



**VIA CFTC Portal**

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

17 March 2025

**LCH Limited Self-Certification: Extension of eligible collateral: Kreditanstalt für Wiederaufbau (KFW) USD Bonds**

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 Kreditanstalt für Wiederaufbau (KFW) USD Bonds.

**Part I: Explanation and Analysis**

LCH proposes to add KFW USD Bonds as an acceptable margin collateral. The issuer is wholly owned by the German government, with 80% of its shares held by the Federal Republic of Germany and 20% by the federal states (Länder).

As background, LCH already accepts KFW denominated in EUR and as part of the new proposal the eligibility will be extended to USD denominated KFW bonds. The same eligibility criteria will apply to KFW EUR and USD Bonds, which means that only USD vanilla bonds, fixed coupon bullet securities with maturities up to 30 years will be eligible.

**Part II: Description of Rule Changes**

There are no changes required to the LCH Rulebook or Procedures as part of this collateral extension.

LCH is attaching as part of this self-certification LCH Margin Haircut Schedule; however please note that KFW is already an eligible issuer and as such no changes have been made to the attached schedule.

Changes described in this letter will be effective on or after **31 March 2025**<sup>1</sup>.

**Part III: Core Principle Compliance**

LCH reviewed the proposed rule changes against the requirements of the Core Principles and finds it will continue to comply with all the requirements and standards set forth therein. Specifically, these rule changes have potential relevance to Core Principle D (Risk Management).

The changes described in this filing ensure that LCH meets the objectives of Core Principle D, including that LCH possess the ability to manage the risks associated with discharging its responsibilities through the use of

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<sup>1</sup> Please note this initiative may be subject to a regulatory approval.



appropriate tools and procedures. Core Principle D also requires LCH to limit the assets it accepts as initial margin to those that have minimal credit, market, and liquidity risks. LCH believes KFW USD Bonds have minimal credit, market, and liquidity risks and are therefore appropriate collateral types to accept as margin.

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

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

LCH has posted 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.wojcik@lseg.com](mailto:aleksandra.wojcik@lseg.com).

Yours sincerely,

Aleksandra Wojcik

Regulatory Advisor, LCH Ltd



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## **Confidential Appendix I**

### LCH Margin Collateral Haircut Schedule