



VIA CFTC Portal

25 February 2025

Mr. Christoper Kirkpatrick

Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington, DC 20581

LCH Limited self-certification: Clearing of Malaysian Ringitt Non-Deliverable Interest Rate Swaps and updates to zero coupon yield curve construction.

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 revisions to its rules (“LCH Rules”) related to extending clearing eligibility to Malaysian Ringitt Non-Deliverable Interest Rate Swaps (“MYR Non-Deliverable IRS”) LCH will also remove the prescribed times for Official Quotations used by SwapClear for Zero Coupon Yield Curves (“Yield Curves”) construction and Portfolio Valuations (“Valuations”).

Part I: Explanation and analysis

LCH proposes to clear MYR Non-Deliverable IRS that (i) have a maximum tenor of 11 years, and (ii) have a floating rate that is determined by reference to the MYR-KLIBOR index (as defined in the 2021 ISDA interest rates swap derivatives definitions). This new product offering will help to facilitate market growth and expand the currencies available for clearing as part of LCH’s SwapClear service.

In addition, following a review of the LCH Rulebook, LCH will also remove the prescribed timings in place for the construction of Zero-Coupon Yield Curves and Portfolio Valuations. This change will allow SwapClear the use of discretion in the timing of the capture of price data for the construction of its Yield Curves for the purposes of daily settlement. Such prices will be published on LCH’s Member Reporting portal at intervals during each business day as determined by LCH.

To facilitate the addition of MYR IRS, the Product Specific Contract Terms and Eligibility Criteria Manual and FCM Product Specific Contract Terms and Eligibility Criteria Manual (jointly, the “Product Terms”) within the LCH Rulebook will be amended. In relation to Yield Curve and Valuation Data, Procedure 2C and the FCM Procedures (jointly, the “Procedures”) of the LCH Rulebook will be amended.



Part II: Description of the Rule Changes

LCH will amend Section 1.2(a) of Part B of Schedule 2 of the Product Specific Contract Terms and Eligibility Criteria Manual and Section 1.1(a) of Part B of Schedule 1 of the FCM Product Specific Contract Terms and Eligibility Criteria Manual to include MYR Non-Deliverable IRS.

In relation to Yield Curves and Valuations, LCH will remove Section 2.1.8(c) of the FCM procedures and Section 1.7.2 of the LCH Procedures Section 2C SwapClear Clearing Service in relation to the time at which LCH takes prices to build its Yield Curves. Section 1.7.2 of the LCH Procedures Section 2C SwapClear Clearing Service provides that LCH can use discretion for the time at which it takes prices to build such curves, in addition to the specified requirements of Section 1.7.2

The changes to the LCH Rules are included as **Appendices I – IV** in black line form. These changes will be effective not earlier than **31 March 2025**.

Part III: Core Principle Compliance

LCH has reviewed the proposed rule changes against the requirements of the Core Principles and finds it will continue to comply with all requirements and standards set forth therein. Specifically, this rule change has potential relevance to Core Principles C (Participant and Product Eligibility), D (Risk Management) and L (Public Information).

The changes described in this filing meet the objectives of Core Principle C, including that LCH has appropriate requirements for determining the eligibility of submitted transactions, taking into account LCH's ability to manage the associated risks. In determining whether to offer MYR Non-Deliverable IRS clearing, LCH considered factors that included trading volume, liquidity, availability of pricing data and the ability for LCH to manage any associated risks within LCH's existing operational, risk management, and default management tools. LCH carefully considered these factors and determined that the product extensions meet LCH's qualifications and the requirements of Core Principle C.

LCH believes the changes described in this filing will not impact LCH's ongoing compliance with the objectives of Core Principle D. LCH will clear this product in line with its existing risk management framework, operational capabilities and default management tools. As a result, clearing MYR Non-Deliverable IRS will not require changes to LCH's risk management framework, margin methodology, or margin requirements. LCH considered its risk management requirements and believes clearing MYR Non-Deliverable IRS will not impact LCH's ongoing compliance with Core Principle D. Also, in the context of Core Principle D, LCH considers that the removal of prescribed timings for gathering price data for Yield Curves and Valuations affords the CCP flexibility in risk managing the products with non-static price data compared to the current approach. By allowing SwapClear to use its discretion in capturing the pricing data used for these purposes, the service will be able to more accurately reflect price volatility and market conditions. This will, particularly in the context of daily settlement to market during volatile periods, ensure that more accurate settlement prices are captured.



The changes described in this filing also ensure that LCH meets the objectives of Core Principle L, including that, in addition to the specified requirements of CFTC Regulation §39.21, LCH makes available any information that is relevant to participation in the clearing and settlement activities of LCH, including the terms and conditions of each contract. LCH will make available all information in accordance with CFTC Regulation §39.21 for MYR Non-Deliverable IRS in line with its existing processes used to meet the requirements of Core Principle L. For Yield Curves and Valuations, LCH will ensure that it meets all relevant disclosure and public information requirements by publishing to its Member Reporting portal daily updates on the prices it determines as suitable for daily settlement to market.

LCH considered its public information requirements and believes amending the Product Terms and Procedures within the LCH Rulebook to include MYR Non-Deliverable IRS and to remove Official Quotation Timings for Yield Curves and Valuations meets the requirements of Core Principle L.

As such, LCH believes that these changes are consistent with the requirements of Core Principle C on Participant and Product Eligibility under CFTC Regulation §39.12, Core Principle D on Risk Management under CFTC Regulation §39.13 and Core Principle L on Public Information under CFTC Regulation §39.21.

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 any governing board or committee members, members of LCH or market participants that were not incorporated into this proposal.

Certification

LCH hereby certifies to the CFTC, 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 ryan.morrison@lseg.com

Yours sincerely,

Ryan Morrison

Regulatory Compliance Senior Associate

LCH Limited



Appendix I

Product Specific Contract Terms and Eligibility Criteria Manual

**PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL**

Standard coupon inflation indexed swap ¹⁷	EUR	Fixed	EUR-EXT-CPI	50 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	EUR	Fixed	FRC-EXT-CPI	30 years	0.01-99,999,999,999.99
Standard coupon inflation indexed swap	EUR	Fixed	FRC-EXT-CPI	30 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	GBP	Fixed	UK-RPI	50 years	0.01-99,999,999,999.99
Standard coupon inflation indexed swap	GBP	Fixed	UK-RPI	50 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	USD	Fixed	USA-CPI-U	30 years	0.01-99,999,999,999.99
Standard coupon inflation indexed swap	USD	Fixed	USA-CPI-U	30 years	0.01-99,999,999,999.99

(d) Non-deliverable interest rate swaps having the characteristics set out in the table below:

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
Interest rate swap	BRL	Fixed	BRL-CDI	4,050 days	0.01-99,999,999,999.99
OIS	CLP	Fixed	CLP-TNA	5,700 days	1.0-10,000,000,000,000
OIS	CLP	Fixed	CLP-ICP	5,700 days	1.0-10,000,000,000,000
OIS	COP	Fixed	COP-IBR-OIS-COMPOUND	5,700 days	1.0-10,000,000,000,000
OIS	COP	Fixed	COP-IBR-OIS Compound	5,700 days	1.0-10,000,000,000,000
Interest rate swap	KRW	Fixed	KRW-CD-KSDA-BLOOMBERG	7,700 days	1.0-10,000,000,000,000
Interest rate swap	KRW	Fixed	KRW-CD 91D	7,700 days	1.0-10,000,000,000,000
OIS	INR	Fixed	INR-FBIL-MIBOR-OIS-COMPOUND	4,050 days	0.01-99,999,999,999.99
OIS	INR	Fixed	INR-MIBOR-OIS Compound	4,050 days	0.01-99,999,999,999.99
<u>Interest rate swap</u>	<u>MYR</u>	<u>Fixed</u>	<u>MYR-KLIBOR</u>	<u>4,050 days</u>	<u>0.01-99,999,999,999.99</u>
Interest rate swap	CNY	Fixed	CNY-CNREPOFIX=CFXS-REUTERS	2,025 days	0.01-99,999,999,999.99

¹⁷ A “standard coupon inflation swap” is an inflation vs. fixed swap, which pays out regular coupons on both legs of the swap.

Interest rate swap	CNY	Fixed	CNY-Fixing Repo Rate	2,025 days	0.01-99,999,999,999.99
OIS	THB	Fixed	THB-THOR-COMPOUND	4,050 days	0.01-99,999,999,999.99
OIS	THB	Fixed	THB-THOR-OIS Compound	4,050 days	0.01-99,999,999,999.99
Interest rate swap	TWD	Fixed	TWD-TAIBOR-REUTERS	4,050 days	0.01-99,999,999,999.99
Interest rate swap	TWD	Fixed	TWD-TAIBOR	4,050 days	0.01-99,999,999,999.99



Appendix II

FCM Product Specific Contract Terms and Eligibility Criteria Manual

FCM PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL

Standard coupon inflation indexed swap ¹⁷	EUR	Fixed	EUR-EXT-CPI	50 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	EUR	Fixed	FRC-EXT-CPI	30 years	0.01-99,999,999,999.99
Standard coupon inflation indexed swap	EUR	Fixed	FRC-EXT-CPI	30 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	GBP	Fixed	UK-RPI	50 years	0.01-99,999,999,999.99
Standard coupon inflation indexed swap	GBP	Fixed	UK-RPI	50 years	0.01-99,999,999,999.99
Zero coupon inflation indexed swap	USD	Fixed	USA-CPI-U	30 years	0.01-99,999,999,999.99
Standard coupon inflation indexed swap	USD	Fixed	USA-CPI-U	30 years	0.01-99,999,999,999.99

(d) Non-deliverable interest rate swaps having the characteristics set out in the table below:

<u>Instrument</u>	<u>Currency</u>	<u>Leg 1</u>	<u>Leg 2</u>	<u>Maximum Tenor</u>	<u>Notional Amount</u>
Interest rate swap	BRL	Fixed	BRL-CDI	4,050 days	0.01-99,999,999,999.99
OIS	CLP	Fixed	CLP-TNA	5,700 days	1.0-10,000,000,000,000
OIS	CLP	Fixed	CLP-ICP	5,700 days	1.0-10,000,000,000,000
OIS	COP	Fixed	COP-IBR-OIS-COMPOUND	5,700 days	1.0-10,000,000,000,000
OIS	COP	Fixed	COP-IBR-OIS Compound	5,700 days	1.0-10,000,000,000,000
Interest rate swap	KRW	Fixed	KRW-CD-KSDA-BLOOMBERG	7,700 days	1.0-10,000,000,000,000
Interest rate swap	KRW	Fixed	KRW-CD 91D	7,700 days	1.0-10,000,000,000,000
OIS	INR	Fixed	INR-FBIL-MIBOR-OIS-COMPOUND	4,050 days	0.01-99,999,999,999.99
OIS	INR	Fixed	INR-MIBOR-OIS Compound	4,050 days	0.01-99,999,999,999.99
<u>Interest rates swap</u>	<u>MYR</u>	<u>Fixed</u>	<u>MYR-KLIBOR</u>	<u>4,050 days</u>	<u>0.01-99,999,999,999.99</u>
Interest rate swap	CNY	Fixed	CNY-CNREPOFIX=CFXS-REUTERS	2,025 days	0.01-99,999,999,999.99

¹⁷ A “standard coupon inflation swap” is an inflation vs. fixed swap, which pays out regular coupons on both legs of the swap.

Interest rate swap	CNY	Fixed	CNY-Fixing Repo Rate	2,025 days	0.01-99,999,999,999.99
OIS	THB	Fixed	THB-THOR-COMPOUND	4,050 days	0.01-99,999,999,999.99
OIS	THB	Fixed	THB-THOR-OIS Compound	4,050 days	0.01-99,999,999,999.99
Interest rate swap	TWD	Fixed	TWD-TAIBOR-REUTERS	4,050 days	0.01-99,999,999,999.99
Interest rate swap	TWD	Fixed	TWD-TAIBOR	4,050 days	0.01-99,999,999,999.99

2. Additional FCM SwapClear Product Eligibility Criteria

2.1 An FCM SwapClear Transaction must also meet the following additional criteria to be eligible or clearing with the Clearing House:

(a) **Day Count Fractions**

(See Section 4.6 of the ISDA Definitions for definition)

- (i) The Clearing House will only accept the following Day Count Fractions for vanilla interest rate swaps with constant notional principal and variable notional swaps. Day Count Fractions are applied to each deal leg independently, as communicated via the affirmed trade details.

Day Count Fraction	MarkitWire/FpML Code
30/360 (or Bond Basis)	30/360
30E/360 (or Eurobond Basis)	30E/360
Actual/360	ACT/360
Actual/365 (Fixed)	ACT/365.FIXED
Actual/Actual	ACT/365.ISDA
Actual/Actual	ACT/ACT.ISDA
30E/360 (ISDA)	30E/360.ISDA
Actual/Actual (ICMA)	ACT/ACT.ICMA

The Clearing House will only accept the following Day Count Fractions for Forward Rate Agreements. Day Count Fractions are applied to each deal leg independently, as communicated via the affirmed trade details.

Day Count Fraction	MarkitWire/FpML Code	Currency
Actual/365 (Fixed)	ACT/365.FIXED	CAD, AUD, NZD, PLN, ZAR, GBP
Actual/360	ACT/360	USD, EUR, CHF, DKK, JPY, NOK, SEK, CZK, HUF

Day Count Fraction	SWIFT Code
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Appendix III
Procedure 2C

LCH LIMITED
PROCEDURES SECTION 2C
SWAPCLEAR CLEARING SERVICE

segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account.

In the case of Omnibus Gross Segregated Accounts, the relevant segregated sub-accounts of the client "C" collateral account and "C" position-keeping account will be further segregated into sub-accounts for each Omnibus Gross Segregated Clearing Client or, where applicable, a group of Combined Omnibus Gross Segregated Clearing Clients together.

In the case of Indirect Gross Accounts, the relevant segregated sub-accounts of the client "C" position-keeping account will be further segregated into position-keeping sub-accounts for each Indirect Gross Sub-Account (relating to each Indirect Clearing Client).

1.6.3 *Client Excess*

A Clearing Member can transfer Client Excess in accordance with Section 1.10 of Procedure 4 (Margin and Collateral).

1.7 **Variation Margin and NPV Payments**

All SwapClear Transactions will, on submission to the Clearing House, be marked-to-market using the Clearing House's zero coupon yield curves. – In accordance with Regulation 57 (*Collateralisation of SwapClear CTM Contracts*) and Regulations 57A (*Settlement of SwapClear STM Contracts and Conversion to SwapClear STM Contract*), the Clearing House will use these curves to calculate the net present value of the SwapClear Transaction to the Clearing House or, as the case may be, to an SCM.

In respect of each SwapClear Transaction that is settled-to-market daily in accordance with Regulations 57A, the obligation of either the relevant SCM or the Clearing House to pay to the other an amount in respect of the change in the net present value of a SwapClear Transaction shall, for the purposes of this Procedure, be referred to as the “**NPV Payment**”.

A single separate calculation in respect of the variation margin and/or NPV Payment owed by or to the relevant SCM shall be performed for (i) an SCM's Proprietary Accounts, (ii) each Individual Segregated Account, Custodial Segregated Account and Omnibus Segregated Account (other than an Omnibus Gross Segregated Account), (iii) each Indirect Gross Sub-Account within an Indirect Gross Account, and (iv) each Omnibus Gross Segregated Sub-Account within an Omnibus Gross Segregated Account.

No offset between the "C" and the "H" accounts is allowed (except (i) pursuant to Rule 8(d) of the Default Rules or any Insufficient Resources Determination Rule, or (ii) in relation to the transfer of House Excess or Client Buffer in accordance with the Rulebook) and no offset between any Client Accounts is allowed (except pursuant to Rule 15(a)(ii) of the Default Rules, a Cross-ISA Client Excess Deduction or any Insufficient Resources Determination Rule).

Except as expressly provided herein, Collateral and/or NPV Payments (as applicable) that are provided pursuant to this Procedure must, subject to intra-day registration, be

in the form of cash in the currency of the SwapClear Transaction. Except as expressly provided herein, where a SwapClear Transaction is registered intra-day, and the variation margin obligation and/or NPV Payment obligations (as applicable) is covered with non-cash Collateral, the Clearing House will, the following business day, require the SCM to replace that non-cash amount with cash in the currency of the SwapClear Transaction.

All SwapClear Contracts will be marked-to-market or settled-to-market (as applicable) daily using the Clearing House's zero coupon yield curves. The daily change in the net present value will be credited to or debited from the relevant position account.

Any transfers of cash Collateral by an SCM to the Clearing House, in respect of the SCM's variation margin obligations in connection with a SwapClear CTM Contract, or by the Clearing House to an SCM, in respect of the Clearing House's variation margin obligations in connection with a SwapClear CTM Contract, shall be for the purpose of collateralisation and not settlement of the relevant party's obligations under the relevant SwapClear CTM Contract.

Any NPV Payment made by an SCM to the Clearing House under a SwapClear STM Contract, or by the Clearing House to an SCM under a SwapClear STM Contract, shall be for the purpose of settlement of the applicable party's obligation to pay the required NPV Amount pursuant to the terms of that SwapClear STM Contract and not for the purpose of collateralising any obligations of either party under that SwapClear STM Contract.

1.7.1 Zero Coupon Yield Curve Construction

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon curves and portfolio valuation. Details of the construction method and Instruments used are available on request from SwapClear Risk on +44 (0)20 7 426 7549, but may be subject to change without prior notification.

~~1.7.2 Official Quotations~~

~~Zero coupon yield curves will use prices and rates taken at:~~

~~All times quoted are London time~~

AUD	12:00
BBSW & OIS	
BRL	8:20, 13:15 and 19:05
CAD	20:00
CHF LIBOR & OIS	16:30
CLP	8:20, 13:15 and 19:05

CNY	8:20, 13:15 and 19:05
COP	8:20, 13:15 and 19:05
CZK	16:30
DKK	16:30
EURO EURIBOR	16:30
GBP LIBOR	16:30
HKD	12:00
HUF	16:30
INR	8:20, 13:15 and 19:05
JPY LIBOR & OIS	12:00
KRW	8:20, 13:15 and 19:05
MXN	20:00
NOK	16:30
NZD	12:00
PLN	16:30
SEK	16:30
SGD	12:00
THB	8:20, 13:15 and 19:05
TWD	8:20, 13:15 and 19:05
USD LIBOR; SOFR & OIS	20:00
ZAR	16:30

EURO	18:00
OIS	
GBP	18:00
OIS	

Zero coupon yield curves are used for daily marking to market or settlement-to-market (as applicable) and will be published on the Clearing House's member reporting website at intervals during the day as determined by the Clearing House.

4.7.31.7.2 *Net Present Value and Cumulative Net Present Value*

The Clearing House will calculate the net present value ("NPV") of each eligible SwapClear Contract using the Clearing House's zero coupon yield curves.

On the basis of, amongst other things, the net present value so calculated in relation to a relevant SwapClear Contract, the Clearing House shall calculate the Cumulative Net Present Value of that SwapClear Contract.

It is a condition of registration that sufficient Collateral, as determined by the Clearing House, is held with the Clearing House to cover the variation margin, initial margin and/or NPV Payment obligations (as applicable) in respect of each SwapClear Transaction (taking into account, for these purposes, any SwapClear Tolerance, if any), except that such Collateral shall not be required to be provided prior to registration as a condition thereto if such SwapClear Transaction is a Sub-Block Trading Venue Transaction.

4.7.41.7.3 *Price Alignment Interest*

The transfer of Collateral in respect of variation margin on a daily basis without adjustment would distort the pricing for SwapClear Transactions cleared through the Clearing House. In order to minimise the impact of variation margin, the Clearing House will for each SCM either charge interest on cumulative amounts received by the SCM in respect of variation margin obligations, or pay interest on cumulative amounts paid by the SCM in respect of variation margin obligations. In a negative interest rate environment where the applicable PAI Rate is negative, the Clearing House will for each SCM either pay interest on cumulative amounts received by the SCM in respect of variation margin obligations, or charge interest on cumulative amounts paid by the SCM in respect of variation margin obligations.

4.7.51.7.4 *Price Alignment Amount*

The payment of NPV Payments by the applicable party on a daily basis would, without adjustment, distort the pricing for certain SwapClear Transactions cleared through the Clearing House. In order to minimise the impact of such NPV Payments, the Clearing House will, for a SCM, either (i) charge a Price



Appendix IV
FCM Procedures

CORPORATE

**FCM PROCEDURES OF
LCH LIMITED**

2.1.8 **FCM SwapClear Contract Valuation**(a) *Net Present Value*

The Clearing House will calculate the ~~n~~Net ~~p~~Present ~~v~~Value ("**NPV**") of each eligible FCM SwapClear Contract using the Clearing House's zero coupon yield curves.

It is a condition of registration that sufficient Margin and other Required Registration Amounts, as determined by the Clearing House, are furnished to the Clearing House to cover the Clearing House's Margin requirement for each FCM SwapClear Transaction (taking into account, for these purposes, SwapClear Tolerance, if any) and other amounts required by the Clearing House to register the FCM SwapClear Contract, except that such Required Registration Amounts shall not be required to be furnished prior to registration as a condition thereto if such FCM SwapClear Transaction is a Sub-Block Trading Venue Transaction.

All FCM SwapClear Contracts credited to an FCM Clearing Member will, on submission to the Clearing House, be marked-to-market, in accordance with FCM Regulation 47 (*Daily Settlement of FCM SwapClear Contract and FCM ForexClear Contracts*). Except as expressly provided herein, the amount of Variation Settlement determined to be owing pursuant to FCM Regulation 47 must, subject to Intra-day Registration (see Section 2.1.3(e)) and the netting provisions of FCM Regulation 47), be paid by the FCM Clearing Member or the Clearing House, as applicable, in cash in the currency of the FCM SwapClear Contract. Where an FCM SwapClear Transaction is registered intra-day, and the change in net present value is covered with non-cash Collateral, the Clearing House will, the following Business Day, require payment of the full cash amount of Variation Settlement, subject to the netting provisions of FCM Regulation 47.

(b) *Zero Coupon Yield Curve Construction*

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon curves and portfolio valuation. Details of the construction method and instruments used are available on request from the Clearing House Risk Management Department at +44 (0)20 7426 7549, but may be subject to change without prior notification.

~~(e) Official Quotations~~

~~Zero Coupon Yield curves will use prices and rates taken at:
All times quoted, are London time.~~

AUD BBSW & OIS	12:00
BRL	8:20, 13:15 and 19:05

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EURO	18:15
0IS	17:15
GBP	
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Zero coupon yield curves are used for daily ~~marking-settlement~~ to market and will be published on the Clearing House's member reporting website at intervals during the day as determined by the Clearing House.

~~(c)~~(c) Variation Settlement

On the date of registration, the ~~NPV, Net Present Value~~ of an FCM SwapClear Contract will be calculated in accordance with Section 2.1.87(a).

On all subsequent days, the change in the ~~Net Present Value~~NPV from one Business Day to the next will be calculated by the Clearing House.

Separate Variation Settlement calculations are performed in respect of an FCM Clearing Member's house "H" account and in respect of an FCM Clearing Member's client "C" account. No offset between the "C" and the "H" accounts is permitted. The Clearing House shall make or receive a separate Variation Settlement payment in respect of each house "H" account and each client "C" account (subject to the netting provisions of FCM Regulation 47 and the Default Rules) of each FCM Clearing Member.

~~(d)~~(d) Price Alignment Amount

The payment of Variation Settlement by the applicable party on a daily basis would, without adjustment, distort the pricing for certain FCM SwapClear Transactions cleared through the Clearing House. In order to minimise the impact of such Variation Settlement payments, the Clearing House will, for an FCM Clearing Member, either (i) charge a Price Alignment Amount if that FCM Clearing Member has, on a cumulative net basis, received Variation Settlement from the Clearing House, or (ii) pay a Price Alignment Amount if that FCM Clearing Member has, on a cumulative net basis, paid Variation Settlement to the Clearing House. In a negative interest rate environment where the applicable Price Alignment Amount rate is negative, the Clearing House will, for an FCM Clearing Member, either (i) pay a Price Alignment Amount if that FCM Clearing Member has, on a cumulative net basis, received Variation Settlement from the Clearing House, or (ii) charge a Price Alignment Amount if that FCM Clearing Member has, on a cumulative net basis, paid Variation Settlement to the Clearing House.

~~(e)~~(e) Non-deliverable Interest Rate Swaps