



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104375; File No. SR-LCH SA-2025-008]

Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change

Relating to Revisions to Terms of Reference of the Nomination Committee and Board of Directors

December 12, 2025.

I. Introduction

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”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² a proposed rule change to amend the Terms of Reference of the Board of Directors of LCH SA (“Board ToR”) and the Terms of Reference of the Nomination Committee of the Board of Directors (“Nomination Committee ToR”) (together, the “Proposed Rule Change”). The Proposed Rule Change was published for comment in the Federal Register on September 19, 2025.³ On November 3, 2025, the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change.⁴ 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 103975 (Sept. 16, 2025), 90 FR 45288 (Sep. 19, 2025) (File No. SR-LCH SA-2025-008) (“Notice”).

⁴ Securities Exchange Act Release No. 104173 (Nov. 3, 2025), 90 FR 51424 (Nov. 17, 2025) (File No. SR-LCH SA-2025-008).

LCH SA is a clearing agency registered with the Commission for the purpose of clearing security-based swaps. LCH SA is managed by a board of directors (the “Board”). The Proposed Rule Change would modify the composition of the Board, as reflected in the Board ToR and Nomination Committee ToR. Specifically, the Proposed Rule Change would amend the provisions of both documents as they relate to directors that are nominated by (i) Euronext; (ii) Users of LCH SA; and (iii) the London Stock Exchange Group (“LSEG”).⁵ The Proposed Rule Change also would make unrelated, minor updates to the Board ToR as it relates to the description of certain LCH SA personnel.

A. Euronext Director

LCH SA had a business relationship with Euronext pursuant to which LCH SA provided clearing services for certain trading facilities and markets operated by Euronext. LCH SA had agreements in place to document this relationship, and Euronext had an ownership stake in LCH SA. Recently, Euronext sold its ownership stake in LCH SA, and Euronext and LCH SA ended their clearing relationship.⁶ Thus, LCH SA no longer offers clearing services to Euronext, and Euronext no longer has an ownership stake in LCH SA.

Currently, Article 3 of the Board ToR gives Euronext the right to nominate one director while certain agreements between LCH SA and Euronext are in effect. Due to the end of the business relationship between LCH SA and Euronext, these agreements are no longer in place. Accordingly, the Proposed Rule Change would delete this provision from Article 3 and

⁵ LCH SA is a subsidiary of LCH Group Holdings Limited (“LCH Group”) and an indirect subsidiary of LSEG. Notice, 90 FR at 45288, n.3.

⁶ See Euronext announces the sale of its 11.1% stake in LCH SA to LCH Group Holdings Limited, *available at* <https://www.euronext.com/en/about/media/euronext-press-releases/euronext-announces-sale-its-111-stake-lch-sa-lch-group-holdings> and Successful expansion of Euronext Clearing to all Euronext financial derivatives markets, *available at* <https://www.euronext.com/en/about/media/euronext-press-releases/successful-expansion-uronext-clearing-all-uronext-financial>.

otherwise remove references to a director nominated by Euronext from the Board ToR, thus eliminating the Euronext director.⁷

The Proposed Rule Change would make similar updates to the Nomination Committee ToR. The Proposed Rule Change would delete Article 2.1.5, which requires the Nomination Committee recommend to the Board for appointment a director nominated by Euronext. The Proposed Rule Change also would delete in its entirety Article 4, which describes how Euronext may nominate a person to be a director and the criteria that a nominee must satisfy.

B. User Directors

The Board ToR currently defines a User Director as a director who is nominated by a shareholder of LCH Group which is a User or who is otherwise connected to such User shareholder by virtue of employment or directorship. A User is defined as an Eligible Institution other than an Exchange, and Eligible Institution means, among things, inter-dealer brokers, clearing members, and indirect users.⁸ Thus, as currently written, a User must be a shareholder of LCH Group to nominate directors to the Board.

The Proposed Rule Change would amend the Board ToR to allow all Users, not just those who are shareholders of LCH Group, to nominate directors to the Board. Thus, the Proposed Rule Change would amend the definition of User Director in the Board ToR to mean a director who is nominated by a User or who is otherwise connected to such User by virtue of their employment or directorship, regardless of whether the User is a shareholder of LCH Group.

In the Nomination Committee ToR, the Proposed Rule Change would make a similar amendment and increase the number of User Directors. Article 2.1.3 currently requires the Nomination Committee recommend to the Board for appointment up to two directors associated with or connected to “User Shareholders,” meaning Users that are shareholders of LCH Group.

⁷ For example, the Proposed Rule Change would delete from Article 16 a provision that makes the Euronext director a part of the Audit Committee of the Board.

⁸ The term “Eligible Institution” is defined in the Articles of Association of LCH Group. *See* Notice, 90 FR at 45289, n.10.

The Proposed Rule Change would amend Article 2.1.3 to increase the number to three from two, include any director associated with a User, and delete the term User Shareholder. Thus, under Article 2.1.3 as amended, the Nomination Committee would recommend to the Board for appointment up to three directors associated with a User.

The Proposed Rule Change would make other changes to the Nomination Committee ToR to reflect that a User no longer needs to be a shareholder of LCH Group to nominate a director. The Appendix to the Nomination Committee ToR outlines the process for appointing and removing User Directors to the Board. In the Appendix, the Proposed Rule Change would delete references to User Shareholders and any other references to a User being a shareholder of LCH Group.⁹

The Proposed Rule Change also would update the Appendix as it relates to the criteria applicable to a User Director. Specifically, Section 2(b) of the Appendix currently requires the Nomination Committee to recommend a replacement for any User Director who is removed due to the User who nominated them ceasing to be an Eligible User.¹⁰ The Proposed Rule Change would simplify this requirement. Under the Proposed Rule Change, the Nomination Committee would recommend a replacement for any User Director who is removed due to the User who nominated them ceasing to be an Eligible Institution.¹¹

LCH SA is making this change to reflect the current number of Users that are shareholders of LCH Group. Due to an increase in London Stock Exchange Group's ownership interest in LCH Group, only eleven financial firms remain as shareholders of LCH Group.¹² Of

⁹ For example, under current Section 3(a)(iii) of the Appendix, the Nomination Committee must consider the size of a User's holding in LCH Group when determining whether to recommend the person nominated by that User. The Proposed Rule Change would delete this provision.

¹⁰ Eligible User is defined in the Appendix as a User who is not connected with an existing director and who has not served notice termination its clearing relationship with LCH SA or LCH Ltd.

¹¹ As noted above, the term Eligible Institution is defined in the Articles of Association of LCH Group and means, among things, inter-dealer brokers, clearing members, and indirect users. *See* Notice, 90 FR at 45289, n.10.

¹² Notice, 90 FR at 45289.

these remaining shareholders, five have not previously indicated a desire to nominate a User Director.¹³ Thus, the pool of firms which are both shareholders of LCH Group and Users have decreased. To help ensure that a sufficient number of firms that are Users are interested in nominating directors to the Board, LCH SA is removing the requirement that a User Director be nominated by a User who is also a shareholder of LCH Group.

Finally, LCH SA is increasing the number of User Directors by one to maintain its current number of directors following the removal of the director previously nominated by Euronext.

C. LSEG Director

Currently LSEG has the right to nominate one director to the Board. The Proposed Rule Change would increase the number of directors nominated by LSEG to three. The Proposed Rule Change would amend Article 2.1.4 of the Nomination Committee ToR to reflect the increase to three.

The two additional directors nominated by LSEG would take the place of the LCH Group CEO and LSEG Chief Risk Officer (“CRO”). Article 2.3 of the Nomination Committee ToR currently states that the Board will include, as directors, the LCH SA CEO, LCH Group CEO, and the LSEG CRO. The Proposed Rule Change would amend Article 2.3 to remove references to the LCH Group CEO and the LSEG CRO.

Elsewhere in the Nomination Committee ToR, the Proposed Rule Change would update references to LSEG directors to clarify that the directors nominated by LSEG will now be three rather than one. The Proposed Rule Change also would add a reference to LSEG directors in

¹³ *Id.*

Article 7. As amended, Article 7 would provide that LSEG directors, as well as the LCH SA CEO, are not subject to term limits for service on the Board.

LCH SA is making this change for two reasons. First, the LCH Group CEO has stepped down as a member of the Board of LCH SA.¹⁴ To replace that individual as director on the Board, LCH SA is proposing to grant LSEG the ability to nominate an additional director. Second, revising Article 2.3 to remove specific references to the LSEG CRO simplifies the appointment of the LSEG directors by not limiting those directors to persons serving a specific role at LSEG. Thus, under the proposed rule change, LSEG could still appoint its CRO to serve on the LCH SA board, but LSEG would not be required to do so.

D. Other Changes

The proposed rule change also would revise certain articles of the Board ToR to clarify that certain personnel, such as the LCH SA CEO, may be male or female.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.¹⁵ Under the Commission's Rules of Practice, the "burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization ['SRO'] that proposed the rule change."¹⁶

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,¹⁷ and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an

¹⁴ Notice, 90 FR at 45289.

¹⁵ 15 U.S.C. 78s(b)(2)(C).

¹⁶ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

¹⁷ *Id.*

affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.¹⁸ 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.¹⁹

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)(C) of the Act²⁰ and Rule 17ad-22(e)(2)(i).²¹

A. Section 17A(b)(3)(C)

Section 17A(b)(3)(C) of the Act requires, among other things, that the rules of LCH SA assure a fair representation of its shareholders (or members) and participants in the selection of its directors and administration of its affairs.²² As noted above, the Proposed Rule Change would increase the number of directors nominated by Users from two to three and would remove the requirement that a User be a shareholder of LCH Group to nominate a director. Users could include among others, inter-dealer brokers, clearing members, and indirect users. By removing the requirement that a User be a shareholder of LCH Group, the Proposed Rule Change would expand the pool of Users that could nominate directors to the Board. This change, and increasing the number of User directors, would help assure a fair representation of LCH SA’s participants in the selection of its directors, consistent with Section 17A(b)(3)(C) of the Act.²³

¹⁸ *Id.*

¹⁹ *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

²⁰ 15 U.S.C. 78q-1(b)(3)(C).

²¹ 17 CFR 240.17ad-22(e)(2)(i).

²² 15 U.S.C. 78q-1(b)(3)(C).

²³ 15 U.S.C. 78q-1(b)(3)(C).

Moreover, the Proposed Rule Change would increase the number of directors nominated by LSEG. As noted above, LSEG is an indirect shareholder of LCH SA. By increasing the number of directors that LSEG can select, the Proposed Rule Change would help assure a fair representation of LCH SA's shareholders in the selection of its directors, consistent with Section 17A(b)(3)(C) of the Act.²⁴

Accordingly, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(C) of the Act.²⁵

B. Rule 17ad-22(e)(2)(i)

Rule 17ad-22(e)(2)(i) requires that a covered clearing agency, such as LCH SA, establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that, among other things, are clear and transparent.²⁶

As noted above, the Proposed Rule Change would eliminate the Euronext director because of changes in the business relationship between Euronext and LCH SA. Articles of the Board ToR and Nomination Committee ToR that give Euronext the right to nominate a director are no longer relevant or applicable. Deleting these provisions and references to the Euronext director thus removes outdated and inapplicable provisions, thereby reducing confusion and increasing clarity.

Moreover, the Proposed Rule Change would remove the requirement that a User be a shareholder of LCH Group to nominate a director. This change would clarify the governance arrangements of the Board by simplifying the conditions applicable to the selection of directors by Users. Going forward, the Nomination Committee will no longer need to consider if a User submitting a nominee is also a shareholder of LCH Group.

²⁴ 15 U.S.C. 78q-1(b)(3)(C).

²⁵ 15 U.S.C. 78q-1(b)(3)(C).

²⁶ 17 CFR 240.17ad-22(e)(2)(i).

The proposed changes to directors nominated by LSEG would also simplify and clarify the governance arrangements for selecting these directors. As noted above, the Proposed Rule Change would replace a requirement that the LCH Group CEO and the LSEG CRO be directors with a more general requirement that LSEG appoint three directors (including the one director LSEG already appoints). The Proposed Rule Change also would update references, as needed, to account for LSEG nominating additional directors. Again, these changes would make LCH SA's governance arrangements clearer by replacing a specific requirement with one that is more general and easier to apply.

Finally, LCH SA's proposed changes also include amendments to reflect that certain personnel, such as the LCH SA CEO, may be male or female, which clarifies the previous iteration of these provisions.

Accordingly, the Commission finds that the Proposed Rule Change is consistent with the requirements of Rule 17ad-22(e)(2)(i).²⁷

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)(C) of the Act²⁸ and Rule 17ad-22(e)(2)(i).²⁹

²⁷ 17 CFR 240.17ad-22(e)(2)(i).

²⁸ 15 U.S.C. 78q-1(b)(3)(C).

²⁹ 17 CFR 240.17ad-22(e)(2)(i).

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act³⁰ that the proposed rule change (SR-LCH SA-2025-008) be, and hereby is, approved.³¹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³²

Sherry R. Haywood,

Assistant Secretary.

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³⁰ 15 U.S.C. 78s(b)(2).

³¹ 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).

³² 17 CFR 200.30-3(a)(12).