



VIA CFTC Portal

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

07 May 2026

LCH Limited Self-Certification: Extension of eligible collateral: China Government Bonds in CNH (Offshore Renminbi)

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (“CFTC”) regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization (“DCO”) registered with the CFTC is submitting for self-certification the proposed extension of eligible non-cash collateral to China Government Bonds in CNH (Offshore Renminbi).

Please note this collateral extension is still subject to a regulatory approval from the Bank of England.

Part I: Explanation and Analysis

China Government Bonds in CNH

LCH proposes to expand the scope of accepted collateral to include liquid fixed-coupon International Bonds issued by the Central People’s Government of the People’s Republic of China (“China”) denominated in CNH. LCH already accepts China Government Bonds (CGBs) denominated in EUR/GBP as collateral.

LCH accepts a range of collateral types issued by high quality issuers for clearing members’ margin obligations. These include, for instance, sovereign governments and governments agencies. Eligibility criteria between CGBs in EUR/GBP that are already accepted by LCH and the new collateral extension in CNH are broadly similar. The main difference is that CGBs in CNH must be issued in Hong Kong which is the main hub for such offerings.

Further eligibility criteria stay the same, namely eligible securities must be fixed-coupon, bullet maturity, with a tenor of no more than 10 years and can be settled bilaterally through Euroclear only. The arrangement with EuroClear is governed by English law. Bonds subject to 144A regulation are excluded, and each ISIN must have a minimum outstanding amount of USD 500 million equivalent (or CNH 3.5bn). Wrong-way risk (WWR) is mitigated by prohibiting direct WWR and applying conservative concentration limits to address indirect WWR. The proposal reflects the demand from LCH’s clearing members.

Part II: Description of Rule Changes

There are no changes required to the LCH Rulebook or Procedures as part of this collateral extension. However, LCH is submitting for self-certification some minor revisions to LCH Margin Haircut Schedule on the



back of the new collateral extension, China Government Bonds in CNH, as described above. Importantly, base haircuts remain the same, however CNH has been added as a currency to FX haircuts.

The changes will be effective on or after **1 June 2026** (subject to a regulatory approval from the Bank of England).

Part III: Core Principle Compliance

LCH reviewed the proposed rule changes against the Core Principles and determined that it will continue to comply with all applicable requirements and standards.

In particular, the changes support compliance with Core Principle D (Risk Management), which requires LCH to have appropriate tools and procedures to manage the risks arising from its clearing activities and to limit eligible margin assets to those with minimal credit, market, and liquidity risks. LCH considers China Government Bonds denominated in CNH to meet these criteria and to be appropriate assets for use as margin.

Accordingly, LCH believes that the changes set out in this filing are consistent with the requirements of Core Principle D under CFTC Regulation §39.13.

Part IV: Public Information

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

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in CFTC Regulation §40.6, that the attached submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder. Should you have any questions please contact me at aleksandra.deslandes@lseg.com.

Yours sincerely,

Aleksandra Deslandes

Regulatory Advisor, LCH Ltd



Confidential Appendix I

LCH Margin Collateral Haircut Schedule