

VIA CFTC PORTAL

12 May 2017

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH Limited Self-Certification: Use of alternative interest rate source for PAI or PAA calculation, invoicing back of non-performing contracts and use of market data by LCH Group companies

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its rules to affect the following changes:

- i. Allowing LCH to use an alternative rate source if the rate source used for PAI (Price Alignment Interest) or PAA (Price Alignment Amount) calculation was not available.
- ii. Allowing LCH to invoice back any open contract, if either the seller's or buyer's complete performance of the contract becomes impossible for any reason.
- iii. Extending the right to use or disclose market data received from Inflation Swap Clearing Members, to LCH Group companies.

Part I: Explanation and Analysis

Using an alternative rate source

LCH proposes to change its rules to enable itself to use an alternative interest rate source without the consent of its Clearing Members if the rate source required for PAI or PAA calculation was not available.

This change is applicable to both SCMs (SwapClear Clearing Members) and FCMs (Futures Commission Merchants).

Invoicing back open contracts

The proposed changes allow LCH to invoice back any contract if its performance by the seller or a buyer of the contract becomes impossible for any reason. The current rules allow this to happen only if the seller is unable to ensure complete performance of the contract.

This change is applicable to both SCMs and FCMs.

Use of market data by LCH Group companies

Inflation swap Clearing members provide inflation market data as per agreed operational specifications to LCH. LCH proposes to change its rules to enable LCH to disclose market data (or data derived from the market data) to its Group companies, and provides LCH and its Group companies the right to use and/or disclose market data for risk management and settlement purposes. In addition, LCH is required to ensure that any derived data made available to Group companies is not used for any other purposes other than those which LCH is entitled to.

This change is only applicable to SCMs, and not to FCMs as FCMs do not provide LCH market data for inflation swaps.

The changes will go live on, or after, June 5, 2017.

Part II: Description of Rule Changes

Using an alternative rate source

Section 1.12 (Price Alignment Interest (PAI) Rate) of Procedures Section 2C and Section 3.5.2 (Price Alignment Interest (PAI) Rate) of FCM Procedures has been amended to reflect that in the event of interest rate source used for the calculation was not available in LCH's sole discretion, LCH may use an alternative rate source without the consent of its Clearing Members.

The texts of the above changes are attached hereto as:

- **Appendix I** – Procedures Section 2C
- **Appendix II** – FCM Procedures

Invoicing back open contracts

Regulation 39 (Invoicing Back) Sections c and e of General Regulations has been amended to make the rule applicable where either the seller or the buyer is unable to ensure complete performance of the contract.

Regulation 29 (Market Disorders, Impossibility of Performance, Trade Emergency) Section c of FCM Regulations has been amended to make the rule applicable where either the seller or the buyer is unable to ensure complete performance of the contract.

The texts of the above changes are attached hereto as:

- **Appendix III** – General Regulations
- **Appendix IV** – FCM Regulations

Use of market data by LCH Group companies

Regulation 60A (*Inflation Swaps*), section g of the General Regulations has been amended to include LCH Group companies and using or disclosing market data for risk management and settlement purposes.

Regulation 60A (*Inflation Swaps*), section h of the General Regulations has been amended to reflect that LCH is required to ensure that any derived data made available to Group companies is not used for any other purposes other than those which LCH is entitled to.

The texts of the above changes are attached hereto as:

- **Appendix V – General Regulations**

Part III: Core Principles Compliance

LCH has reviewed the changes to its rules against the Core Principles and finds that these will continue to comply with all the requirements and standards therein.

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:

<http://www.lchclearnet.com/rules-regulations/proposed-rules-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 that were not incorporated into the rule.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission Regulation § 40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at julian.oliver@lch.com.

Yours sincerely



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I
Procedures Section 2C



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change in, initial margin and zero yield sensitivity from the IMMES Trades.

- (v) The SwapClear Clearing Members on either side of the trades (which may include an FCM SwapClear Clearing Member (as defined in the FCM Rulebook)) are advised of the economic details of the IMMES Trades, and their respective identities and contact details.
- (vi) The SwapClear Clearing Members may but are not required to enter into the IMMES Trades. Any IMMES Trades entered into must be submitted to the Clearing House for registration.

1.9.7 Collateral for Stress Loss Exposure

- (i) In response to a request from a SwapClear Clearing Member, the Clearing House may, in its sole discretion, require additional Collateral to cover such SwapClear Clearing Member's stress loss exposure with respect to a Client Account.

1.10 Tenor Basis Risk Margin Add-on

An add-on margin requirement will be applied in respect of tenor basis risk.

1.11 Intra-Day Margin Call: Collateral Management

The methods for covering intra-day margin calls are set out in Section 1.11 of Procedure 4 (*Margin and Collateral*).

1.12 Price Alignment Interest (PAI) Rate

The calculation of PAI and Price Alignment Amount shall use the applicable interest rate specified and published on the Clearing House's website.

The Clearing House shall not change the interest rates used for the calculation of PAI and Price Alignment Amount in respect of USD, EUR, GBP, JPY and CHF without the consent of all SwapClear Clearing Members holding open contracts in such currencies. [Notwithstanding the foregoing, in the event the interest rate source used for the calculation of PAI or Price Alignment Amount for USD, EUR, GBP, JPY or CHF is unavailable, as determined in the Clearing House's sole discretion, the Clearing House may use an alternative interest rate without the consent of such SwapClear Clearing Members.](#)

1.13 Transfer of SwapClear Contracts between Client Accounts and Proprietary Accounts

- 1.13.1 If at any time an early termination date (howsoever described) occurs in respect of one or more of the transactions between a SwapClear Clearing Member and a SwapClear Clearing Client in respect of which such SwapClear Clearing Member (i) is a party to Related SwapClear Contracts and (ii) at the time of such early termination date, is not a Defaulting SCM, that SwapClear Clearing Member may instruct the Clearing House to transfer the relevant

Appendix II
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FCM PROCEDURES OF THE CLEARING HOUSE

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market rates minus a spread. The current spread rates are published on the LCH.Clearnet website at the following link: http://www.lchclearnet.com/fees/ltd/custody_services.asp;

- (b) CDR – Client Deposit Rate – the rate at which the Clearing House will pay or charge interest on credit cash balances on Client financial accounts. The CDR calculation methodology utilizes published market rates minus a spread. The current spread rates are published on the LCH.Clearnet website at the following link: http://www.lchclearnet.com/fees/ltd/custody_services.asp; and
- (c) Default Fund Rate.

Rates are available from the Member Reporting Website.

The Clearing House reserves the right to alter the basis of calculating each above listed interest rates. Any alteration will be effective on the date notified.

Where the Clearing House provides FCM Clearing Members with at least three days written notice (which may be way of member circular), the Clearing House may increase or decrease the LDR by up to 10bps. The foregoing shall not apply in the event of extreme market conditions, during which the Clearing House may freely and without notice increase or decrease the LDR for up to five consecutive Business Days.

Where the Clearing House provides FCM Clearing Members with two weeks' written notice (which may be way of member circular), the Clearing House may increase or decrease the CDR. In the event of extreme market conditions, the Clearing House may freely and without notice increase or decrease the CDR for up to five consecutive Business Days.

3.5.2 **Price Alignment Interest (PAI) Rate**

To minimize the impact of daily cash Variation Margin payments on the pricing of interest rate swaps and inflation swaps, the Clearing House will charge interest on cumulative Variation Margin received by the FCM Clearing Member and pay interest on cumulative Variation Margin paid in by the FCM Clearing Member in respect of these instruments. In a negative interest rate environment where PAI rates are negative the Clearing House will pay interest on cumulative amounts received by an FCM Clearing Member in respect of variation margin obligations and charge interest on cumulative amounts paid to an FCM Clearing Member. This interest element is known as price alignment interest.

The calculation of PAI shall use the interest rates specified as below. The amount of PAI for each currency shall be calculated as:

The amount of NPV in such currency from the previous Business Day's close of business multiplied by:

- (a) The relevant interest rate in effect for that day; divided by

- (b) 360; or in the case of AUD, CAD, GBP, HKD, JPY, NZD, PLN, SGD and ZAR, 365.

In the case of the currencies marked below with an asterisk, the Clearing House, as provided in FCM Regulation 36(b) (*Alteration of FCM Regulations and the FCM Procedures*), specifies that it will not change the PAI rate without the consent of all SwapClear Clearing Members and applicable FCM Clearing Members holding open contracts in such currencies.

Currency	PAI Rate
USD*	The rate used shall be the Effective Federal Funds rate, the rate published by the Board of Governors of the Federal Reserve System as such rate appears on Reuters page "FEDFUNDS1" or Telerate 120 or on any successor page(s) thereto.
EUR*	The rate used shall be the EONIA rate, the rate published by the European Banking Federation and ACI – The Financial Market Association as such rate appears on Reuters page "EONIA" or Telerate 247 or on any successor page(s) thereto.
GBP*	The rate used shall be the SONIA rate, the rate published by the Wholesale Markets Broker Association as such rate appears on Reuters page "SONIA" or on any successor page(s) thereto.
JPY*	The rate used shall be the Mutan call rate, the rate published by the Bank of Japan as such rate appears on Reuters page "TONAR" or on any successor page(s) thereto.
CHF*	The rate used shall be the TOIS rate, the T/N interbank fixing as such rate appears on Reuters page "CHFTOIS" or Telerate 3450 or any successor page(s) thereto.
AUD	The rate used shall be the "AONIA" rate, the rate published by the Reserve Bank of Australia – as such rate appears on Reuters page "RBA30" or any successor page(s) thereto.
CAD	The rate used shall be the "CORRA" rate, the rate published by the Bank of Canada website – as such rate appears on Reuters page "CORRA" or any successor page(s) thereto.
DKK	The rate used shall be the "DKKOIS" rate, the rate published by the Danish Central Bank – as such rate appears on Reuters page "DKNA14" or any successor page(s) thereto.
HKD	The rate used shall be the "HONIX" rate, the rate published by the Hong Kong Brokers Association – as such rate appears on Reuters page "HONIX" or any successor page(s) thereto.
NZD	The rate used shall be the "NZIONA" rate, the rate published by the Reserve bank of New Zealand – as such rate appears on

Currency	PAI Rate
	Reuters page "RBNZ02" or any successor page(s) thereto.
PLN	The rate used shall be the "POLONIA" rate, the rate published by the National Bank of Poland – as such rate appears on Reuters page "NBPS" or any successor page(s) thereto.
SEK	The rate used shall be the "SIOR" rate, the rate published by the OMX Exchange – as such rate appears on Reuters page "SIOR" or any successor page(s) thereto.
ZAR	The rate used shall be the SFX ZAR OND rate, the rate published by SAFEX JIBAR – as such rate appears on Reuters page "SFXROD" or any successor page(s) thereto.
CZK	The rate used shall be the "CZEONIA" rate, the rate published by the Czech National Bank – as such rate appears on Reuters page "CZEONIA" or any successor page(s) thereto.
HUF	The rate used shall be the "HUFONIA" rate, the rate published by the National Bank of Hungary – as such rate appears on Reuters page "HUFONIA" or any successor page(s) thereto.
SGD	The rate used shall be the "SONAR" rate, the rate published by the Association of Banks in Singapore – as such rate appears on Reuters page "ABSIRFIX01" or any successor page(s) thereto.
NOK	The rate used shall be the NOK sight deposit rate, the rate published by Norges Bank – as such rate appears on Reuters page "NOINTR=ECI" or any successor page(s) thereto

For currency NOK, PAI is calculated using an appropriate overnight deposit rate for the currency.

Notwithstanding the foregoing, in the event the interest rate source used for the calculation of PAI is unavailable, as determined in the Clearing House's sole discretion, the Clearing House may use an alternative interest rate without the consent of such SwapClear Clearing Members and/or FCM Clearing Members.

3.5.3 Interest Structure

Application of Collateral	Type of Collateral				
	Credit Variation Margin	Securities	Cash	Foreign Cash	Forward Cash
Initial & Variation margin after	No charge or payment	Accommodation Charge	Pay relevant rate	pay relevant rate of Collateral	No charge or payment

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satisfied, be invoiced back in accordance with Regulation 39 and the Procedures at a price determined by the Board (or the Clearing House as the case may be). In the event that a price falls to be determined by the Clearing House it shall, adopt the settlement price which in the opinion of the Clearing House was last determined or announced by the Board pursuant to Exchange Rules.

Accounts shall be made up by the Clearing House in accordance with the Procedures for each Member who is a party to open contracts invoiced back pursuant to this paragraph. Settlement of such accounts shall be due immediately and settlement thereof shall be made forthwith in discharge of such contracts invoiced back notwithstanding any further change of circumstances.

- (c) If, in the opinion of the Clearing House (and, in respect of Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts, and Listed Interest Rates Contracts other than Designated Listed Interest Rates Contracts, after consultation with the relevant Board), ~~a seller's~~ complete performance of an open contract becomes impossible for any reason whatsoever (except in such circumstances as are set out in paragraph (b) above), the affected contract may at the Clearing House's option thereupon be closed by invoicing back at a price determined by the Clearing House (or, in respect of Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts, and Listed Interest Rates Contracts other than Designated Listed Interest Rates Contracts, the Board), and such price shall be binding on all affected parties. Accounts shall be made up by the Clearing House in accordance with the Procedures.
- (d) If an Exchange determines in accordance with its Exchange Rules that an excessive position or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting a market in a commodity, the Clearing House may take such action as is requested of it by such Exchange in respect of one or more open contracts for such commodity in a Member's name as may be provided by Exchange Rules, or as may be agreed between the Exchange and the Clearing House.

Any formal announcement made under this Regulation shall be made by notice posted up on the floor of the market or as prescribed by the Procedures.

(e) In this Regulation:

- (i) "**net position**" means: in respect of open contracts which are Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts or Listed Interest Rates Contracts other than Designated Listed Interest Rates Contracts, one or more of such Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts or Listed Interest Rates Contracts as the case may be, against which the Member in whose name they are registered has no matching Cleared Exchange Contracts, LSE Derivatives Markets Cleared Exchange Contracts or Listed Interest Rates Contracts as the case may be for the same delivery month, expiry month or prompt date; in respect of open contracts which are SwapClear Contracts, means one or more of such SwapClear Contracts against which the Member in whose name they are registered has no matching SwapClear Contracts on the same Economic Terms; in respect of RepoClear Contracts, means one or more of such RepoClear Contracts against which the Member in whose name they are registered has no matching RepoClear Contracts on the same Economic Terms; in respect of EquityClear Contracts, means one or more of such EquityClear Contracts against which the Member in whose name they are registered has no matching EquityClear Contracts on the same EquityClear Contract Terms; in respect of LCH EnClear Contracts, means one or more of such LCH EnClear Contracts against which the Member in whose name they are registered has no matching LCH EnClear Contracts on the same LCH EnClear Contract Terms, as the case may be; in respect of open contracts which are ForexClear Contracts, means one or more of such ForexClear Contracts against which the Member in whose name they are registered has no matching ForexClear Contracts on the same Economic Terms; and in respect of open contracts which are Designated Listed Interest Rates Contracts, means one or more of such Designated Listed Interest Rates Contracts against which the Member in whose name they are registered has no matching Designated Listed Interest Rates Contracts on the same Economic Terms;
- (ii) "**opposite contract**" means a contract on the same terms (except as to price or premium), as the Contract to be invoiced back in accordance with this Regulation, but:
- (A) where a Member is a seller or payor, in respect of the Cleared Exchange Contract, the LSE Derivatives Markets Cleared Exchange Contract, the RepoClear Contract, the EquityClear Contract, the LCH EnClear Contract or the Listed Interest Rates to be invoiced back, such Member shall be a buyer or payee in respect of the opposite contract and vice versa;
 - (B) where a SwapClear Clearing Member is a floating rate payer, in respect of a SwapClear Contract to be invoiced back, such SwapClear Clearing Member shall be a fixed rate payer in respect of the opposite contract and vice versa;
 - (C) where a ForexClear Clearing Member is a Reference Currency Buyer in respect of a ForexClear Contract to be invoiced back, such

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Clearing House as the case may be). In the event that a price fails to be determined by the Clearing House it shall, adopt the settlement price which in the opinion of the Clearing House was last determined or announced by the Exchange Board pursuant to Exchange Rules.

Accounts shall be made up by the Clearing House in accordance with the FCM Procedures for each FCM Clearing Member who is a party to FCM Contracts invoiced back pursuant to this paragraph. Settlement of such accounts shall be due immediately and settlement thereof shall be made forthwith in discharge of such FCM Contracts invoiced back notwithstanding any further change of circumstances.

- (c) If, in the opinion of the Clearing House (and, in respect of FCM Exchange Contracts, after consultation with the relevant Exchange Board), ~~a Seller's~~ complete performance of an FCM Contract becomes impossible for any reason whatsoever (except in such circumstances as are set out in paragraph (b) above), the affected FCM Contract may at the Clearing House's option thereupon be closed by invoicing back at a price determined by the Clearing House (and, in respect of FCM Exchange Contracts, after consultation with the relevant Exchange Board), and such price shall be binding on all affected parties. Accounts shall be made up by the Clearing House in accordance with the FCM Procedures.
- (d) If an Exchange determines in accordance with its Exchange Rules that an excessive position or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting a market in a commodity, the Clearing House may take such action as is requested of it by such Exchange in respect of one or more FCM Exchange Contracts for such commodity in an FCM Clearing Member's name as may be provided by Exchange Rules, or as may be agreed between the Exchange and the Clearing House.
- (e) Any formal announcement made under this FCM Regulation shall be made by notice posted by the Exchange or the Clearing House (or by other means as determined by the Clearing House) or as prescribed by the FCM Procedures.

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which includes at least one Group Member who continues to enter into a non-trivial number of Inflation SwapClear Contracts referencing the relevant Index (as determined by the Clearing House in its sole discretion) to continue to comply with the obligations set out in (f)(i) in respect of that Index, notwithstanding that it may otherwise not be required to do so; or (ii) where the course of action outlines in (i) is not possible or would not be sufficient to ensure that an adequate number of Inflation Clearing Groups provide Market Data in relation to the relevant Index in accordance with (f)(i), require an Inflation Clearing Group requesting a deferral in accordance with (iii) above to start complying with the relevant obligation to provide Market Data from an earlier date.

(d) If, on a Quarter Start Date or on the date of launch of a new Index, the Clearing House has insufficient data for the purposes of calculating an Inflation Clearing Group Aggregate, it shall make its determinations on the basis of the following:

(i) in respect of Inflation SwapClear Contracts referencing a particular Index which were not eligible for clearing by the Clearing House for some or all of the immediately preceding 12 month period, the Clearing House shall determine the Inflation Clearing Group Aggregate of each relevant Inflation Clearing Group by estimating what it would have been, had the relevant Inflation SwapClear Contracts been eligible for clearing for all of such period; and

(ii) when the Clearing House wishes to launch a new Index, it shall reasonably determine the Inflation Clearing Group Aggregate of each Inflation Clearing Group with at least one Group Member who has informed the Clearing House that it intends to transact in Inflation SwapClear Contracts referencing the relevant new Index.

Any determination made by the Clearing House as to the Inflation Clearing Group Aggregate of an Inflation Clearing Group for which the Clearing House does not have the requisite data shall be made by the Clearing House applying, in its opinion, the most suitable methodology, which will, wherever possible, be based on the relevant Group Members' volume of business and trading patterns in relation to the relevant Index (where available) and, otherwise, any other Index that the Clearing House deems to be relevant. Any determination made by the Clearing House pursuant to Regulation 60A shall be final and binding.

(e) For the purposes of this (a), the reporting threshold in respect of an Index (the "**Reporting Threshold Amount**") shall be 250 or such lower number as the Clearing House may from time to time apply in order to ensure that the number of Inflation Clearing Groups providing Market Data in accordance with (f)(i) in relation to that Index will be at least 8 (or such lower number that the Clearing House considers sufficient, as described in (c)(iv) above).

(f) Each relevant Inflation Clearing Group required to provide Market Data to the Clearing House shall do so in accordance with the following procedures:

- (i) The relevant Inflation Clearing Group (acting through one of its Group Members) shall provide to the Clearing House such inflation market data as is specified in the Inflation Swaps Market Data Operational Specifications in respect of the relevant Index (the “**Market Data**”) and in the manner set out in the Inflation Swaps Market Data Operational Specification at the end of each Inflation Swaps Business Day and at such other times specified in the Inflation Swaps Operational Specifications where “**Inflation Swap Business Day**” means: (i) in the case of any GBP denominated Index, each day that is a London business day; (ii) in the case of any EUR-denominated Index a Target Settlement Day; or (iii) in the case of any USD-denominated Index, a New York business day. Where an Inflation Clearing Group contains two or more Group Members, the obligation to provide Market Data in accordance with this (i) shall apply individually with respect to each Group Member, as required by (c)(iii), but may be discharged by any one of such Group Members providing Market Data on behalf of the Inflation Clearing Group.
 - (ii) Where it is a Market Data Provider, the SwapClear Clearing Member represents and warrants that it has the capacity, power and authority under all Applicable Law to provide Market Data to the Clearing House.
 - (iii) Notwithstanding any provision of this (a) to the contrary, no SwapClear Clearing Member will be under any obligation to provide Market Data to the extent that it is prohibited from doing so by Applicable Law to it or by any contract that was in place prior to this (a) coming into force and no Inflation Clearing Group will be under any obligation to provide Market Data in circumstances where this (f) applies to each of its Group Members.
 - (iv) Subject to these Regulations, the Market Data Provider will retain all ownership rights, Intellectual Property Rights and all other rights in respect of the Market Data provided by it.
- (g) The Clearing House may only use and/or disclose Market Data in accordance with the following:
- (i) the Clearing House may use market-standard data aggregation tools in order to combine the Market Data received from different Inflation Clearing Groups in respect of a particular Index and/or combine Market Data with relevant data from other data sources (any such combined data or further data derived there from (the “**Derived Data**”)), provided that the Clearing House shall be entitled, in its sole discretion, to disregard one or more sets of relevant Market Data for these purposes. In producing the Derived Data, the Market Data will be anonymised and aggregated with other Market Data and/or equivalent market data received from other data sources so that it is not possible to analyse or reverse engineer the Derived Data in such a way as to attribute particular Market Data to a particular Inflation Clearing Group;
 - (ii) the Clearing House, [LCH Group Limited Holdings and/or a subsidiary of LCH Group Limited Holdings \(for purposes of this Regulation 60A, each an “LCH Group Company”\)](#) may use and/or disclose Market Data (A) where required by law or by a regulatory authority, ~~(B) -and-~~ use (but not disclose) Market Data where required in accordance with the exercise of a discretion by the

Clearing House Risk Committee and (C) for risk management and settlement purposes (including, for the avoidance of doubt, valuation, margining, reporting and account management purposes); and

- (iii) other than as permitted by (ii) or as agreed in writing with a relevant Group Member, the Clearing House shall not (and the Clearing House shall procure that any LCH Group Company that uses and/or discloses Market Data pursuant to Regulation 60(g)(ii) shall not) use and/or share Market Data received from an Inflation Clearing Group with third parties (whether for fees or otherwise). In all cases, the Clearing House will apply (and the Clearing House will procure that any LCH Group Company that uses and/or discloses Market Data pursuant to Regulation 60(g)(ii) will apply) standards of confidentiality to the Market Data at least equivalent to those ~~it~~ the Clearing House applies to its own confidential information. This obligation of confidentiality covers, but is not limited to, information about which SwapClear Clearing Member has provided what Market Data.
- (h) The Clearing House may only use and/or disclose Derived Data (~~as applicable~~) in accordance with the following:
 - (i) ~~Use~~ use of the Derived Data for risk management and settlement purposes (including, for the avoidance of doubt, valuation, margining, reporting and account management purposes);
 - (ii) use of the Derived Data as a data source for other Services;
 - (iii) use of the Derived Data for the purpose of answering ad hoc queries from Clearing Members (including FCM Clearing Members) and industry bodies (but not systematic, regular distribution) relating to Inflation SwapClear Contracts or Inflation FCM SwapClear Contracts;
 - (iv) use of the Derived Data for the purpose of responding to surveys conducted by relevant international not for profit organisations (such as BIS or IOSCO) relating to Inflation SwapClear Contracts;
 - (v) use of the Derived Data where otherwise required to do so by a direction of the Clearing House Risk Committee;
 - (vi) use or disclosure of the Derived Data where required or requested to do so by law or by a regulatory authority or for the purposes of commencing, or defending, any arbitration or court proceedings;
 - (vii) making some or all of the Derived Data available, directly or indirectly, to SwapClear Clearing Members (including FCM Clearing Members), SwapClear Clearing Clients and/or FCM Clients, clearing or intending to clear Inflation SwapClear Contracts or Inflation FCM SwapClear Contracts through the Clearing House, and their respective service providers; ~~and/or~~
 - (viii) making some or all of the Derived Data available to one or more of the Clearing House's affiliates, auditors or professional advisers, provided that each such affiliate, auditor or professional adviser shall be subject to

restrictions on the use of such Derived Data which are no less onerous than those applicable to the Clearing House; and/or

- (ix) other than as permitted by this (h), the Clearing House shall not use and/or share the Derived Data with third parties (whether for fees or otherwise), save with the prior written consent of 75% in aggregate total of the Group Members of the Inflation Clearing Groups that were subject to a reporting requirement pursuant to (f)(i) on the most recent Quarter Start Date preceding the date on which the consent is to take effect.

Notwithstanding anything to the contrary in (h) above, in fulfilling its obligations hereunder, the Clearing House shall not be required to use and/or disclose Derived Data, and otherwise act, in contravention of Applicable Law or its continuing regulatory obligations.

Where the Clearing House makes Derived Data available to an LCH Group Company pursuant to Regulation 60A(h)(vii), the Clearing House shall ensure that such LCH Group Company does not use the Derived Data for any purposes other than those which the Clearing House is entitled to use the Derived Data pursuant to this Regulation 60A. For the purposes of the foregoing, references in Regulation 60A(h)(vii) to (i) 'SwapClear Clearing Member' shall be construed to include a member of an LCH Group Company and (ii) 'clearing or intending to clear Inflation SwapClear Contracts or Inflation FCM SwapClear Contracts through the Clearing House' shall be construed to include participating in or intending to participate in the service(s) of the given LCH Group Company.

- (i) SwapClear Clearing Members (including FCM Clearing Member) and/or the service providers of such Clearing Members may use the Derived Data solely for the purposes of such Clearing Members' internal risk management and settlement activities, in relation to Inflation SwapClear Contracts referencing the relevant Index and may only share the Derived Data with;
 - (i) SwapClear Clearing Clients or FCM Clients (as applicable) and/or the service providers of such SwapClear Clearing Clients or FCM Clients, and shall procure that the Derived Data may only be used solely for the purposes of SwapClear Clearing Clients' internal risk management and settlement activities in respect of the positions associated with the relevant Inflation SwapClear Contracts referencing the relevant Index and FCM Clients' internal risk management and settlement activities in respect of the relevant Inflation SwapClear Contracts and may not further disclose the Derived Data to any other person or use the Derived Data for any other purpose; and
 - (ii) where required or requested to do so by law or by a regulatory authority or for the purposes of commencing, or defending, and arbitration or court proceeding.

Derived Data may not be disclosed by SwapClear Clearing Members (including FCM Clearing Members) and/or their service providers to any other person or used by such parties for any other purpose.