount established in the CDSClear default waterfall pursuant to the CDSClear rulebook) to cover remaining losses. If losses exceed the financial resources used up to this point, LCH SA may then access the default fund contributions of non-defaulting members and also may impose additional default fund contribution assessments against non-defaulting members. If pre-funded resources and assessments are insufficient to cover losses within a five business-day period, LCH SA may impose, on a pro rata basis, reductions in daily settlement payments owed to non-defaulting members (“variation margin haircutting”), subject to certain limits. The entire default management process, including the use of variation margin haircutting, is intended to be completed within five business days following the declaration of a default.⁴⁴ At any time during the default management process, if LCH SA determines that it would not have sufficient resources to meet obligations arising from the default auction or auctions in accordance with its default waterfall, LCH SA must early terminate all open contracts and proceed to wind down the CDSClear service pursuant to the terms set forth in its Rulebook.⁴⁵

E. Business Continuity

LCH SA maintains a business continuity plan as a part of the LCH Group’s business continuity model, which is designed to recover core clearing services within a two-hour period following a point of failure and to enable LCH SA to perform end-of-day settlement of transactions on the same business day. The business continuity plan includes policies and procedures regarding threat assessment and monitoring, and anticipated responses in the event

⁴⁴ See generally, LCH SA Form CA-1, Exhibit J-3 (CDSClear Service Description) Section 11.2.

⁴⁵ See Generally, LCH SA Form CA-1, Exhibit E-4 (LCH SA CDS Clearing Rule Book) Appendix 1, Clause 2.1.4 and 8.1.

that such threats materialize, including the switching over to alternative systems and secondary sites.⁴⁶

F. Fee Structure

LCH SA charges transaction fees linked to products and annual membership fees, which are generally usage-based and apply equally to all members using LCH SA's CDSClear service. LCH SA also imposes annual account structure fees for individually segregated accounts and omnibus segregated accounts.⁴⁷

III. Requests for Exemptive Relief

A. Exemptive Relief from Sections 5 and 6 of the Act

LCH SA requests exemptive relief from the requirements of Sections 5 and 6 of the Act with respect to its "forced trade" mechanism that is used in the calculation of mark-to-market prices for open positions in cleared single-name CDS and exemptive relief for each of its CDSClear members from the requirements of Section 5 of the Act with respect to their participation in the "forced trade" mechanism.⁴⁸ LCH SA represents that, as part of its clearing and risk management processes for single-name CDS, it would compute the end-of-day settlement price for each contract in which any of its members has a cleared position, based on off-market prices submitted by its members and use those prices to establish a daily mark on which to base margin calculations. To promote the integrity of these price submissions, LCH SA

⁴⁶ See generally, LCH SA Form CA-1, Exhibit K-2 (Group Business Continuity Management Policy).

⁴⁷ See generally LCH SA Form CA-1, Exhibit Q.

⁴⁸ See Request for Exemptive Relief, at 2.

would employ a “forced trade” mechanism pursuant to which its members would be required to execute CDS trades based on their price submissions.⁴⁹

LCH SA states that, absent an exemption, this activity would cause LCH SA’s “forced trade” mechanism to meet the criteria of Rule 3b-16 under the Act⁵⁰ and, as a result, would require it to either register with the Commission as a national securities exchange under Sections 5 and 6 of the Act or obtain an exemption from registration. Additionally, any member that is a broker or dealer would not be permitted to use any facility of an exchange or to effect any transaction in a security, or to report any such transaction, unless the exchange were registered as a national securities exchange or an exemption were available.⁵¹

B. Exemptive Relief from Section 19(b) of the Act and Rule 19b-4 Thereunder

LCH SA requests exemptive relief from the requirements of Section 19(b) of the Act and Rule 19b-4 thereunder with respect to filing certain proposed rule changes that (i) primarily affect its clearing operations with respect to the non-U.S. business and (ii) do not significantly affect any CDSClear operations or any rights or obligations of LCH SA with respect to the CDSClear services or persons using such services.⁵² LCH SA states that the rule filing requirements under Section 19(b) of the Act and Rule 19b-4 thereunder do not adequately consider circumstances in which a foreign clearing agency that is registered with the CFTC for the purposes of clearing index CDS (which are swaps) and with the Commission for the purpose of clearing single-name CDS (which are security-based swaps). Specifically, such foreign

⁴⁹ See Request for Exemptive Relief, at 3-4.

⁵⁰ 17 CFR 240.3b-16.

⁵¹ See Request for Exemptive Relief at 4.

⁵² See Request for Exemptive Relief at 2-3.

clearing agencies may have completely offshore businesses that provide clearing services to non-U.S. persons outside of the United States that would not otherwise implicate the Commission's registration requirements under the Act (nor those of the CFTC under the Commodity Exchange Act).⁵³ As a condition of this requested relief, LCH SA has represented that it would provide notice of its non-U.S. business rule changes to Commission staff once duly approved by its national competent authorities in lieu of filing such changes under Section 19(b) and Rule 19b-4.

C. Exemptive Relief from Rules 17Ad-22(c)(2) and 17Ad-22(c)(2)(iii)

LCH SA requests exemptive relief from the requirements of Rule 17Ad-22(c)(2) and Rule 17Ad-22(c)(2)(iii) with respect to its financial statements for fiscal years 2014 and 2015.⁵⁴ LCH SA represents that pursuant to the listing rules to which its indirect parent company LSEG is subject LCH SA is not permitted to publish its own financial statements prior to the publication of LSEG's financial statements.⁵⁵ Given the scope of LSEG's business activities, LCH SA represents that it is unlikely that LSEG would be able to publish its financial statements within 60 days of the end of its fiscal year, nor would LCH SA have control over when such financial statements would ultimately be published.⁵⁶

In addition, LCH SA represents that it currently prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") and its financial statements are audited in accordance with International Standards on Auditing ("ISA"). Additionally, under French law, LCH SA states that it is required to maintain two statutory

⁵³ See Request for Exemptive Relief at 5-12.

⁵⁴ See Request for Exemptive Relief at 4.

⁵⁵ See Request for Exemptive Relief at 15.

⁵⁶ Id.

auditing firms that jointly sign the annual audited accounts.⁵⁷ LCH SA represents that, because it would be required upon being registered with the Commission as a clearing agency to have its 2014 and 2015 annual financial statements audited in accordance with Public Company Accounting Oversight Board standards, its 2014 and 2015 financial records would need to be re-analyzed (including reviewing past judgments regarding accounting figures), and that re-opening its audit files in such a manner would present practical, and potentially legal challenges as well as impose material burdens on LCH SA, its staff and auditors, to complete such work prior to the end of this calendar year.⁵⁸ LCH SA states that such challenges would be further exacerbated if the relief requested were to be granted only with respect to LCH SA's 2014 financial statements, as auditing its 2015 financial statements in isolation would cause auditors to use unaudited 2014 figures in their auditing report for the 2015 financial statements.⁵⁹

D. Exemptive Relief from Rule 17a-22

LCH SA requests exemptive relief from the requirements of Rule 17a-22 to file with the Commission certain materials made available to its participants regarding LCH SA's non-U.S. business units where such materials (i) primarily affect LCH SA's clearing operations with respect to the non-U.S. business lines, and (ii) do not significantly affect any CDSClear operations or any rights or obligations of LCH SA with respect to its CDSClear services or persons using the CDSClear services.⁶⁰ Additionally, LCH SA requests relief from the requirement of Rule 17a-22 to file physical copies with respect to materials primarily concerning

⁵⁷ See Request for Exemptive Relief at 14.

⁵⁸ Id.

⁵⁹ Id.

⁶⁰ See Request for Exemptive Relief at 15-16.

its CDSClear services. LCH SA requests instead, that it be permitted to provide the Commission with electronic submissions for such materials.⁶¹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning LCH SA's Form CA-1 and Request for Exemptive Relief. The Commission requests comment regarding whether granting the Request for Exemptive Relief is appropriate, whether the conditions required for granting such relief, as set forth in the Request for Exemptive Relief, are appropriate, and whether any other conditions should be required. In particular, the Commission requests comment concerning the appropriateness of granting exemptive relief under Section 19(b) and Rule 19b-4 thereunder as described above, in connection with LCH SA's non-U.S. business. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or
- Send an e-mail to rule-comments@sec.gov. Please include File Number 600-36 on the subject line.

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 600-36. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments

⁶¹ Id.

on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the Form CA-1 and the Request for Exemptive Relief, all subsequent amendments, all written statements with respect to LCH SA's Form CA-1 and the Request for Exemptive Relief that are filed with the Commission, and all written communications relating to the Form CA-1 and the Request for Exemptive Relief 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 10:00 a.m. and 3:00 p.m.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number 600-36 and should be submitted on or before [insert date 30 days from publication in the Federal Register].

By the Commission.

Robert W. Errett
Deputy Secretary

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