



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103975; File No. SR-LCH SA-2025-008]

Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to Revisions to its Terms of Reference of the Nomination Committee and Board of Directors

September 16, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4,² notice is hereby given that on September 2, 2025, Banque Centrale de Compensation, which conducts business under the name LCH SA (“**LCH SA**”), filed with the Securities and Exchange Commission (“**Commission**”) the proposed rule change (“**Proposed Rule Change**”), as described in Items I, II and III below, which Items have been prepared primarily by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

LCH SA is proposing to amend the Terms of Reference (“**ToR**”) of the Nomination Committee and the Board of Directors (the “**Board**”) (together, the “**Proposed Rule Change**”).³ The text of the Proposed Rule Change is provided in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ LCH SA, a subsidiary of LCH Group and an indirect subsidiary of the London Stock Exchange Group plc (“LSEG”), manages its liquidity risk pursuant to, among other policies and procedures, the Group Liquidity Risk Policy and the Group Liquidity Plan applicable to each entity within LCH Group. In addition to its CDSClear service, LCH SA provides clearing services in connection with cash equities and derivatives listed for trading on Euronext (EquityClear), commodity derivatives listed for trading on Euronext (CommodityClear), and tri-party Repo transactions (RepoClear). LCH SA also maintains an interoperability link with Euronext Clearing, formerly Cassa di Compensazione e Garanzia, in Milan, Italy.

Exhibits 5.1 and 5.2.⁴ The implementation of the Proposed Rule Change will be contingent on LCH SA's receipt of all necessary regulatory approvals.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, LCH SA included statements concerning the purpose of and basis for the Proposed Rule Change and discussed any comments it received on the Proposed Rule Change. The text of these statements may be examined at the places specified in Item IV below. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The composition of the LCH SA Board is comprised of twelve directors; five independent directors (which shall include the Chairman), the LCH SA CEO, the LCH Group CEO, the London Stock Exchange Group ("LSEG") CRO, a director nominated by LSEG, two User Directors and a Director nominated by Euronext in accordance with the provisions of the Derivatives Clearing Agreement. The term "User Director" currently means a director who is nominated by a shareholder of LCH Group Holdings Limited ("**LCH Group**") which is a User or who is otherwise connected to such User shareholder by virtue of employment or directorship. The Euronext Director is a director that has been nominated by Euronext.

Pursuant to Exchange Act Rule 17ad-25(b)(1), a majority of the members of LCH SA's board of directors must be independent, unless a majority of the voting interests . . . are directly or indirectly held by participants[.]⁵ The Nomination Committee of LCH SA

⁴ All capitalized terms not defined herein have the same definition as in the Framework, unless otherwise stated.

⁵ 17 CFR 240.17ad-25(b)(1).

evaluates whether a potential candidate of its Board of Directors is independent, by, among other things, determining whether there are relationships or circumstances which potentially affect such candidate's judgment⁶ or preclude the candidate from meeting independence criteria in accordance with applicable regulatory requirements and internal policies and procedures.⁷ This includes, among other things, whether a candidate has or had a material relationship that exists or existed previously and that LCH SA reasonably determines could affect the independent judgment or decision-making of the candidate, whether there is a pattern of behavior that demonstrates an ability to make sound, objective and independent decisions and judgments and if the candidate can affectively assess and challenge proposed decisions of other members of the Board of Directors.⁸ LCH SA reviews the aforementioned criteria, including by which a candidate meets the independence requirements, in its appointment process for candidates of its Board of Directors.⁹

Since LSEG's acquisition of a 54% ownership in LCH Group in May 2013, there have been subsequent transactions whereby LSEG acquired shares from LCH Group minority shareholders. Consequently, the number of banking institutions on the LCH Group share register who are eligible to nominate persons to be considered for appointment as User Directors¹⁰ has been reduced. At the end of the first quarter in 2024,

⁶ See renumbered Section 6.3 of LCH SA's Nomination Committee ToR.

⁷ Exchange Act Rule 17ad-25(f) sets forth specific circumstances that preclude directors from being independent directors, subject to a one-year lookback period. LCH SA maintains internal Suitability Guidelines that incorporate these regulatory requirements and other objective criteria, and together with LCH SA's Nomination Committee ToR, serve as LCH SA's comprehensive process for assessing director independence.

⁸ The LCH SA Nomination Committee documents its evaluation of candidates against a set of fitness standards that incorporate the process stated in Exchange Act Rule 17ad-25(c)(4).

⁹ LCH SA requires that Independent Directors and User Directors meet the requirements set forth herein, including the independence criteria.

¹⁰ A User Director is defined in LCH SA's Board of Directors ToR as a director who is nominated by a User or who is otherwise connected to such User by virtue of their employment or directorship. A User is defined as an Eligible Institution, other than Exchanges. An Eligible Institution is defined in the LCH Group Articles of Association and means inter-dealer brokers,

eleven financial institutions, not including LSEG, remain on the LCH Group share register. To date, ten of the remaining financial institutions are banking institutions. By the end of 2024 only six User Director seats remained across both LCH Limited and LCH SA. Of the ten remaining banking institutions on the LCH Group share register, five have not previously indicated a desire to nominate a User Director.

To maintain an appropriate number and selection of institutions that meet the criteria set out for User Director nominations and to ensure the majority of its Board of Directors is and continues to be independent, LCH SA is proposing to remove any requirements concerning a User Director being nominated by an institution that is a shareholder of LCH Group.¹¹ To effect this change, LCH SA is proposing amendments to the Nomination Committee ToR and the Board ToR.

In addition to the changes proposed in relation to User Director representation, following the recent termination of the Derivatives Clearing Agreement between LCH SA and Euronext, LCH SA is also proposing changes to the Nomination Committee and Board ToRs to remove references to the Euronext Director. To maintain the Board's current composition of twelve directors, following the removal of the Euronext Director, LCH SA is proposing to increase the number of User Directors from two to three.

In addition, the LCH Group CEO (who is appointed by LSEG) has stepped down as a director of the Company. To maintain the Board's current composition of twelve directors, LCH SA is proposing that an alternative senior LSEG executive be appointed

clearing members, financial institutions or investors which are buy-side, indirect users, including asset managers, Exchanges and any other category of market participant with a legitimate community of interest with the business of the LCH Group, as determined by the Board from time to time.

¹¹ As per the current Nomination Committee ToR, one factor the Nomination Committee is asked to consider in selecting a new member of the Board is the size of its shareholding in LCH Group.

to the Board in their place. LCH SA therefore proposes to simplify the language relating to the three LSEG nominated directors.

Board ToRs

1. Article 2. Definitions

LCH SA is proposing to make two amendments to its Board ToRs definitions. LCH SA is clarifying the pronouns of the CEO, as the current pronouns do not reflect that the CEO may be male or female. The definition of “User Director” is also being amended to state that User Directors are nominated by a User or are otherwise connected to a User by virtue of their employment or relationship. As currently defined, a “User” means an Eligible Institution, which includes inter-dealer brokers, clearing members and any other category of market participants with a legitimate community of interest (*e.g.*, based on the number of contracts cleared) with the business of the LCH Group, as determined by the LCH SA Board from time to time. The Board will continue to select User Directors based on the current evaluation criteria, which includes (i) the volumes cleared; (ii) other engagement with LCH (*e.g.*, new product development, assistance with lobbying); and (iii) how recently such prospective User Director has held a seat on one of LCH’s Boards (*i.e.*, either one of LCH Ltd. or LCH SA, if applicable).

2. Article 3. Composition of the Board

Following the termination of the contractual relationship between LCH SA and Euronext, LCH SA is proposing to remove reference to a Director proposed by Euronext. The composition of the Board will therefore no longer comprise a representative proposed by Euronext given the termination of the contractual relationship. To further effect this change, LCH SA is proposing to remove the paragraph clarifying that Euronext is contractually entitled to propose a Director to the Board, so long as the Cash Clearing Agreement or the Derivatives Clearing Agreement are in force. These

agreements are no longer in force and Euronext will no longer have representation on the LCH SA Board.

3. Article 12. Powers of the Board and Article 14. Conflicts of Interest

Similar to the clarifying changes proposed with respect to the pronouns of the CEO, LCH SA is proposing to clarify that the Chair of the Board may be either male or female, as it pertains to the authority of the Board Chair to decide whether certain matters referred to him or *her* by the Secretary of the Board are matters that should indeed be considered by the Board. LCH SA proposes to revise Article 14.18 to also reflect the correct pronouns. Specifically, LCH SA proposes to clarify the pronouns in paragraph (a) to state that a Conflicted Shareholder, as that term is defined in the ToR, may be male or female.

4. Article 16. Audit Committee

LCH SA is proposing to remove the paragraph stating that a director of Euronext will be part of the Audit Committee in accordance with Derivatives Clearing Agreement. This agreement is no longer in effect following the termination of the contractual relationship between Euronext and LCH SA.¹²

Nomination Committee ToRs

1. Article 2. Purpose

LCH SA is proposing changes to the composition of the Board to now include up to three User Directors. In addition, LCH SA is removing reference to a Euronext director, as the Board will no longer have a representative director from Euronext (or any of its affiliates), following the termination of its contractual relationship with LCH SA. LCH SA is also proposing to clarify in Article 2.1.2 that the independent Chairman of the

¹² Per the current Audit Committee ToR, Euronext will no longer be entitled to have a representative at the LCH SA Audit Committee, as the Derivatives Clearing Agreement is no longer in force. *See* https://www.lseg.com/content/dam/post-trade/en_us/documents/lch/structure-and-governance/lch-sa-auditco-clean.pdf.

Board can count as one of the two independent directors who shall not serve as an independent director on the Board of LCH Limited, as is the current practice. Article 2.2 will also be amended to clarify that the recommendations made by the Nomination Committee will take into account the criteria set out in the Nomination Committee ToR and be subject to regulatory requirements or as agreed by a majority of the directors of the Board, subject to LSEG consent. LCH SA is specifying the current practice that consent must come from LSEG (not including LCH Group) for any changes to the composition of the LCH SA Board.

LCH SA is proposing to amend Article 2.1.4 to show that LSEG can nominate three directors to the LCH SA Board, such appointments being subject to the Nomination Committee's processes. Because of the change to Article 2.1.4, LCH SA proposes to amend Article 2.3 to remove reference to the LCH Group CEO and LSEG CRO as being members of the Board.

2. Article 3. LSEG Directors

Article 3 is being updated to reflect that LSEG can nominate three directors. The Committee will recommend the appointment of directors nominated by LSEG to the Board.

3. Article 4. Euronext Director

Following the termination of the contractual relationship between Euronext and LCH SA, Article 4 is being removed in its entirety, as it is no longer applicable. In making this change, LCH SA proposes to renumber the remaining Nomination Committee articles. Removal of Article 4 requires LCH SA to renumber the proceeding articles accordingly.

4. Article 7. Tenure

Article 7.1 (formerly Article 8.1) is being updated to reflect the LSEG Directors are not subject to a maximum tenure.

5. *Article 8. Membership of the Nomination Committee*

Article 8.1 (formerly Article 9.1) is being updated to reflect that one of the LSEG Directors will be a member of the Nomination Committee.

6. *Appendix – Mechanism for Appointment of User Directors to the Board*

LCH SA is proposing to clarify that “Eligible Users”, as that term is defined in the Nomination Committee ToR Appendix, shall comprise any User that is not connected with an existing director and has not served notice terminating its clearing relationship with any member of the LCH Group. Previously, Eligible Users comprised User Shareholders, however this term no longer applies, as User Directors are no longer required to be nominated by shareholders of LCH Group. Article 2(b) will also be amended to remove reference to User Shareholders and instead state that the Nomination Committee will recommend a replacement for any User Director that retires or is removed as a result of the User which nominated then ceasing to be an Eligible Institutions. This amendment simplifies the criteria for replacement of a User Director and also eliminates reference to User Directors being removed following any User Shareholder that nominated such User Director, no longer meeting the eligibility requirements.

LCH SA is also proposing to remove reference to User Shareholders in Article 2(c) and 2(d) and instead simplify to Users only. Thus, the Nomination Committee will recommend a replacement for any User Director who retires or is removed as a result of their ceasing to be employed by, or for any other reason upon request by, the *User* which nominated them or retires or is removed following a change of role within the User, if such role change would result in the User Director concerned no longer being able to maintain the relevant skill and expertise. This change conforms with the other changes related to User Directors no longer needing to be shareholders of LCH Group.

Following the removal of the requirement for a User Director to be nominated by a shareholder of LCH Group, Article 3(a)(iii) is being removed, as it references the User's specific size of shareholding in LCH Group as a factor in the decision-making process. All other factors will remain in effect for purposes of determining eligibility of potential User Directors.

2. Statutory Basis

LCH SA has determined that the Proposed Rule Change is consistent with the requirements of Section 17A of the Act¹³ and regulations thereunder applicable to it. Section 17A(b)(3)(C) of the Act provides that the rules of a clearing agency must assure fair representation of its members and participants in the selection of its directors and administration of its affairs.¹⁴

The Proposed Rule Change will not lead to any material change in the proportion of independent directors or the number of directors representing members and participants.¹⁵ In accordance with its Statutes, the Board can be comprised of a minimum of three and a maximum of eighteen Directors. The current composition of the Board allows for twelve directors, five of which are independent directors (including the Chairman). Following the termination of the contractual relationship between LCH SA and Euronext, LCH SA will no longer have a director proposed by Euronext on the LCH SA Board. To ensure the Board continues to represent the interests of its members and participants, and to maintain an overall Board composition of twelve directors, LCH SA is proposing to increase the maximum number of User Directors from two to three, this will maintain the overall Board composition of twelve directors. LCH SA also proposes to remove the requirement that User Directors hold shares in LSEG and instead be based

¹³ 15 U.S.C. 78q-1.

¹⁴ 15 U.S.C. 78q-1(b)(3)(C).

¹⁵ The increase of User Directors from will result in a decrease in the percentage of independent directors from 45.45% to 41.66%.

on the other factors established in the Nomination Committee ToR (*e.g.*, number of contracts cleared). LCH SA therefore believes the Proposed Rule Change continues to assure fair representation of its members and participants in the selection of its directors and the administration of its affairs as provided in section 17A(b)(3)(C) of the Act.¹⁶

In addition, Commission Rule 17ad-22(e)(2) requires each registered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for governance arrangements that: (i) are clear and transparent; (ii) clearly prioritize the safety and efficiency of LCH SA; (iii) support the public interest requirements in Section 17A of the Act applicable to LCH SA, and the objectives of owners and participants; (iv) establish that the Board and senior management have appropriate experience and skills to discharge their duties and responsibilities; (v) specify clear and direct lines of responsibility; and (vi) consider the interests of participants' customers . . . and other relevant stakeholders of the covered clearing agency.¹⁷

The Proposed Rule Change is being adopted to ensure LCH SA continues to support the public interest requirements for clearing agencies and the objectives of owners and participants. LCH SA benefits from having representation from its User Directors, as such Board members contribute valuable insight regarding the operations of the clearing agency and the impact of any changes to its rules, policies and procedures. The appointment of an additional User Director will help ensure there is a diverse range of insights. LCH SA defines a User Director as a director who is nominated by a User or who is otherwise connected to such User by virtue of their employment or directorship. Users comprise Eligible Institutions, which include inter-dealer brokers, clearing members and market participants that have a legitimate community of interest with the

¹⁶ 15 U.S.C. 78q-1(b)(3)(C).

¹⁷ 17 C.F.R. 240.17ad-22(e)(2).

business of LCH Group, as determined by the Board. User Directors therefore have the requisite experience and skills to carry out their responsibilities on behalf of LCH SA and its participants. Therefore, LCH SA believes the Proposed Rule Change is consistent with Exchange Act rule 17ad-22(e)(2).¹⁸

Finally, Commission Rule 17ad-25(b)(1)¹⁹ requires a majority of the members of the board of directors of a registered clearing agency [to] be independent directors, unless a majority of the voting interests issued as of the immediately prior record date are directly or indirectly held by participants[.] Exchange Act Rule 17ad-25(f)²⁰ further enumerates a set of circumstances that preclude a director from being an independent director, subject to a lookback period of one year.

LCH SA is proposing to increase the number of User Directors to its Board of Directors and amend the definition of a User Director to ensure the majority of its Board of Directors is and continues to be independent by removing any requirements concerning a User Director being nominated by an institution that is a shareholder of LCH Group. As discussed herein, the Nomination Committee of LCH SA reviews specific criteria when considering candidates for the Board of Directors, including whether the candidate satisfies independence requirements in accordance with regulatory requirements and through LCH SA's appointment process for candidates of its Board of Directors. The Board of Directors of LCH SA currently has five Independent Directors and two User Directors. LCH SA believes increasing the number of directors to include an additional User Director (*i.e.*, from two to three) and removing the requirement that such User Directors be shareholders of LCH SA will expand the eligible pool of

¹⁸ Id.

¹⁹ 17 CFR 240.17ad-25(b)(1).

²⁰ 17 CFR 240.17ad-25(f).

candidates and ensure LCH SA continues to maintain a majority of independent directors in accordance with Exchange Act Rule 17ad-22(b)(1)²¹.

B. Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.²² LCH SA does not believe the Proposed Rule Change would have any impact, or impose any burden, on competition. The Proposed Rule Change does not address any competitive issue or have any impact on the competition among central counterparties. LCH SA operates an open access model, and the Proposed Rule Change will have no effect on this model.

C. Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the Proposed Rule Change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

²¹ 17 CFR 240.17ad-25(b)(1).

²² 15 U.S.C. 78q-1(b)(3)(I).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form
(<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-LCH SA-2025-008 on the subject line.

Paper Comments:

Send paper comments in triplicate to Vanessa Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to file number SR-LCH SA-2025-008. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of LCH SA and on LCH SA's website at: (<https://www.lch.com/resources/rulebooks/proposed-rule-changes>).

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted materials that is obscene or subject to copyright protection. All submissions should refer to file number SR-LCH SA-2025-008 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2025-18136 Filed: 9/18/2025 8:45 am; Publication Date: 9/19/2025]