

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106485; File No. SR-LCH SA-2026-007]

Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to the LCH SA CaLM Minimum Cash Collateral Requirement and to LCH Liquidity Risk Policy.

September 24, 2026.

I. Introduction

On July 31, 2026, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (the “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its: (i) CDS Clearing Rule Book (the “Rule Book”), (ii) CDS Clearing Procedures (the “Procedures”) (collectively the “CDS Clearing Rules”), and (iii) LCH Liquidity Risk Policy (the “Policy”). The proposed rule change was published for comment in the *Federal Register* on August 13, 2026.³ The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

a. Background

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to the LCH SA CaLM Minimum Cash Requirement and to LCH Liquidity Risk Policy, Securities Exchange Act Release No. 106069 (Aug. 10, 2026), 91 FR 52357 (Aug. 13, 2026) (File No. SR-LCH SA-2026-007) (“Notice”).

LCH SA is a clearing agency registered with the Commission.⁴ Through its CDSClear business unit, LCH SA provides central counterparty (“CCP”) services for security-based swaps, including credit default swaps (“CDS”) and options on CDS. LCH SA is an affiliate of LCH, Ltd, through common ownership by LCH Group Holdings Limited. LCH SA’s ultimate parent company is London Stock Exchange Group.

As a CCP, LCH SA is exposed to certain risks, including the risk that a Clearing Member may default on its obligations. In that situation, as a CCP, LCH SA is required to perform the defaulting Clearing Member’s obligations under its CDS. To mitigate the risks arising from a Clearing Member defaulting on its obligations, LCH SA determines, and collects from Clearing Members, margin for clearing each transaction. Clearing Members satisfy their margin requirements by providing LCH SA collateral, which can take the form of cash in certain currencies and certain non-cash securities.

The purpose of the proposed rule change is to require Clearing Members to meet a minimum percentage of their margin requirements with cash. Specifically, LCH SA is proposing to require Clearing Members to maintain a minimum amount of cash collateral in each Collateral Account to ensure that LCH SA has sufficient immediately available liquidity to meet its payment and settlement obligations. The proposal would amend the Rule Book, the Procedures, and the Policy. The amendments to each of these documents are discussed separately below.

b. Amendments to the Rule Book

Currently, Article 4.2.6.4 of the Rule Book provides that LCH SA, in calculating the value of collateral in a Clearing Member’s house and client accounts, may apply haircuts to non-

⁴ Capitalized terms not otherwise defined herein have the meanings assigned to them in the Rule Book, Procedures, or Policy, as applicable.

cash collateral and foreign exchange adjustments to cash collateral. Haircuts to non-cash collateral and foreign exchange adjustments to cash collateral reduce the value of such collateral, to account for potential decreases in value in liquidating, or in converting, such collateral. Thus, Article 4.2.6.4 as currently written provides LCH SA the authority to reduce the value of collateral in a Clearing Member's house and client accounts as needed to manage risks associated with such collateral.

As discussed below, LCH SA is moving these provisions regarding reducing the value of collateral to Section 3 of the Procedures. LCH SA is doing so to consolidate in one place all of LCH SA's authority to potentially reduce the value of collateral, including as needed to meet a minimum cash requirement.⁵ Thus, as revised, Article 4.2.6.4 of the Rule Book would provide that LCH SA shall calculate the value of collateral in a Clearing Member's house and client accounts in accordance with Section 3 of the Procedures.

c. Amendments to the Procedures

Section 3 of the Procedures describes, among other things, the types of collateral that LCH SA accepts from Clearing Members; how Clearing Members provide that collateral to LCH SA; and the accounts that LCH SA establishes to hold that collateral for Clearing Members. As noted above, LCH SA is first amending Section 3.2 to include the provisions deleted from Article 4.2.6.4 of the Rule Book.

As revised, Section 3.2 would restate the provisions concerning discounts, haircuts, and foreign-exchange adjustments removed from the Rule Book and would establish the Minimum Cash Collateral Requirement. Similar to Article 4.2.6.4, revised Section 3.2 would provide that LCH SA, in calculating the value of collateral in a Clearing Member's house and client accounts,

⁵ See Notice, 91 FR at 52357.

is entitled to apply haircuts, foreign exchange adjustments, and concentration limits. Moreover, revised Section 3.2 would allow LCH SA to apply, if applicable, the requirement for a minimum amount of cash collateral in a particular currency, as published on LCH SA's website. This provision would further provide that LCH SA may only implement a change to the minimum cash requirement after a 15 calendar days consultation with Clearing Members.

Thus, under revised Section 3.2, LCH SA could reduce the value of collateral in a Clearing Member's house and client accounts by applying haircuts and foreign exchange adjustments as well as concentration limits⁶ and a minimum cash requirement. The minimum cash requirement would establish a floor on the amount of cash that a Clearing Member must maintain as collateral with LCH SA to satisfy its margin requirement. The required amount would be calculated as a percentage of the Clearing Member's margin requirement.⁷ LCH SA would calculate the minimum cash amount at the end of each day and, as explained below, would only allow a Clearing Member to withdraw cash collateral if doing so would not cause the Clearing Member to breach the minimum.⁸ Intraday, LCH SA would check any withdrawal request against a Clearing Member's required minimum cash level, preventing withdrawals that would Cause a breach.⁹

⁶ Although not directly related to the minimum cash requirement, LCH SA is adding the provision regarding concentration limits to clarify that concentration limits on non-cash collateral can also affect the value of such collateral, because concentration limits restrict the amount of a particular non-cash collateral that LCH SA will accept. *See* Notice, 91 FR at 52358.

⁷ *See* Notice, 91 FR at 52357.

⁸ *See* Notice, 91 FR at 52357.

⁹ LCH SA explained that where margin requirements have materially reduced during the day and subject to appropriate approvals, LCH SA could permit intraday cash withdrawals based on intraday exposure, provided all margin requirements remain fully covered. *See* Notice, 91 FR at 52357.

Initially, LCH SA would apply the minimum cash requirement only to Clearing Members' house accounts.¹⁰ The proposed amendments, however, would permit LCH SA to apply the requirement to other accounts, such as those containing client collateral, based on evolving liquidity-risk considerations and market conditions. LCH SA could implement such change by updating the applicable arrangements on its website following a 15-calendar day consultation with Clearing Members, as noted above.

In other parts of Section 3 the proposed rule change would clarify that in returning any cash collateral, LCH SA is entitled to take into consideration the requirement for a minimum amount of cash collateral. These changes would make withdrawals of the various types of cash collateral that LCH SA accepts subject to any applicable requirement for minimum cash collateral. Thus, under these provisions, a Clearing Member could still request the return of cash collateral, for itself or for a client, but LCH SA would not return the cash collateral if doing so would cause the Clearing Member or its client not to satisfy any applicable requirement for minimum cash collateral.¹¹

In addition to the changes related to minimum cash collateral, LCH SA proposes four additional amendments to Sections 3.8(h) and 3.8(i) of the Procedures to more accurately reflect its existing practices and operational arrangements. First, LCH SA would remove the transaction timelines currently specified in those sections and instead refer Clearing Members to the centralized "Request Timelines" published on LCH SA's website. According to LCH SA, the

¹⁰ See Notice, 91 FR at 52358.

¹¹ In certain circumstances under Section 3.8 of the Procedures, LCH SA could return non-Euro cash collateral, even when doing so could cause the Clearing Member or its client not to satisfy any applicable requirement for minimum cash collateral. LCH SA would generally only process the return if LCH SA obtains, through a debit of the Clearing Member's relevant account, an amount of Euro cash collateral equal to the non-Euro cash collateral being returned.

timelines currently included in the Procedures have become obsolete because the applicable timelines are now maintained on its website.¹²

Second, LCH SA would remove references to form-based requests for the return of U.S. dollar Cash Collateral and instead provide for electronic submission through LCH SA's Collateral Management System or another operational process designated by LCH SA, including a form-based process where appropriate.

Third, LCH SA would remove certain references to FCM/BD Clearing Members and FCM/BD Clients so that the relevant provisions apply to all Clearing Members and clients.

Finally, LCH SA would remove the outdated, and undefined, term "Non Euro Cash Collateral Value" and correct a typographical error in Section 3.7(d)(iii).

d. Amendments to the Policy

LCH SA also proposes to amend the Policy. The Policy sets forth standards that LCH SA must meet in managing its liquidity risk, meaning the risk that LCH SA will not have sufficient liquidity to meet payment obligations when due.¹³ The amendments would implement the minimum cash requirement discussed above and make general updates that are not related to the minimum cash requirement.

i. Amendments Related to Minimum Cash Collateral

As part of the standards that LCH SA must meet in managing its liquidity risk, the Policy includes general standards related to the liquidity of collateral submitted by Clearing Members.

¹² See Notice, 91 FR at 52358. See LCH SA Acceptable Cash, available at <https://www.lseg.com/en/post-trade/clearing/collateral-management/sa-collateral-management/sa-acceptable-collateral/sa-acceptable-cash> (last visited Sept. 23, 2025).

¹³ For further background on the Policy, see Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to LCH SA's Default Management Policy, Investment Risk Policy, Liquidity Risk Policy, Settlement, Payment and Custody Risk Policy, Model Governance, Validation and Review Policy and Contract and Market Acceptability Policy, Securities Exchange Act Release No. 104980 (Mar. 12, 2026), 91 FR 12869 (Mar. 17, 2026) (SR-LCH-SA-2025-010).

Currently, Section 6.6.3 of the Policy limits Clearing Members in their use of non-primary sources of liquidity to satisfy their margin requirements. A non-primary source of liquidity is collateral other than cash or a non-cash security that LCH SA can pledge for cash at a central bank.

The proposal would amend Sections 6.6.3 and make related updates to Section 6.7.1 of the Policy to incorporate the minimum cash requirement. Instead of limiting Clearing Members' use of non-primary sources of liquidity, revised Section 6.6.3 would require that LCH SA have controls in place to ensure a minimum level of margin requirements are covered in cash. As noted above, LCH SA will establish the requirement for a minimum amount of cash collateral in a particular currency by publication on its website. The proposed rule change also would require LCH SA's Collateral and Liquidity Management (CaLM) team to immediately escalate to LCH SA's Chief Risk Officer and the head of CDSClear any breach by a Clearing Member of the minimum cash requirement, subject to materiality thresholds.

Finally, in Section 6.7.1, the Proposal would replace references to primary sources of liquidity with references to a minimum cash requirement.

ii. General Updates

The general updates arise from LCH SA's annual review of the Policy and a review of the Policy conducted by LCH SA's French regulators.¹⁴ LCH SA states that these other amendments are generally intended to improve the Policy's accuracy, clarity, consistency, and

¹⁴ LCH SA adopted these changes in an earlier version 8.4 of the Policy, which LCH SA is now amending and replacing with version 8.5. As part of this proposed rule change, LCH SA submitted the changes made in both versions 8.4 and 8.5.

organization and do not alter its liquidity-risk management or risk appetite.¹⁵ These changes are discussed below according to the sections of the Policy in which they appear.

First, LCH SA proposes to amend Section 5 of the Policy to update references to applicable regulatory requirements. Currently, Section 5 refers to a particular part of the European Market Infrastructure Regulation and to a particular part of the Commission's requirements under Rule 17ad-22. As revised, Section 5 would refer to these regulatory requirements more generally, rather than to a particular part or portion of these regulatory requirements.

Section 6 of the Policy describes, among other things, LCH SA's sources of liquidity, requirements for liquidity, and how LCH SA assesses its liquidity position. Currently, paragraph 10 of Section 6.1 explains that any non-cash collateral which LCH SA can pledge at a central bank for cash can be a primary source of liquidity. The proposal would delete this paragraph 10 and move the statement about non-cash collateral which LCH SA can pledge at a central bank to paragraph 9, which also describes LCH SA's primary sources of liquidity. As revised, paragraph 9 would describe LCH SA's primary sources of liquidity as cash and non-cash securities that LCH SA can pledge for cash at a central bank for cash. Thus, revised paragraph 9 would describe the primary liquidity resources available to LCH SA in a single provision, while revised paragraph 10 would continue the discussion and include a cross-reference to paragraph 9.

LCH SA would also add a footnote to Section 6.1. This footnote would clarify that the detailed definitions of eligible liquidity resources for each central counterparty are contained in the applicable central-counterparty-specific procedures or LCH SA's Liquidity Risk Modeling

¹⁵ See Notice, 91 FR at 52358.

Framework.¹⁶ According to LCH SA, this amendment would not modify the scope of eligible liquidity resources but would clarify where those resources are defined.¹⁷

The proposal also would revise the description of LCH SA's liquidity requirements in Section 6.2. Specifically, the proposal would revise paragraph 16 to explain that the Operational Target measures LCH SA's operational liquidity requirements in a non-default situation.¹⁸

Section 6.4 describes how LCH SA assesses its liquidity position. Among other things, current Section 6.4 requires that LCH SA model the gross liquidity impact of the default of the two Clearing Member groups with the largest liquidity requirements. The proposal would clarify that this assessment must include both Clearing Members and providers of liquidity to LCH SA, but not central banks. Moreover, the proposal would clarify that in assessing its liquidity position, LCH SA includes the liquidity needs arising from its operations. LCH SA states that these amendments would align the Policy with the methodology and assumptions already contained in its Liquidity Risk Modeling Framework but would not otherwise change its methodology for assessing its liquidity position.¹⁹

Paragraph 26 of Section 6.4 currently requires that LCH SA to undertake due diligence on and / or test with each of its liquidity providers the availability of the relevant liquidity

¹⁶ For more information on LCH SA's Liquidity Risk Modeling Framework, *see* Self-Regulatory Organizations; LCH SA; Order Granting Approval of Proposed Rule Change Relating to Revisions to Its Liquidity Risk Modelling Framework. Exchange Act Release No. 103192 (June 4, 2025), 90 FR 24444 (June 10, 2025) (SR-LCH SA-2025-003).

¹⁷ *See* Notice, 91 FR at 52358.

¹⁸ Generally, LCH SA values its operational liquidity requirements through determining its Operational Target, which represents the amount of liquidity LCH SA must hold to satisfy its liquidity needs arising from operational management in a stressed environment that does not lead to a Clearing Member's default. *See* Self-Regulatory Organizations; LCH SA; Order Granting Approval of Proposed Rule Change Relating to Revisions to Its Liquidity Risk Modelling Framework. Exchange Act Release No. 103192 (June 4, 2025), 90 FR 24444 (June 10, 2025) (SR-LCH SA-2025-003).

¹⁹ *See* Notice, 91 FR at 52358.

resources. The proposal would amend Paragraph 26 to clarify that LCH SA tests the availability of relevant liquidity resources with each liquidity provider under stressed market conditions.

Section 6.6.1 describes how LCH SA determines the size of its Liquidity Buffer. Here the proposal would add to paragraph 32 a more specific definition of Liquidity Buffer, which would mean the excess of liquid assets over liquidity obligations, determined using the same assumptions applied to when LCH SA determines its Liquidity Coverage Ratio. According to LCH SA, this definition reflects the existing calculation and implementation of the Liquidity Buffer currently and would not introduce methodological change.²⁰ The proposal also would add to paragraph 30 an explanation that the Liquidity Cover Ratio is computed in accordance with the general conditions set out in paragraph 22 of the Policy.²¹

LCH SA also proposes to reorganize Section 6.6 of the Policy. Provisions currently contained in Section 6.6.2 concerning the monitoring of liquidity resources would be moved to new Section 6.6.3, and Section 6.6.3 would be revised to take into consideration the minimum cash requirement, as discussed above.

As a result of the reorganization of Section 6.6, the Policy’s “General Repo Market Disruptions” provisions would be redesignated as Section 6.6.2. These provisions describe additional scenarios considered in LCH SA’s liquidity reverse stress-testing framework. The proposed amendments also would clarify that a central bank facility is included in the assumptions underlying those scenarios, including an assumed increase in central bank haircuts

²⁰ See Notice, 91 FR at 52359.

²¹ The Liquidity Coverage Ratio is a ratio of available liquidity resources to liquidity needs. LCH SA uses the Liquidity Coverage Ratio to ensure it has enough liquid resources to meet liquidity needs in the case of the default of two Clearing Member groups with the largest liquidity requirements. See Self-Regulatory Organizations; LCH SA; Order Granting Approval of Proposed Rule Change Relating to Revisions to Its Liquidity Risk Modelling Framework. Securities Exchange Act Release No. 103192 (June 4, 2025), 90 FR 24444 (June 10, 2025) (SR-LCH SA-2025-003).

under stressed market conditions. LCH SA states that these amendments would not introduce a new liquidity facility or otherwise change the existing reverse stress-testing framework.²²

Section 7 of the Policy describes the review cycle for the Policy. Currently, paragraph 67 provides that the appropriateness of the Policy relative to the LCH SA Board's defined risk appetite and regulatory requirements should be reviewed on an annual basis by LCH SA's Executive Risk Committee, with findings reported to the Board Risk Committee and Board. The proposal would add that changes to the appendices of the Policy need only be approved by the Executive Risk Committee, with notification to the Board Risk Committee. Currently, the Policy has two appendices, one describing LCH SA's process for intraday monitoring of liquidity and one describing the general regulatory requirements that apply to LCH SA. LCH SA believes a more streamlined approval process is appropriate for changes to these appendices given the appendices only support and provide additional detail for the requirements in the Policy.²³

Finally, LCH SA also proposes to amend Appendix II of the Policy, which describes the general regulatory requirements that apply to LCH SA. Here the proposal would add a reference to a separate LCH SA procedure that governs LCH SA's review of non-committed funding arrangements. According to LCH SA, this amendment would identify the documentation governing such arrangements and would not establish a new funding arrangement or change the existing methodology.²⁴

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act requires the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent

²² See Notice, 91 FR at 52360.

²³ See Notice, 91 FR at 52360.

²⁴ See Notice, 91 FR at 52360.

with the requirements of the Act and the rules and regulations thereunder applicable to the organization.²⁵ Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the [Act] and the rules and regulations issued thereunder . . . is on the self-regulatory organization [‘SRO’] that proposed the rule change.”²⁶

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,²⁷ and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Act and the applicable rules and regulations.²⁸ Moreover, “unquestioning reliance” on an SRO’s representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.²⁹

After carefully considering the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to LCH SA. More specifically, for the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,³⁰ and Rule 17ad-22(e)(7) under the Act.³¹

A. Consistency with Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of LCH SA be

²⁵ 15 U.S.C. 78s(b)(2)(C).

²⁶ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

³⁰ 15 U.S.C. 78q-1(b)(3)(F).

³¹ 17 CFR 240.17ad-22(e)(7).

designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.³²

As discussed above, the proposed rule change would require Clearing Members to maintain a minimum amount of cash as Collateral. LCH SA would determine the amount as a percentage of a Clearing Member's exposure or overall margin requirement. LCH SA would calculate the required amount each day and, as noted above, would not permit a withdrawal that would cause a Clearing Member's Cash Collateral to fall below the applicable minimum.

Absent a requirement for a minimum amount of cash collateral, Clearing Members could strive to meet their margin requirements through non-cash collateral, subject to any applicable haircuts and concentration limits. Reliance on non-cash collateral poses a liquidity risk, because LCH SA would need to liquidate the collateral when it needs cash to satisfy payment and settlement obligations. LCH SA's ability to liquidate non-cash collateral could be affected by market conditions, including stressed conditions in which liquidity may be limited or the value of collateral may change. On other hand, requiring a minimum amount of cash collateral could reduce LCH SA's liquidity risk, by providing LCH SA access to a minimum amount of cash that it could use to meet payment and settlement obligations without first liquidating non-cash collateral. By requiring Clearing Members to maintain a minimum amount of Cash Collateral, the proposal would help LCH SA to manage its liquidity risk and support LCH SA's ability to meet its obligations when due, furthering its ability promptly and accurately clear and settle securities transactions, both during business-as-usual operations and following a Clearing Member's default.

The withdrawal controls described above would further support this objective. LCH SA

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15 U.S.C. 78q-1(b)(3)(F).

would assess each withdrawal request against the applicable minimum cash collateral requirement and prevent withdrawals that would result in a breach. Although LCH SA could permit an intraday withdrawal following a material reduction in a Clearing Member's exposure, LCH SA could do so only with the appropriate approvals and if the Clearing Member's remaining collateral continued to cover all applicable margin requirements. These controls would help ensure that LCH SA maintains sufficient immediately available liquidity while allowing Clearing Members to withdraw cash that is no longer necessary to support their exposures.

The proposed amendments to the Procedures would make other updates, as discussed above. These changes would consolidate provisions concerning collateral haircuts and foreign-exchange adjustments, centralize applicable withdrawal timelines on LCH SA's website, update the process for submitting withdrawal requests, and remove outdated terminology. By making the Procedures more consistent with LCH SA's existing collateral-management practices and operational arrangements, these amendments should reduce ambiguity and facilitate the timely and consistent processing of collateral transactions, thereby supporting LCH SA's ability to promptly and accurately clear and settle securities transactions.

Finally, as discussed above, the proposed amendments to the Policy would help to establish the basis for the minimum cash collateral requirement. The proposed amendments to the Policy also would make other updates, such as clarifying the resources included in LCH SA's liquidity framework; improving the descriptions of the Operational Target, Liquidity Coverage Ratio, and Liquidity Buffer; and better describing LCH SA's monitoring, assessment, and testing processes. The Policy would also clarify that LCH SA tests the availability of resources from its liquidity providers under stressed market conditions. Clearer and more comprehensive documentation should support LCH SA's ability to identify and respond to potential liquidity

shortfalls and continue meeting its payment and settlement obligations, thereby supporting LCH SA's ability to promptly and accurately clear and settle securities transactions.

Accordingly, the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.³³

B. Consistency with Rule 17ad-22(e)(7) under the Act

Rule 17ad-22(e)(7) requires, among other things, a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity.³⁴

The changes to the Policy are consistent with this requirement because they would help to establish the basis for the minimum cash collateral requirement. As discussed above, the proposal would require Clearing Members to maintain a minimum amount of cash collateral as part of the collateral supporting their margin obligations. The required amount would be calculated as a percentage of each Clearing Member's exposure or margin requirement, such that the minimum cash requirement would vary based on the size of the Clearing Member's obligations rather than impose a fixed amount.

LCH SA would calculate the minimum cash requirement at the end of each day and would permit a Clearing Member to withdraw only cash collateral exceeding the applicable minimum. LCH SA would also monitor cash withdrawals intraday and would not permit a withdrawal that would cause a Clearing Member's cash collateral to fall below the applicable

³³ 15 U.S.C. 78q-1(b)(3)(F).

³⁴ 17 CFR 240.17ad-22(e)(7).

minimum. Although LCH SA could permit an intraday withdrawal following a material reduction in a Clearing Member's exposure, LCH SA could do so only with the appropriate approvals and if the Clearing Member's remaining collateral continued to cover all applicable margin requirements.

Absent a requirement for a minimum amount of cash collateral, Clearing Members could satisfy their margin requirements through non-cash collateral, subject to applicable haircuts and concentration limits. Reliance on non-cash collateral poses a liquidity risk because LCH SA would need to liquidate such collateral when it needs cash to satisfy payment and settlement obligations. LCH SA's ability to liquidate non-cash collateral could be affected by market conditions, including stressed conditions in which liquidity may be limited or the value of collateral may change.

Thus, by requiring Clearing Members to maintain a minimum amount of cash collateral and restricting withdrawals that would cause cash collateral to fall below the applicable minimum, the proposal would provide LCH SA access to a minimum amount of cash that it could use to meet payment and settlement obligations without first liquidating non-cash collateral. The proposed changes therefore would help LCH SA to manage its liquidity risk and support LCH SA's management of its settlement and funding flows and use of intraday liquidity, consistent with Rule 17ad-22(e)(7) under the Act.³⁵

The proposed amendments to the Policy would also make other clarifications and updates, as discussed above. Clearer and more comprehensive documentation should support LCH SA's ability to use the Policy in measuring, monitoring, and managing its liquidity risk, consistent

³⁵ *Id.*

with Rule 17ad-22(e)(7) under the Act.³⁶

Accordingly, the proposed rule change is consistent with the requirements Rule 17ad-22(e)(7) under the Act.³⁷

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act,³⁸ and Rule 17ad-22(e)(7) under the Act.³⁹

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act⁴⁰ that the proposed rule change (SR-LCH SA-2026-007) be, and hereby is, approved.⁴¹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴²

Sherry R. Haywood,

Assistant Secretary.

³⁶ *Id.*

³⁷ 17 CFR 240.17ad-22(e)(7).

³⁸ 15 U.S.C. 78q-1(b)(3)(F).

³⁹ 17 CFR 240.17ad-22(e)(7).

⁴⁰ 15 U.S.C. 78s(b)(2).

⁴¹ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁴² 17 CFR 200.30-3(a)(12).