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January 17, 2021

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington DC 20581

Re: Response to Swap Clearing Requirement to Account for the Transition from LIBOR and Other IBORs to Alternative Reference Rates; RIN 3038-AE33

Dear Mr. Kirkpatrick,

The London Stock Exchange Group (LSEG) is a financial market infrastructure provider, headquartered in London, with significant operations in Europe, North America and Asia. Its diversified global business focuses on capital formation, intellectual property, and risk and balance sheet management. LSEG operates an open access model, offering choice and partnership to customers across its businesses.

LSEG operates multiple clearing houses. It has majority ownership of the multi-asset global CCP operator, LCH Group (LCH). LCH has two licensed CCP subsidiaries – LCH Ltd in the UK and LCH S.A. in France. Both are leading multi-asset class and international clearing houses, serving major international exchanges and platforms as well as a range of OTC markets. They clear a broad range of asset classes, including securities, exchange-traded derivatives, commodities, foreign exchange derivatives, interest rate swaps, credit default swaps and Euro, Sterling and US Dollar denominated bonds and repos.

LSEG welcomes the opportunity to respond to the request for information and comment from the Commodity Futures Trading Commission (Commission) on the clearing requirement in view of the benchmark transition.[1]

LCH has consistently supported its users as part of industry-wide efforts in the transition to new interest rate benchmarks and we fully support the Commission's efforts in ensuring an orderly transition. Adjusting the scope of the Commission's clearing requirement is a powerful tool available to policy

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[1] Commodity Futures Trading Commission, Swap Clearing Requirement To Account for the Transition From LIBOR and Other IBORs to Alternative Reference Rates, published November 23rd, 2021, 86 FR 66476, available at: https://www.federalregister.gov/documents/2021/11/23/2021-25450/swap-clearing-requirement-to-account-for-the-transition-from-libor-and-other-ibors-to-alternative?utm_source=federalregister.gov&utm_medium=email&utm_campaign=subscription+mailing+list

makers and crucial in ensuring a smooth transition to new rates that are truly representative of their underlying market.

As a more general remark, we believe in the importance of clearing requirement consistency across jurisdictions while recognizing the constraints related to completing reviews and the legislative process. With regards to the potential clearing requirement for Secured Overnight Financing Rate (SOFR), we commend the Commission and the Market Risk Advisory Committee (MRAC) for their efforts in supporting SOFR First. We note that the European Securities and Markets Authority (ESMA) and the Bank of England (BoE) are also reviewing their clearing requirements. We recommend that international authorities coordinate, to the extent possible, and implement a consistent approach across relevant jurisdictions.

Please find below specific comments to the Commission's request for information relevant to Derivatives Clearing Organizations (DCOs). LCH appreciates the opportunity to comment and stands ready to support and contribute further on this important initiative.

Sincerely,

Claire O'Dea
Director, Government Relations and Regulatory Strategy, Americas
London Stock Exchange Group

LCH Response[2]
III. Request for Information
A. Swaps Subject to the Clearing Requirement

1. The Commission requests that DCOs provide, for swaps currently subject to the Clearing Requirement referencing each of GBP LIBOR, JPY LIBOR, CHF LIBOR, USD LIBOR, and SGD SOR-VWAP, in each of the fixed-to-floating swap, basis swap, FRA, and OIS classes, data for the month ending November 30, 2021 concerning: (A) the amount of notional cleared, including as a percentage of total notional cleared of all swaps; (B) total notional outstanding, including as a percentage of total notional outstanding; and (C) total number of clearing members clearing such swaps, including as a percentage of the total population of clearing members.

Please see below relevant data. The fixed-to-floating swap figures include Interest Rate Swap (IRS) and Variable Notional Swap (VNS) for U.S. dollars (USD) and British Pounds (GBP), and the USD basis swaps includes all trades where at least one leg is LIBOR[3], i.e. LIBOR vs. LIBOR, SOFR vs. LIBOR and FEDFUND vs. LIBOR basis swaps.

Amount of notional cleared during the month of November 2021

CURRENCY	PRODUCT TYPE	NOTIONAL AMOUNT (USD)	% NOTIONAL AMOUNT (USD)	SWAPCLEAR MEMBERS[4]	% MEMBERS[5]
GBP	Fixed-to-Floating Swap	1,171,099,915,716	1.31%	73	59.84%
	FRA	386,728,553,120	0.43%	40	32.79%
CHF	Fixed-to-Floating Swap	149,156,125,797	0.17%	40	32.79%
	FRA	13,992,618,461	0.02%	8	6.56%
JPY	Fixed-to-Floating Swap	129,874,219,731	0.15%	48	39.34%
SGD	Fixed-to-Floating Swap	18,299,138,395	0.02%	31	25.41%
USD	Basis Swap	3,437,260,068,266	3.86%	65	53.28%
	Fixed-to-Floating Swap	14,509,273,634,619	16.29%	101	82.79%
	FRA	2,590,328,024,000	2.91%	59	48.36%

[2] Headings are consistent with the Federal Register publication titled Swap Clearing Requirement to Account for the Transition From LIBOR and Other IBORs to Alternative Reference Rates dated November 21, 2021, 86 FR 66476.
[3] London Interbank Offered Rate
[4] For the data provided in this submission, clearing members are identified at the legal entity level, i.e. 1 LEI = 1 legal relationship (irrespective of whether they are trading for their own purposes or acting as a clearing broker).
[5] The SwapClear service had 122 clearing members at the end of November.

Total notional outstanding as of November 30, 2021

CURRENCY	PRODUCT TYPE	NOTIONAL AMOUNT (USD)	% NOTIONAL AMOUNT (USD)	SWAPCLEAR MEMBERS	% MEMBERS
GBP	Basis Swap	583,594,550,707	0.16%	49	40.16%
	Fixed-to-Floating Swap	16,937,342,867,473	4.67%	104	85.25%
	FRA	1,244,600,802,041	0.34%	54	44.26%
CHF	Basis Swap	17,464,993,733	0.00%	28	22.95%
	Fixed-to-Floating Swap	1,697,752,000,161	0.47%	86	70.49%
	FRA	95,088,629,092	0.03%	18	14.75%
JPY	Basis Swap	72,553,858,241	0.02%	30	24.59%
	Fixed-to-Floating Swap	5,363,521,827,789	1.48%	85	69.67%
	FRA	5,393,218,691	0.00%	3	2.46%
SGD	Basis Swap	3,093,484,638	0.00%	12	9.84%
	Fixed-to-Floating Swap	501,743,043,499	0.14%	59	48.36%
USD	Basis Swap	21,622,378,122,355	5.96%	92	75.41%
	Fixed-to-Floating Swap	78,769,422,016,173	21.71%	115	94.26%
	FRA	6,347,169,945,364	1.75%	65	53.28%

2. The Commission requests that DCOs provide an assessment of the DCO's ability to conduct an auction of a defaulting clearing member's positions in swaps referencing LIBOR after December 31, 2021 (not including certain USD LIBOR tenors and SGD SOR-VWAP that will continue until June 30, 2023), if the DCO has not conducted, or is not planning on conducting, a conversion event.

As LCH converted relevant swaps referencing LIBOR to the relevant alternative Risk Free Rates (RFRs), LCH's ability to conduct an auction of a defaulting clearing member's portfolio is not impacted by the cessation of such LIBOR rates.

In particular, LCH conducted two conversion events for the cleared swaps referencing the following LIBOR rates that ceased on December 31, 2021:

- The Swiss francs (CHF), EUR and Japanese yen (JPY) LIBOR conversion event occurred on December 4, 2021, and
- the GBP LIBOR conversion occurred on December 18, 2021.

LCH has withdrawn clearing eligibility of such LIBOR rates accordingly.

LCH continues to offer clearing in swaps linked to USD LIBOR and notes the explicit exemption in guidance to the market relating to swaps executed pursuant to a CCP default management process. As a result, any member default event will not entail the management of positions referencing these non-USD LIBOR benchmarks that ceased on December 31, 2021.

In addition, SwapClear offers, on a time-limited basis and with limited product eligibility, a Legacy LIBOR clearing capability under which parties can submit trades linked to CHF/JPY/GBP LIBOR, as notified via LCH's circular dated September 21, 2021.[6] We note that LIBOR trades submitted for clearing under this Legacy LIBOR clearing capability will be converted immediately following registration into the relevant alternative RFR equivalent. This also means that no LIBOR position will be outstanding as a result of the Legacy LIBOR clearing capability.

3. The Commission requests that DCOs provide an assessment of the DCO's ability to transfer or port to other clearing members a defaulting clearing member's positions in swaps referencing LIBOR after December 31, 2021 (not including certain USD LIBOR tenors and SGD SOR-VWAP that will continue until June 30, 2023).

As per the above response, any member default event that may occur after December 31, 2021 will not entail the management of any positions referencing the LIBOR benchmarks that ceased on December 31, 2021, including in relation to the porting of positions to a surviving clearing member.

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B. Swaps Not Currently Subject to the Clearing Requirement

6. The Commission requests that DCOs file submissions with the Commission under Commission regulation 39.5 for any swaps that have been or may be identified as swaps that reference an alternative reference rate that are not currently subject to the Clearing Requirement and for which a DCO has not previously filed a submission under Commission regulation 39.5(b).

LCH has provided applicable submissions under Commission regulation 39.5(b) and would be happy to provide additional data as requested to support the Commission's efforts in making determinations related to the clearing requirement.

7. The Commission requests that DCOs provide for swaps that reference one of the alternative reference rates including, GBP SONIA, JPY TONA, CHF SARON, €STR, and USD SOFR in each of the fixed-to-floating swap, basis swap, FRA, and OIS classes, data from the quarter ending September 30, 2021 concerning: (A) the amount of notional cleared, including as a percentage of total notional cleared of all swaps; (B) total notional outstanding, including as a percentage of total notional outstanding; and (C) total number of clearing members clearing such swaps, including as a percentage of the total population of clearing members.

Please see below relevant data. LCH notes that market conditions have changed significantly since September 30, 2021 given the cessation of the related LIBORs in GBP, JPY and CHF on December 31, 2021

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[6] https://www.lch.com/membership/ltd-membership/ltd-member-updates/statement-lchs-position-respect-liborr-contracts

Please note, we specified the Overnight Index Swap (OIS)-VNS figures in light of Question 20 below; the USD basis swaps figures include all trades where at least one leg is SOFR, i.e. SOFR vs. LIBOR and SOFR vs. FEDFUND basis swaps.

Notional cleared during the quarter ending September 30, 2021 (July 1-September 30, 2021)

CURRENCY	PRODUCT TYPE	NOTIONAL AMOUNT (USD)	% NOTIONAL AMOUNT (USD)	SWAPCLEAR MEMBERS[7]	% MEMBERS[8]
GBP	Basis Swap	528,926,469,237	0.26%	50	40.98%
	OIS-VNS	27,578,157,560	0.01%	32	26.23%
	OIS	26,487,980,117,399	13.11%	98	80.33%
CHF	OIS-VNS	35,813,149	0.00%	2	1.64%
	OIS	760,737,676,419	0.38%	57	46.72%
EUR	Basis Swap	20,344,083,894	0.01%	16	13.11%
	OIS-VNS	232,061,796	0.00%	5	4.10%
	OIS	1,954,213,028,605	0.97%	88	72.13%
JPY	OIS-VNS	124,035,278	0.00%	2	1.64%
	OIS	551,161,190,220	0.27%	62	50.82%
USD	Basis Swap	2,887,446,797,200	1.43%	68	55.74%
	OIS-VNS	1,231,110,913	0.00%	17	13.93%
	OIS	5,386,745,965,010	2.67%	97	79.51%

[7] The member count figures report the highest number of members that cleared that product within the 3 month period, e.g. if September saw 98 members clearing a certain product and in August 96 members cleared the same product, we reported 98 as the relevant number of members.
[8] The SwapClear service had 122 clearing members at the end of September.

Total notional outstanding as of September 30, 2021

CURRENCY	PRODUCT TYPE	NOTIONAL AMOUNT (USD)	% NOTIONAL AMOUNT (USD)	SWAPCLEAR MEMBERS	% MEMBERS
GBP	Basis Swap	2,823,479,995,487	0.83%	81	66.39%
	OIS-VNS	122,978,673,133	0.04%	44	36.07%
	OIS	22,265,931,767,521	6.55%	101	82.79%
CHF	OIS-VNS	35,517,426	0.00%	2	1.64%
	OIS	725,712,750,047	0.21%	62	50.82%
EUR	Basis Swap	39,162,439,305	0.01%	28	22.95%
	OIS-VNS	4,721,678,967	0.00%	6	4.92%
	OIS	2,290,550,490,949	0.67%	100	81.97%
JPY	Basis Swap	10,593,668,507	0.00%	8	6.56%
	OIS-VNS	631,686,437	0.00%	2	1.64%
	OIS	766,245,876,650	0.23%	63	51.64%
USD	Basis Swap	3,819,364,896,878	1.12%	77	63.11%
	OIS-VNS	4,926,114,450	0.00%	31	25.41%
	OIS	4,776,341,052,980	1.41%	110	90.16%

IV. Request for Comment

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B. Specific Requests for Comment

i. Current Swap Clearing Requirement-Related Questions:

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> *2. Please discuss recommendations for how the Commission should modify its Clearing Requirement under Commission regulation 50.4 and any related advantages or disadvantages (including anticipated costs) that might be expected from a specific approach.*

With the information generated by this survey, we believe that the Commission will be best placed to determine the appropriate way to modify its clearing requirement under Commission regulation 50.4. However, we encourage international coordination to the extent possible and, in an effort to support the Commission, we note the following related to cleared swaps and the LIBOR transition:

- EUR, GBP and JPY LIBOR: in line with other jurisdictions, such as the UK and EU, we believe it is appropriate to remove the clearing requirement for these rates in the relevant product classes. CCPs have also withdrawn clearing eligibility for these rates upon conversion.

- CHF LIBOR (not required in UK/EU): we believe this rate should also be removed from the clearing requirement in the relevant product classes.
- EONIA[9]& ESTR[10]: LCH converted all relevant contracts to ESTR in October 2021 and the market has now fully transitioned to ESTR. In line with the UK and EU, LCH recommends removing the clearing requirement for EONIA within the OIS class and replacing it with ESTR swaps.
- SONIA[11]: LCH notes that SONIA liquidity is well developed and robust across the entire SONIA curve. As such, LCH recommends considering extending the current clearing requirement to SONIA swaps with a maturity of up to 50 years. This would also align with the recent amendments to the clearing requirement in the UK and EU. Please also see response to question 3 below.
- TONA[12]: We note that TONA liquidity has registered a significant increase in the past months as a result of various initiatives, including TONA First. In addition, we note the BoE will implement a clearing requirement for TONA swaps with a maturity of 7 days up to 30 years beginning January 31, 2022. As TONA is the recommended alternative rate for JPY, LCH believes it would be appropriate to include TONA OIS under the clearing requirement.
- USD LIBOR and SOR-VWAP[13]: LCH is agnostic as to whether the Commission should remove these two rates from the clearing requirement at this time. We note, however, that in the EU, USD LIBOR will no longer be required to be cleared once ESMA's proposed rules on the EU Clearing Obligation becomes effective in 2022. Please also see response to question 4 below.
- SOFR: We note that SOFR liquidity also materially increased in the second half of 2021, as a result of the SOFR First initiative and the global market's active management of the LIBOR transition. As such, we believe that the conditions to capture SOFR under the clearing requirement already exist. LCH notes that ESMA is also proposing to implement a clearing requirement in the EU with regards to SOFR swaps with a maturity of 7 days to 3 years. This is due to enter into application 3 months after changes to the EU Clearing Obligation become effective.
- Timing of changes to the clearing requirement: We believe it would be preferable to set an effective date not too far from the completion of the Commission's review. This is particularly relevant to reduce uncertainty in the market and limit the risk of bifurcation of liquidity between the cleared and uncleared market for the LIBOR rates that ceased on December 31, 2021 and their respective replacement rates.

3. More specifically, should the Commission modify the termination date range, or any other specifications, with respect to SONIA OIS, AONIA OIS, CORRA OIS or any other OIS that are subject to the Clearing Requirement and for which the index has been nominated as an

[9] Euro Overnight Index Average
[10] Euro Short-Term Rate
[11] Sterling Overnight Index Average
[12] Tokyo Overnight Average Rate
[13] Singapore Dollar Swap Offer Rate

> *alternative reference rate? If such an amendment is recommended, please discuss a potential timeline for considering and adopting a modification and the reasons for adopting such timeline.*

As mentioned in the previous response, we believe that there is sufficient liquidity across the entire SONIA curve such that the Commission may extend the current clearing requirement to SONIA swaps with a maturity of up to 50 years. This would also align with the recent amendments to the clearing requirement in the UK and EU. In terms of timeline, we believe this change can be readily implemented.

> *4. Should the Commission revise the clearing requirement related to the SGD SOR-VWAP rate as part of the initial LIBOR transition or should market participants be given additional time to consider changes to SGD SOR-VWAP Clearing Requirement because it is based on USD LIBOR (and may continue until 2023)?*

Although LCH is agnostic with regards to the time when USD LIBOR and SGD SOR-VWAP would no longer be required to be cleared in the US, we believe that it would be reasonable to align any modifications in relation to the SGD SOR-VWAP's clearing requirement with those of the USD LIBOR clearing requirement. This is because SGD SOR-VWAP is dependent on USD LIBOR, in terms of rate definition and related liquidity. CCPs, including LCH, are expected to convert any remaining cleared SOR trades to SORA, before the discontinuation of SOR in mid-2023 or when SOR derivatives become illiquid. We believe that such conversion should take place at a time that accounts for the USD LIBOR conversion.

ii. Swap Clearing Requirements for Alternative Reference Rates

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> *6. Are there any steps related to the SOFR transition that have not been completed that would enable a significant number of market participants to submit swaps referencing SOFR to clearing? Are there specific metrics or products associated with the new SOFR rate that need to be developed before swaps referencing SOFR can be used by a broad range of market participants?*

From an LCH perspective, SwapClear has provided clearing services for SOFR swaps since 2018 and we note that cleared SOFR swap volumes have increased materially during 2021. We expect this to continue in 2022 as market participants are expected not to enter, or are forbidden to enter, into new USD LIBOR trades by law, except when falling under one of the exceptions. As a result, new USD swap liquidity will be in alternative reference rates.

In addition, we note that any SOFR clearing requirement (including the EU requirement proposed to be effective later this year) will inevitably boost cleared volumes and any USD LIBOR CCPs' conversion process will also substantially increase the amount of SOFR liquidity available in the market.

We would also note as a technical matter that there are additional ways to select and combine the set of SOFR observations that are relevant for a given periodic payment, for example using lags and lock-outs, which would need careful consideration when formulating the specifications of any clearing requirement.

7. Would requiring the clearing of swaps referencing SOFR or other alternative reference rates that are not currently subject to the Clearing Requirement affect the ability of a DCO to comply with the CEA's core principles for DCOs?

Provided that each DCO remains in control of setting its product eligibility criteria, the ability to comply with the core principles, including in relation to LCH's ability to clear, risk manage and potentially default manage such contracts, would not be affected by the implementation of a clearing requirement for SOFR or any other relevant alternative reference rate.

8. Are there specific data the Commission should consider in determining whether significant notional amount and liquidity exists in swaps referencing SOFR or other alternative reference rates that are not currently subject to the Clearing Requirement?

LCH believes the Commission considers the appropriate data under Section 2(h)(2)(D)(ii) of the Commodity Exchange Act (CEA) and that the Commission should also review the data it receives as part of regular reporting under Commission regulation 39.19 and any resulting observable trends. In the context of cleared swaps, SOFR registered notional and notional outstanding at LCH increased significantly in 2021 and similar trends are observable or are expected in relation to other alternative reference rates, e.g. TONA.

9. Are there specific thresholds that the Commission should apply with respect to notional amount and liquidity in determining whether swaps referencing SOFR or other alternative reference rates that are not currently subject to the Clearing Requirement should be subject to the clearing requirement?

In the light of its oversight role, we believe the Commission would be best positioned to consider any relevant thresholds when assessing whether a rate should be subject to the clearing requirement. In this context, we note that it would be hard to set thresholds that would suit and be applicable across all markets, currencies and underlying rates, given their different sizes and features.

10. Have market participants observed sufficient outstanding notional exposures and trading liquidity in swaps referencing SOFR during both stressed and non-stressed market conditions to support a clearing requirement?

As mentioned in our previous responses, LCH observed a significant increase in SOFR volumes following the implementation of the SOFR First initiative. We believe that in light of this and the expected further increase in liquidity during 2022, the current conditions support a clearing requirement.

11. Is there adequate pricing data for DCO risk and default management of swaps referencing SOFR? Why or why not?

Yes. SOFR liquidity and related pricing data has developed to an adequate extent and continues to further increase. We also note that the number of underlying transactions supporting the production of the SOFR rate itself is very high, supporting the rate's robustness. Such robustness, transparency and confidence in the SOFR rate is reflected in the swap market, both in terms of trading and clearing volumes, including in relation to the availability of pricing data. This ultimately means that in the case of a default, there would be adequate swap pricing data for LCH to manage such default.

12. What are the challenges that DCOs may face or have faced in accepting new SOFR swaps or swaps referencing other alternative reference rates for clearing that are not currently subject to the Clearing Requirement from a governance, rule framework, operational, resourcing, or credit support infrastructure perspective?

We note that LCH applies the highest standards of risk management and governance, in line with the relevant regulations and its role in the market. Such standards apply to all new products that LCH may support for clearing, including new types of swaps. Should a product be offered by LCH, the risk management standards that LCH applies do not change according to whether that product is required to be cleared.

In general, as in the case of SOFR, any newly created benchmark implies a lack of history / pricing data which needs to be addressed before providing clearing capability for such rate. However, as the SOFR example shows, CCPs and other market participants can use proxies to overcome such challenges. From an operational perspective, CCPs need to make sure that any relevant system changes are developed, deployed and successfully tested before business go-live. This is a coordinated effort, involving LCH users and any other relevant third-party providers, such as middleware providers.

13: Would requiring the clearing of swaps referencing SOFR mitigate systemic risk? Please explain why or why not and provide supporting data.

SOFR is the recommended RFR for USD and it will be the main reference rate for what is the largest swap market in the world. As such, it is reasonable to capture SOFR under the scope of the US clearing requirement. In line with the G20 objectives, a clearing requirement will mitigate systemic risk, making sure that SOFR risk moves from the bilateral space to the cleared market to the necessary extent. Should a clearing requirement be implemented, regulators will also have better monitoring capacity for SOFR risk.

14. Would requiring the clearing of swaps referencing SOFR increase risk to DCOs? If so, are DCOs capable of managing that risk? Please explain why or why not and provide supporting data

Consistent with our responses to items 11 and 12 above, LCH is capable of managing any SOFR-related risks, including in the case of a clearing member default. This ability will not change should a clearing requirement for swaps referencing SOFR be implemented.

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16. How and when should the Commission evaluate whether to require clearing for interest rate swaps denominated in USD that reference alternative reference rates other than SOFR, such as credit-sensitive benchmark rates (e.g., Ameribor and BSBY)? Provided that one or more DCOs have made such swaps available for clearing, are there additional factors or considerations beyond those specified in Section 2(h)(2)(D)(ii) of the CEA that the Commission should consider in determining whether to adopt a clearing requirement for such swaps?

In line with relevant regulatory requirements, as part of LCH's documentation package filed with the Commission prior to launching clearing services for BSBY[14] swaps, LCH submitted a request for evaluation related to whether to require clearing for BSBY swaps. It would do the same for any subsequent filings that also relate to additional benchmarks.

We are not aware of any additional factors or considerations beyond those reflected in our BSBY submission and analysis, which are in line with the considerations specified in Section 2(h)(2)(D)(ii) of the CEA, that the Commission should consider in determining whether to adopt a clearing requirement for such swaps.

17. Would adopting a clearing requirement for a new product that references an alternative reference rate, or expanding the scope of the Clearing Requirement to cover additional maturities, create conditions that increase or facilitate an exercise of market power over clearing services by any DCO that would: (i) adversely affect competition for clearing services and/or access to product markets for swaps referencing alternative reference rates (including conditions that would adversely affect competition for these product markets and/or increase the cost of such swaps); or (ii) increase the cost of clearing services? Please explain why or why not and provide supporting data

LCH does not believe that adopting a clearing requirement for a new product that references an alternative reference rate, or expanding the scope of an existing clearing requirement to cover additional maturities would create conditions that increase or facilitate an exercise of market power over clearing services by any DCO. Any clearing requirement that applies equally to all DCOs that provide clearing services for a product would not adversely affect competition. Additionally, a clearing requirement would

[14] Bloomberg Short-Term Bank Yield Index

not increase the cost of clearing services at LCH. Historically, when clearing requirements have been implemented, LCH has not altered its existing fee schedule and would plan to do the same in the future.

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iii. New Swap Product Documentation

19. With respect to all new swap products, including those referencing alternative reference rates, is there additional documentation that the Commission should require DCOs to submit with swap submissions beyond the documentation that Commission regulation 39.5 currently requires?

LCH believes the documentation required under Commission regulation 39.5 is comprehensive. LCH is always willing and available to work with Commission staff to provide additional or updated data as requested.

iv. Swap Clearing Requirement Specifications

20. The Commission recognizes that at this time a majority of the swaps subject to the Clearing Requirement fall within the fixed-to-floating swap class. That may change as new alternative reference rates are adopted and will be characterized as OIS or other types of swaps. Should the Commission designate any additional classes of swaps or specifications for purposes of classifying swaps under Commission regulation 50.4? Do DCOs or market participants have suggestions about how to reorganize or structure the classes of swaps subject to the clearing requirement under Commission regulation 50.4? Should the Commission include a new class covering variable notional swaps as a table under Commission regulation 50.4(a)?

Our immediate observation is that the current Commission classification addresses the features that help to define a "swap" (and to distinguish one from another) in a practical but potentially limiting fashion. For example, the majority of OIS contracts involve the exchange of a fixed leg for a floating leg. In fact, the features that can vary on an OIS – defined as a swap that references an overnight index – are essentially the same as those that can vary on an *IBOR / LIBOR-linked swap. Further, on the assumption that market participants adopt SOFR in most of the use cases in which USD LIBOR is currently utilized, then SOFR-linked swaps – which can be considered OIS – can and will come to be traded with variable notional amounts. This change of reference rate may present an opportunity to consolidate the current classification.

Should the Commission decide to capture variable notional swaps under the clearing requirement, it may either create a dedicated class or it may follow an approach similar to that used by the BoE and ESMA, i.e. specifying in an additional row/column that the "notional type" subject to the requirement may be "constant or variable" under the relevant product classes.

v. Cost-Benefit Considerations

> *21. The Commission requests comment from DCOs and market participants on the nature and extent of any operational, compliance, or other costs they may incur as a result of potential changes to the Clearing Requirement in response to the market-wide shift to alternative reference rates. Please provide supporting data*

As long as the clearing requirement relates to products already cleared by LCH, no particular costs in addition to those considered business as usual should be incurred.