

are available at www.prc.gov, Docket Nos. MC2024–402, CP2024–410.

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[FR Doc. 2024–15216 Filed 7–10–24; 8:45 am]

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POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* July 11, 2024.

FOR FURTHER INFORMATION CONTACT:

Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on July 3, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 145 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–408, CP2024–416.

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POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* July 11, 2024.

FOR FURTHER INFORMATION CONTACT:

Sean C. Robinson, 202–268–8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on July 3, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 147 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024–410, CP2024–418.

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[FR Doc. 2024–15208 Filed 7–10–24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100462; File No. SR–LCH SA–2024–003]

Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to the Terms of Reference of the Board and Sub Committees

July 5, 2024.

I. Introduction

On May 6, 2024, 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 (the “Proposed Rule Change”) to amend the Terms of Reference (“ToR”) of its Board of Directors (“Board”) and the ToR of the following Board subcommittees: Technology, Security and Resilience; Audit; Risk; and Nomination. The Proposed Rule Change was published for comment in the **Federal Register** on May 23, 2024.³ The Commission has not received any comments on the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Description of the Proposed Rule Change

LCH SA is a clearing agency registered with the Commission. Through its CDSClear business unit, LCH SA provides central counterparty services for security-based swaps, including credit default swaps, and options on credit default swaps. LCH

SA is an affiliate of LCH Ltd, through common ownership by LCH Group.⁴ LCH SA's ultimate parent company is London Stock Exchange Group (“LSEG”).⁵

LCH SA's Board is responsible for LCH SA's overall management. It determines LCH SA's business strategies and oversees their implementation.⁶ LCH SA's Board has subcommittees that provide opinions, proposals, and recommendations to the full Board.⁷ The ToR of these Committees and of the Board detail their organization and functioning.⁸

LCH SA proposes updating these ToR. The proposed updates fall into six categories. The first category would rename the Technology, Security and Resilience Committee as the Operational Resilience Committee and expand the ambit of that committee. The second category would update the Audit Committee's responsibilities. The third would make additional changes to the Risk Committee's responsibilities, its supervision of risk at LCH SA, and other matters. The fourth would delete redundant language from the ToR. The fifth would make updates to reflect changes to the existence of and responsibilities for certain positions at LCH Group, which is LCH SA's intermediate parent company. The final category would include other miscellaneous changes.

A. Operational Resilience Committee

The Proposed Rule Change would rename the Technology, Security and Resilience Committee; expand the Committee's responsibilities; make the Committee the representative of, and advisor to, the Board on matters related to operational resilience; specify the Committee's relationship with other Board committees; and revise the qualifications required for members of the Committee.

⁴ LCH SA, Comprehensive Disclosure As required by SEC Rule 17Ad–22(e)(23), Section 3.2, https://www.lch.com/system/files/media_root/LCH%20SA%20Comprehensive%20Disclosure%20Covered%20Clearing%20Agency%20standards%20-%20SEC%20-%202020%20Final%20version.pdf#:~:text=LCH%20SA%20provides%2C%20on%20its%20website%2C%20a%20comprehensive,elements%20required%20by%20regulation%20EU%20N%2C%20B0%20575%2F2013%20%28CRR%29.

⁵ *Id.*

⁶ LCH SA Terms of Reference of the Board, Article 12.

⁷ LCH SA Terms of Reference of the Board, Article 15.

⁸ LCH SA Terms of Reference of the Board, Article 1; LCH SA Terms of Reference of the Board, Article 16; LCH SA Terms of Reference of the Board, Article 17; LCH SA Terms of Reference of the Board, Article 18; LCH SA Terms of Reference of the Board, Article 20.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ Securities Exchange Act Release No. 100169 (May 17, 2024), 89 FR 45717 (May 23, 2024) (File No. SR–LCH SA–2024–003) (“Notice”).

Renaming the Committee

First, as noted above, the Proposed Rule Change would rename the Technology, Security and Resilience Committee to be the Operational Resilience Committee. To that end, the Proposed Rule Change would amend this Committee's ToR, Articles 15 and 20 of the Board ToR, and Article 3.3.8 of the Audit Committee ToR to reflect this name change. Additionally, to reflect the Operational Resilience Committee's new name and to align with the Operational Resilience Committee ToR, LCH SA proposes changing the title of Article 11 of the Risk Committee ToR from "Operational Risk Management" to "Operational Resilience Risk."⁹

Committee's Responsibilities

LCH SA proposes the name change to better reflect the ambit of the Committee, which, under the Proposed Rule Change, would include technical subjects related to information systems, technology, and cybersecurity, as well as operational resilience.¹⁰ To reflect these responsibilities, LCH SA proposes replacing references to "technology, security and operational resilience" with references to "operational resilience" in Articles 1.4.3, 1.6, and 1.7 of the ToR.¹¹ For the same reason, LCH SA proposes changes to Articles 4.2.1 and 4.2.6.¹² In Article 4.2.1 of the Operational Resilience Committee ToR, LCH SA proposes specifying that the Operational Resilience Committee's review of LCH SA's operations and technology strategy and policies relates to operational resilience. In Article 4.2.6 of the Operational Resilience Committee ToR, the Proposed Rule Change would note, in part, that the Operational Resilience Committee must review and consider, where appropriate, LCH SA's resilience risk policies rather than its policies regarding operations and technology risk.

The Proposed Rule Change also would make the responsibilities of the Committee consistent with current practice and other LCH SA ToR. For example, current Article 1.2 states that the Committee must determine if management has put in place adequate strategies and plans which, among other things, provide reasonable assurance that LCH SA operates within its risk appetite. LCH SA's proposal would specify that the risk appetite is set by the Board, in accordance with current

practice.¹³ Separately, the Proposed Rule Change would also add text consistent with current practice to Article 1.2 of the Operational Resilience Committee ToR, stating that the Operational Resilience Committee will receive a regular assessment of operational resilience risks.¹⁴ Article 1.5 of the Operational Resilience Committee ToR currently provides, in part, that the Operational Resilience Committee must keep itself informed of changes in guidance from within the broader Group. LCH SA proposes changes to this provision requiring the Operational Resilience Committee to keep itself informed of changes in guidance from within the broader LCH Group and LSEG to align it with current practice.¹⁵

Board Representative and Advisor

Consistent with these responsibilities, the Proposed Rule Change also would make the Operational Resilience Committee the Board's representative and advisor on matters related to operational resilience.¹⁶ Currently, Section 1.1 of the Committee ToR provides that this Committee shall represent the interests of the Board in sound management of technology security and operational resilience, including cyber security, to ensure that technology security and operational resilience strategies, investments and outcomes support the mission values and strategic goals of LCH SA. The Proposed Rule Change would revise this to state that the Operational Resilience Committee shall represent the interests of the Board in the sound management of operational resilience to ensure that technology security, cyber security and operational resilience strategies, investments and outcomes support the mission, values, and strategic goals of LCH SA. LCH SA's proposal would also alter Section 1.2 of the Committee ToR to require the Operational Resilience Committee to determine whether management has put in place adequate strategies and plans which include appropriate management of operational resilience, rather than strategies and plans which include appropriate management of technical, security, operational resilience and cyber risks. The Proposed Rule Change would separately add a new Article 1.4.4 to indicate that the Operational Resilience Committee must help the Board review LCH SA's ongoing outsourcing and third-party risk management

arrangements, since they also relate to operational resilience.¹⁷

Other Board Committees

Just as the Committee would provide advice to the full Board on operational resilience matters, the Committee also would provide advice on operational resilience matters to other Board committees.¹⁸ Reflecting current practices to that end, the Proposed Rule Change would add new Articles 4.2.13, 4.2.14, and 4.2.15.¹⁹ Article 4.2.13 would require the Committee to provide advice to LCH SA's Risk Committee on specific operational resilience risk related matters as appropriate. Article 4.2.14 would require the Committee to review Detailed Operational Risk Assessments (DORAs) with significant elements relating to technology, cyber or other operational resilience, prior to recommending approval by the Risk Committee.²⁰ Article 4.2.15 would require that the Committee be notified of Operational Risk Assessments (ORA) related to cloud initiatives.

Related to the proposed addition of Article 4.2.14 of the Operational Resilience Committee ToR, LCH SA proposes changing Article 11.3 of the Risk Committee ToR to note that the Risk Committee will review and approve the recommendations of the Operational Resilience Committee in relation to DORAs for significant projects and new products and notify the Board of the same. Currently, Article 11.3 requires the Risk Committee to review DORAs for all significant projects and new products and to make recommendations to the Board for their approval. LCH SA also proposes adding a new Article 11.2 to the Risk Committee ToR to require the Risk Committee to inform the Board in a timely manner of any new risk affecting the resilience of LCH SA. These proposed changes are meant to align the Risk Committee ToR with the Operational Resilience Committee ToR.²¹

To further reflect the Committee's role as advisor to the Risk Committee on resilience risk matters, LCH SA also proposes to add a new Article 1.3 to the

¹⁷ *Id.* at 45718.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ DORAs are risk assessments related to new product initiatives, strategic projects, or significant changes. The relevant LCH SA business line or function in charge of the initiative, project, or change, must produce a DORA whenever the initiative, project, or change presents operational risks that are novel or could have the potential to impact the current operational risk appetite assessment or platform resiliency. *See* Notice, 89 FR at 45718, n.7.

²¹ *Id.* at 45720–21.

⁹ Notice, 89 FR at 45720–21.

¹⁰ *Id.* at 45717.

¹¹ *Id.* at 45718 n.5.

¹² *Id.*

¹³ *Id.* at 45718.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 45717–18.

Operational Resilience Committee ToR.²² The proposed Article 1.3 requires that the Operational Resilience Committee contribute to the review of the Technology Risk, Business Continuity Risk, Information Security and Cyber Risk, Operational Risk, Third Party (Outsourcing) Risk, and Physical Security Risk policies before they are presented to the Risk Committee for review and recommendation to the Board for approval. The Proposed Rule Change would also note in Article 1.3 that the Operational Resilience Committee will be notified by the owner of the policies of any breaches or waivers to those policies. To align the Risk Committee ToR with the Operational Resilience Committee ToR, LCH SA also proposes changes to Article 11.1 of the Risk Committee ToR.²³ Currently, Article 11.1 requires the Risk Committee to review, on an annual basis, LCH SA's Resilience Risk Policy, to consider proposals for modification of those arrangements, and to make recommendations to the Board for approval. Under the Proposed Rule Change, Article 11.1 would require the Risk Committee to review, on an annual basis, the Company's Operational Resilience Risk Policies, following review by the Operational Resilience Committee, and to make recommendations to the Board for approval.

Relatedly, LCH SA proposes deleting from the ToR language related to other Committees to align with the Operational Resilience Committee's responsibilities. For example, current Article 11.2 of the Risk Committee ToR requires the Risk Committee to review and provide advice on any aspects of LCH SA's Operational Risk Management Framework on request by the Audit Committee or the Board. Because it requires the Risk Committee to take action within the ambit of the Operational Resilience Committee,²⁴ LCH SA proposes removing this Article 11.2 of the Risk Committee ToR. Similarly, Article 1.3.6 of the Audit Committee ToR provides that the Audit Committee must assist the Board in fulfilling its responsibility relating to review of LCH SA's internal control environment, including review of resilience risk matters. The Proposed Rule Change would delete the reference to review of resilience risk matters because those would be the Operational Resilience Committee's responsibility.²⁵ Separately, LCH SA proposes removing

current Article 3.3.6(a)(iv) of the Audit Committee ToR in its entirety because it requires the Audit Committee to review provisions for business continuity and disaster recovery and the assessment of the effectiveness of the arrangements in place at least once a year. This is also the Operational Resilience Committee's responsibility.²⁶

Finally, LCH SA also proposes changes to Article 4.4 of the Operational Resilience Committee ToR to clarify the Committee Chair's membership on the Risk and Audit Committees.²⁷ Current Article 4.4 declares the Chair of the Operational Resilience Committee to be a member of the Audit Committee. Moreover, it allows the Risk Committee to invite the Chair of the Operational Resilience Committee to Risk Committee meetings on relevant matters and in a non-voting capacity. Under Article 4.4 as revised, the Chair of the Operational Resilience Committee would be a standing member of the Audit Committee and the Risk Committee. To further carry out this change, LCH SA also proposes adding a new Article 1.1.2 to the Risk Committee ToR, which would require that the Chair of the Operational Resilience Committee be a member of the Risk Committee.²⁸

Qualifications of Committee Members

LCH SA proposes additional changes to ensure members of Operational Resilience Committee have experience consistent with the Committee's responsibilities.²⁹ Currently, Article 2.1.2 provides that members of the Committee ideally have significant, recent and relevant experience of the operations of LCH and its dependence on technology. The Proposed Rule Change would revise Article 2.1.2 to require members of the Operational Resilience Committee to have the relevant expertise required for the Committee to function properly, as well as recent and relevant experience of the operations of LCH Group. LCH SA also proposes to renumber current Article 2.2 of the Operational Resilience Committee ToR to Article 2.1.3, and amend it to provide that other experts in IT, security, resilience matters, and more generally on operational resilience matters, rather than merely other technology expert individuals, may attend the meetings of the Committee on relevant matters in a non-voting capacity.

B. Audit Committee

The Proposed Rule Change would make various updates to the Audit Committee's responsibilities. For example, current Article 1.3.5 provides that the Audit Committee will review Enterprise Risk Reports. Because LCH SA is expanding the detail provided in these reports, the Proposed Rule Change would rename them as the Resilience and Enterprise Risk Management reports.³⁰

The Proposed Rule Change also would amend Article 3.3.4, which sets out the Audit Committee's responsibilities for reviewing LCH SA's compliance with regulations. The Proposed Rule Change would add to Article 3.3.4 a requirement that the Committee approve the compliance policies and be informed of any breaches. LCH SA is making this change to document an existing practice of the Audit Committee.³¹

Similarly, current Article 3.3.5 requires that the Audit Committee, among other things, review the process for annual model validations and breaches of LCH SA's Risk Governance Framework. The proposed rule change would add a requirement that the Committee be notified of outside appetite financial and resilience risks. LCH SA proposes this change to make the Audit Committee better informed as it carries out its responsibilities.³²

Finally, current Article 3.3.6(a)(iii) requires that the Committee receive annual reports required by a 2014 order of its national regulators related to internal controls.³³ To ensure that the Audit Committee receives reports required by all applicable laws and regulations, rather than the reports required by those specific articles, LCH SA proposes deleting the reference to the specific order. Instead, Article 3.3.6(a)(iii) would require that the Audit Committee receive annual reports required by law or regulation from time to time.³⁴

C. Risk Committee

The proposed rule change also would change the Risk Committee ToR with respect to the Committee's responsibilities, the Committee's supervision of risk at LCH SA, reporting by the Committee, responsibilities of LCH SA's Chief Risk Officer, and membership of the Committee.

²² *Id.* at 45718.

²³ *Id.* at 45720–21.

²⁴ *Id.* at 45721 n.19.

²⁵ *Id.* at 45719.

²⁶ *Id.* See also Article 4.2.8 of the Operational Resilience Committee ToR.

²⁷ *Id.* at 45718

²⁸ *Id.* at 45718 n.9.

²⁹ *Id.* at 45718.

³⁰ *Id.* at 45719.

³¹ *Id.*

³² *Id.* at 45719.

³³ *Id.*

³⁴ *Id.*

Responsibilities

With respect to the responsibilities of the Committee, the Proposed Rule Change first would add a new Article 6.4. Article 6.4 would provide that the Risk Committee should be notified of the outcome of the annual independent validation of the counterparty credit scoring model, in accordance with the Model Governance Validation and Review Policy. LCH SA is making this change to be consistent with its current practice.³⁵

Current Article 7.4 requires that the Committee review LCH SA's risk policy on the eligibility of new products. Since this policy is now called the Contract and Market Acceptability Policy, LCH SA proposes reflecting this name change in Article 7.4 of the Risk Committee ToR.³⁶

LCH SA also proposes a new Article 7.5 in the Risk Committee ToR. This new article would require that the Committee review annually a report outlining the compliance of all markets and products against the criteria defined in the Contract and Market Acceptability Policy. LCH SA is making this change to be consistent with its current practice.³⁷

Further, for the same reason, LCH SA proposes revising renumbered Article 7.7.1. Current Article 7.7.1 clarifies that the CEO of LCH SA may be given authority to approve clearing of certain new contracts or products, without prior approval by the Risk Committee, subject to notifying the Committee. The Proposed Rule Change would add to this provision approval of trade venues, in addition to contracts or products.³⁸

Articles 8 and 9 of the Risk Committee ToR contain additional proposed changes to the Committee's responsibilities, which LCH SA is making to reflect current practice.³⁹ Current Article 8.2 requires that the Committee review initial margin policies and consider amendments to those policies. The Proposed Rule Change would amend Article 8.2 to reflect that the initial margin policies that the Risk Committee currently reviews are contained within the Financial Resource Adequacy Policy. LCH SA would also add a new Article 8.4. This new article would require the Risk Committee to be notified of the outcome of the annual independent validation of all margin models in

accordance with the Model Governance, Validation and Review Policy.

Proposed revisions to Article 9 would clarify the Committee's responsibilities related to LCH SA's default procedures, again to be consistent with current practice.⁴⁰ Current Article 9.1 requires that the Committee, in certain circumstances, review the adequacy of LCH SA's default funds on the basis of stress testing. The Proposed Rule Change would revise this slightly, to clarify that the Committee's review would be on the basis of stress testing and reverse stress testing reports.

LCH SA also proposes to add new Articles 9.4 and 9.7 to reflect current practice.⁴¹ Article 9.4 would provide that the Risk Committee should be notified of the outcome of the annual independent validation of all stress testing models used to size the default funds in accordance with the Financial Resource Adequacy Policy, while Article 9.7 would note that the Risk Committee reviews default management fire drill exercise reports to assess the Company's default management process.

Moreover, LCH SA proposes several new provisions and revisions in Article 10 of the Risk Committee ToR to reflect current practices related to liquidity risk management.⁴² First, the Proposed Rule Change would add new Articles 10.3, 10.4, and 10.6. Article 10.3 would provide that the Risk Committee reviews annually (or more frequently if deemed necessary) the LCH SA Liquidity Plan detailing how the standards contained in the Liquidity Risk Policy are applied, to consider proposed changes, and to make recommendations to the Board for approval. New Article 10.4 would require that the Committee be notified of the outcome of the annual independent validation of the liquidity risk model, in accordance with the Liquidity Risk Policy. New Article 10.6 would require that the Committee be notified of the outcome of the annual independent validation of the collateral haircut model, in accordance with the Collateral Risk Policy. Further, the Proposed Rule Change would add a sentence to renumbered Article 10.5 noting that the Risk Committee should consider the addition of new collateral types and associated risk controls, and recommend them to the Board for approval.

The Proposed Rule Change would also add a new Article 12 to the Risk Committee ToR, titled Model

Governance and Procyclicality. Under new Article 12.1, the Risk Committee would review annually (or more frequently if deemed necessary) the Company's Model Governance, Validation and Review Policy, to consider proposals for modification of those arrangements, and to make recommendations to the Board for approval. Under proposed Article 12.2, the Risk Committee would review, at least annually and upon material change, reports prepared by independent model experts confirming the ongoing suitability of LCH SA's financial risk models, in accordance with the Model Governance, Validation and Review Policy. Proposed Article 12.3 would require the Committee to review annually (or more frequently if deemed necessary) LCH SA's Procyclicality Risk Policy, to consider proposals for modification of those arrangements and to make recommendations to the Board for approval. The Committee also would review, at least annually, reports confirming that LCH SA's risk models do not operate in a procyclical manner under proposed Article 12.4. Consistent with LCH SA's overall current practice, these changes would help ensure that the LCH SA Risk Committee ToR mirror the corresponding ToR of its affiliated company, LCH Limited.⁴³

Proposed changes to renumbered Articles 13 and 20 of the Risk Committee ToR also would reflect LCH SA's current practices.⁴⁴ LCH SA proposes a new Article 13.2 reflecting the current practice that the Risk Committee reviews, on an annual basis (or more frequently if deemed necessary), LCH SA's Recovery Plan and Wind Down Plan, considers proposals for modification of those arrangements, and makes recommendations to the Board for approval. Current Article 12.2 requires that the Committee consider any issue relating to the outsourcing of functions which may impact the risk management of LCH SA. The Proposed Rule Change would renumber this article to 13.3 and would add language to clarify that it applies to any issue or new arrangement relating to the outsourcing of functions which may impact the risk management of the LCH SA, rather than only issues.

LCH SA's proposal would also correct renumbered Article 20.2 to reflect how the Risk Committee currently may assess the remuneration structure's impact on LCH SA's risk profile.⁴⁵ The

³⁵ *Id.* at 45720.

³⁶ *Id.* at 45720 n.15.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.* at 45721.

⁴⁴ *Id.*

⁴⁵ *Id.*

current article, in part, requires that the Risk Committee have access to: (i) the risk management department (to assess how the remuneration structure affects the risk profile of LCH SA); (ii) the human resource department, (iii) the compliance department, and (iv) the internal audit department. The Proposed Rule Change would revise renumbered Article 20.2 to delete text giving the Risk Committee access to the risk management department. Instead, under revised Article 20.2, the Committee would have access to (i) the human resource department (to assess how the remuneration structure affects the risk profile of LCH SA), (ii) the compliance department, and (iii) the internal audit department. LCH SA is making this correction to reflect how the Risk Committee currently considers this remuneration risk.⁴⁶

Supervision of Risk

The Proposed Rule Change would make several changes to the Risk Committee ToR related to the Committee's supervision of risk, including through the information reported to the Committee. One such proposed change would add a new Article 3.2 clarifying that the risks within the current scope of the LCH SA Risk Committee are financial and model risks and operational resilience risks. LCH SA proposes this change to strengthen the Risk Committee's supervision of certain information technology and resilience risk matters.⁴⁷ As noted above, while the Operational Resilience Committee would also have responsibilities related to operational resilience risks, that committee's role is one of review, and it would be required to provide advice to LCH SA's Risk Committee on specific operational resilience risk-related matters as appropriate.

LCH SA also proposes a change in Article 4.2 of the Risk Committee ToR. Current Article 4.2 provides that the Risk Committee will receive a detailed report from the Executive Risk Committee which includes, among other things, the risk profile of LCH SA on a monthly basis. The Proposed Rule Change would clarify that this report would cover the risks defined within the scope in Article 3.2 of the Risk Committee ToR.⁴⁸ Moreover, current Article 4.2 provides that this report will cover LCH SA and LCH Group. Due to a change in corporate structure, LCH SA's proposal would indicate in Article 4.2 that this report would include the

risk profile of only LCH SA, rather than LCH SA and LCH Group.⁴⁹

Reporting by the Risk Committee

In addition to revising the reporting to the Risk Committee, the Proposed Rule Change would revise the reporting by the Risk Committee. Specifically, LCH SA proposes that the Risk Committee Secretary no longer make available all minutes to the Chair of the Audit Committee of the LCH Group Board under Article 2.9 of the Risk Committee ToR. Instead, Article 2.9 would only require the Risk Committee Secretary to make those minutes available to the LCH SA Board and the Chair of the LCH SA Audit Committee. LCH SA proposes this change because the LCH Group Board does not usually consider discussions, decisions, and recommendations of the Risk Committee. Instead, discussions, decisions, and recommendations of the Risk Committee are reported to the LCH SA Board.⁵⁰

Chief Risk Officer

The Proposed Rule Change would also amend the Risk Committee ToR as it relates to certain responsibilities of LCH SA's Chief Risk Officer ("CRO"). First, the Proposed Rule Change would delete Article 2.10 of the Risk Committee ToR in its entirety. This provision requires that the CRO report to the LCH Group Board on the discussions, decisions, and recommendations of the Risk Committee to formally ratify those decisions and recommendations that affect the Group. LCH SA is deleting this provision because, as noted, the LCH Group Board does not usually consider discussions, decisions, and recommendations of the Risk Committee.⁵¹

Article 10.7.4 currently requires either the CRO or the Head of Collateral and Liquidity Management ("CaLM") to sign off on breaches of the limits or restrictions detailed in the Collateral Risk Policy and/or the Investment Risk Policy. Since the CRO is responsible for these policies, including signing off on them as part of their second line function, LCH SA proposes requiring sign-off by only the CRO.⁵²

The Proposed Rule Change would also clarify the responsibilities of the CRO in renumbered Article 16 (current Article 15) by editing renumbered Article 16 of the Risk Committee ToR to simplify the description of the information provided to the Committee

by the CRO. Current Article 15.1 provides that the Committee will consider and review regular reports prepared by the Risk Management Department of LCH SA, which covers recent developments in at least the areas listed in current Articles 15.1.1 through 15.1.8, such as membership and operations. LCH proposes changing this Article's number to 16.2 and deleting the list of areas to be covered. Instead, a new Article 16.1 would state that the Risk Committee receives management information from the CRO of LCH SA on the assessment of all financial, model and operational resilience risks, and informs the Board in a timely manner of any new significant risk change affecting the resilience of the Company. New Article 16.1 also would state that this report will include any breaches or waivers granted. Proposed Article 16.2 would indicate that the management information will cover recent developments and material issues related to Financial, Model, and Operational Resilience Risks. This revised Article would still require the CRO report to the Committee on all risks, but would not list the specific areas covered, as currently found in Article 15.1.

Membership

LCH SA also would amend the Risk Committee ToR as it relates to members of the Committee. Current Article 1.1 provides that the Risk Committee must include representatives of clients as required by law or regulation from time to time. Article 1.1 further explains that no client representatives on the Committee may be employees of LCH Group. The Proposed Rule Change would revise this slightly, to provide that these client representatives may not be employees of any LCH Group company, meaning LCH Group Holdings Limited and its subsidiaries. This change is proposed to conform the Risk Committee ToR to LCH Group requirements.⁵³

Moreover, Article 1.1 also currently provides that the Risk Committee must include representatives of LCH SA's Clearing Members as required by law or regulation from time to time and who have significant experience in market, credit, or liquidity risk management. The Proposed Rule Change would add operational risk management to this list of subject matters in respect of which such Committee members should have significant expertise and experience. This would be consistent with the overall scope of responsibility of the Committee, as discussed above. This

⁴⁶ *Id.*

⁴⁷ *Id.* at 45720.

⁴⁸ *Id.*

⁴⁹ *Id.* at 45720 n.13.

⁵⁰ *Id.* at 45720.

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.* at 45719.

change is proposed to conform the Risk Committee ToR with LCH Group requirements.⁵⁴

LCH SA also proposes changes related to permitted conduct by External Committee Members of the Risk Committee. Current Article 1.5 defines External Committee Members as those members of the Risk Committee that are not independent directors of LCH SA, who attend meetings as risk experts and represent Clearing Members and clients. Currently, under Article 1.6 of the Risk Committee ToR, External Committee Members may consult with other individuals within their organization, prior to Risk Committee meetings, where expertise other than the specialty of the external member is required. LCH SA's proposed changes specify that External Committee Members' consultations with other individuals within their organization, under Article 1.6, are subject to restrictions set out in the confidentiality agreements signed by the External Committee Members.

Finally, the Proposed Rule Change would amend the list of individuals that can attend meetings of the Committee in a non-voting capacity. Currently, Article 1.2 lists individuals that may do so, including the Head of Financial Risk of LSEG, or their nominated delegate (under 1.2.6). LCH SA proposes revising current Article 1.2.6 to replace the Head of Financial Risk of LSEG, or their nominated delegate, with the Chief Risk Officer of LSEG, or their nominated delegate. LCH SA believes this proposed change would ensure that the Risk Committee has appropriate oversight of all risks, including those risks that affect its ultimate parent company, LSEG.⁵⁵

Similarly, under current Article 1.2.8, such other individuals within the Group, as considered appropriate by the Committee, may attend in a non-voting capacity. The Proposed Rule Change would replace the reference to "individuals within the Group" with LCH SA employees. LCH SA proposes this change because it believes LCH SA employees would ostensibly have the expertise and background necessary to participate in Risk Committee meetings.⁵⁶ Moreover, under the Proposed Rule Change, the Committee Chair rather than the entire Committee would determine whether it is appropriate for LCH SA employees to receive an invitation to a Risk Committee meeting, because such invitations would be limited to a

particular agenda item and in a non-voting capacity.⁵⁷

D. Deletion of Redundant Language

LCH SA proposes several changes that would delete redundant language, and make related updates as needed, in the ToR of the Audit, Operational Resilience, and Risk committees.

In the Audit Committee ToR, current Article 1.4 requires that the Committee keep itself informed of changes to laws and regulations applicable to the audit policy of LCH SA and matters for which the Audit Committee is responsible. The Proposed Rule Change would remove from Article 1.4 reference to the audit policy of LCH SA because the "matters for which the Audit Committee is responsible" includes the audit policy.⁵⁸ Similarly, LCH SA proposes replacing a reference to its audit policy in Article 1.5 with a reference to "matters listed above." As revised, Article 1.5 would provide that nothing in the Audit Committee ToR will diminish the responsibility of the Board to maintain ongoing review of the matters listed above. A specific reference to audit policy in Article 1.5 is unnecessary because current Article 1.3, which describes the responsibilities of the Audit Committee, is broad enough to include audit policy.⁵⁹ The Proposed Rule Change would also delete current Article 2.3.2 in its entirety. This article indicates that the LCH SA Audit Committee Chair may also be appointed as the Chair of the LCH Limited Audit Committee. Article 2.2.2 of the ToR of the Audit Committee for LCH Limited already notes that the same person can chair both committees.⁶⁰ Finally, LCH SA would remove current Article 3.3.4(e), which requires the Audit Committee to review the performance of LCH SA's Chief Compliance Officer. LCH SA is removing this provision because it covers responsibilities held by the Remuneration Committee.⁶¹

LCH SA also proposes a change in part to eliminate redundant language in the Operational Resilience Committee ToR. Current Article 4.2.10 of the Operational Resilience Committee ToR provides that the Operational Resilience Committee reviews and receives reports as appropriate, on operations and agreed metrics in conjunction with the Audit Committee. Since current Article 4.2.9 of the Operational Resilience Committee ToR already provides that the

Operational Resilience Committee receives reports, as appropriate, from the Audit Committee regarding the results of reviews and assessments of LCH SA's operations and technology functions, LCH SA views Article 4.2.10 as redundant.⁶² Therefore, LCH SA proposes to delete it. With the deletion of current Article 4.2.10, current Article 4.2.11 would become new Article 4.2.10 with some proposed revisions. Specifically, new Article 4.2.10 (former Article 4.2.11) would require the Operational Resilience Committee to review and receive reports in relation to ongoing technology outsourcing rather than on technology outsourcing.

Moreover, LCH SA's proposal would remove Article 7.3 of the Operational Resilience Committee ToR in its entirety. This provision notes that any disagreement within the Board, including disagreement between the Committee's members and the rest of the Board, should be resolved at the Board level. Further, it notes that where disagreements between the Committee and the Board cannot be resolved, the Committee has the right to report the issue to the shareholders through the Company's annual report. LCH SA proposes to remove this provision because it is applicable only to the Audit Committee ToR.⁶³

Finally, the Proposed Rule Change would make a similar change to the Risk Committee ToR to remove a redundant provision. Specifically, the Proposed Rule Change would delete Article 1.2.5 of the Risk Committee ToR in its entirety. This provision allows the Chief Executive Officer of LCH Group to be invited *ex officio* to attend Risk Committee meetings in a non-voting capacity. LCH SA proposes deleting Article 1.2.5 because the Chief Executive Officer of LCH SA is already listed as the appropriate *ex officio* non-voting party under Article 1.2.2 of the Risk Committee ToR.

E. Positions at LCH Group

The Proposed Rule Change also would make updates regarding changes to certain positions at LCH Group. As noted above, LCH Group is LCH SA's intermediate parent company.

The Proposed Rule Change would update the Nomination Committee, Board, and Risk Committee ToR to reflect the retirement of the LCH Group Chief Risk Officer position. Current Article 2.3 of the Nomination

⁵⁷ *Id.*

⁵⁸ *Id.* at 45719.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² *Id.* at 45718. LCH SA also proposes this change because it would help prevent the Operational Resilience Committee's responsibilities from overlapping with the Audit Committee's Responsibilities. *Id.*

⁶³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.* at 45719.

⁵⁶ *Id.*

Committee ToR provides that the LCH SA Board will comprise the Chief Executive Officers of LCH Group; LCH SA, as proposed by the Group CEO; and the Chief Risk Officer of LCH Group, as proposed by the Group CEO or such other LCH executive as may be proposed by the Group CEO. Current Article 2.3 defines these individuals as Executive Directors. Since the LCH Group Chief Risk Officer position has been retired, the Proposed Rule Change would remove this position from Article 2.3 of the Nomination Committee ToR.⁶⁴ Instead, the Chief Risk Officer of London Stock Exchange Group, rather than LCH Group, as proposed by the CEO of LCH Group, will be a member of the Board. The Proposed Rule Change also would add to Article 2.3 that an LSEG executive, as may be proposed by the LCH Group CEO, will also be a member of the Board. Finally, under revised Article 2.3, the term Executive Director would be defined as either the Chief Executive Officer of LCH SA or LCH Group.

Similarly, LCH SA proposes changes to Article 3 of the ToR of the Board to account for the retirement of the LCH Group Chief Risk Officer position. Currently, Article 3 provides that the Board includes, as a category of directors, Executive Directors which includes the LCH SA CEO, the LCH Group CEO, and an additional LCH executive, who may be but shall not be limited to the Chief Risk Officer of LCH Group. LCH SA proposes deleting reference to the LCH Group Chief Risk Officer from this provision and including only the LCH SA CEO and LCH Group CEO as Executive Directors. Additionally, LCH SA proposes including as a separate category of Director an additional LCH or LSEG executive, who may be but shall not be limited to the chief risk officer of LSEG, as proposed by the CEO of LCH Group. Like the changes to Article 2.3 of the Nomination Committee ToR, these revisions would replace the Chief Risk Officer of LCH Group with the Chief Risk Officer of LSEG.

Finally, LCH SA also proposes updating the Risk Committee ToR to reflect the retirement of the Group CRO. Specifically, the Proposed Rule Change would delete Article 1.2.4 from the Risk Committee ToR because it indicates that the Chief Risk Officer of LCH Group may be invited to attend Risk Committee meetings in a non-voting capacity.⁶⁵

Separately, current Article 10.7.4 of the Risk Committee ToR provides that if

any of the limits or restrictions detailed in LCH SA's Collateral Risk Policy and/or Investment Risk Policy are breached, that breach must be, among other things, reported to the Risk Committee, the Audit Committee, the Executive Risk Committee, and the CEOs of LCH SA and LCH Group. The Proposed Rule Change would delete the reference to the CEO of LCH Group. LCH SA is making this change because LCH Group's CEO does not usually consider breaches of those policies. Therefore, it is no longer necessary to report such breaches to LCH Group's CEO.⁶⁶

F. Miscellaneous Changes

The Proposed Rule Change also would make updates to defined terms across the various ToR and make other non-substantive changes, as described below.

With respect to the defined terms, the Proposed Rule Change would replace the term Chairman with Chair in the ToR of the Operational Resilience Committee, Audit Committee, and Risk Committee.⁶⁷ LCH SA also proposes changes that would specify that Group means LCH Group in Article 5.1 of the Operational Resilience Committee ToR and Article 2.5 of the Risk Committee ToR.⁶⁸ The Proposed Rule change also would replace the term Group with LCH in Articles 14.1 and 16.4 of the Risk Committee ToR in order to be consistent with LCH Group terminology.⁶⁹

In the ToR of the Board, LCH SA proposes removing the requirement that meeting minutes be translated to French before being presented to the Board because this is now unnecessary based on the composition of the Board.⁷⁰ The Proposed Rule Change would also edit Article 12(e) of the ToR of the Board to align it with LCH SA's internal procedures, which require that the Board approve LCH SA's Wind Down Plan.⁷¹ Under current Article 12(e), the Board approves LCH SA's Business Continuity Policy and Disaster Recovery Plan. LCH SA proposes that Article 12(e) require the Board to approve LCH SA's Business Continuity Policy, Disaster Recovery Plan, and Wind Down Plan.

Finally, the Proposed Rule Change would renumber various provisions because of the changes described above as well as make a number of non-substantive clarifying changes.

⁶⁶ *Id.*

⁶⁷ *Id.* at 45717.

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ *Id.* at 45721.

⁷¹ *Id.*

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 with the requirements of the Act and the rules and regulations thereunder applicable to the organization.⁷² 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."⁷³

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,⁷⁴ 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 Exchange Act and the applicable rules and regulations.⁷⁵ 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.⁷⁶

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange 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 Sections 17A(b)(3)(C)⁷⁷ and 17A(b)(3)(F) of the Act⁷⁸ and Rule 17Ad-22(e)(2)(v).⁷⁹

A. Consistency With Section 17A(b)(3)(C) of the Act

Under Section 17A(b)(3)(C) of the Act, LCH SA's rules must "assure fair representation of its shareholders (or members) and participants in the selections of its directors and administration of its affairs." The Commission has stated that "at a

⁷² 15 U.S.C. 78s(b)(2)(C).

⁷³ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ *Susquehanna Int'l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017) ("Susquehanna").

⁷⁷ 15 U.S.C. 78q-1(b)(3)(C).

⁷⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁷⁹ 17 CFR 240.17Ad-22(e)(2)(v).

⁶⁴ *Id.* at 45719 n.12.

⁶⁵ *Id.* at 45719.

minimum, fair representation requires that the entity responsible for nominating individuals for membership on the Board should be obligated by law or rule to make nominations with a view toward assuring fair representation of the interests of shareholders and a cross section of the community of participants.”⁸⁰ Based on its review of the record and for the reasons discussed below, the Commission believes that LCH SA’s changes are consistent with Section 17A(b)(3)(C).⁸¹

First, the proposed changes would not alter the number of directors that represent LCH SA’s participants, which are User Directors.⁸² The Commission approved the current version of the LCH SA Board ToR.⁸³ Under the ToR, User Directors are currently a category of Director on LCH SA’s Board. A User Director means 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 his employment or directorship. The Proposed Rule Change would not alter the inclusion of User Directors on the Board.

Second, the Proposed Rule Change would work to enhance LCH SA’s owners’ representation in the administration of LCH SA’s affairs. LCH SA has one shareholder, LCH Group,⁸⁴ and LCH SA’s ultimate parent company is LSEG. As the Commission previously found, LCH SA’s ToR ensure LSEG’s and LCH Group’s ability to participate in LCH SA’s affairs through provisions that would, for example, provide LSEG with a seat on the LCH SA Board or require LCH SA to seek LCH Group approval to take action.⁸⁵ The Proposed Rule Change would enhance LSEG’s representation in the administration of LCH SA’s affairs by, for example, replacing LCH Group’s Chief Risk Officer with LSEG’s Chief Risk Officer as a potential member of the Board in the ToR of the Board and the Nomination Committee. Representation of LSEG is important because LSEG is LCH SA’s ultimate shareholder. At the same time, despite shifts in LCH Group’s representation in some

respects—for example, the LCH Group CEO would no longer be invited to Risk Committee Meetings—its representation in the administration of LCH SA’s affairs would remain significant. For example, under LCH SA’s proposal, the CEO of LCH Group would still be an Executive Director of LCH SA.

For the foregoing reasons the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(C) of the Act.⁸⁶

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

Under Section 17A(b)(3)(F) of the Act, LCH SA’s rules, among other things, must be “designed to promote the prompt and accurate clearance and settlement of securities transactions . . . derivative agreements, contracts, and transactions . . . and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.”⁸⁷ Based on its review of the record, and for the reasons discussed below, the Commission believes that LCH SA’s changes are consistent with Section 17A(b)(3)(F) of the Act.⁸⁸

The Proposed Rule Change makes the ambit of the Technology, Security and Resilience Committee and the Risk Committee clearer. For example, under the proposal, the Technology, Security and Resilience Committee’s purpose would be changed to represent the interests of the Board in the sound management of operational resilience to ensure that technology security, cyber security and operational resilience strategies, investments and outcomes support the mission, values, and strategic goals of LCH SA. To reflect this change in scope, LCH SA proposes renaming the Committee the Operational Resilience Committee. LCH SA also proposes a new Article 3.2 of the Risk Committee ToR clarifying that the risks within the scope of the LCH SA Risk Committee are financial and model risks and operational resilience risks.

Further, the Proposed Rule Change would more clearly identify responsibilities and maintain consistency between those responsibilities and the scope of certain Committees. For example, LCH SA proposes adding Articles 4.2.13 through 4.2.15 to the ToR of the Operational Resilience Committee to require the Operational Resilience Committee to review certain matters and provide

advice to the Risk Committee. Relatedly, proposed changes to Article 11.3 of the ToR of the Risk Committee would require the Risk Committee to review and approve recommendations of the Operational Resilience Committee for certain matters. LCH SA’s proposal would also add a new Article 1.3 to the Operational Resilience Committee ToR requiring that the Operational Resilience Committee help with the review of a number of different policies. Further, LCH SA proposes deleting language from certain ToR to ensure its Committees do not encroach on one another’s responsibilities. To that end, along with other provisions, LCH SA proposes removing Article 11.2 of the Risk Committee ToR, which requires the Risk Committee to review and provide advice on any aspects of LCH SA’s operational risk management framework on request by the Audit Committee or the Board. LCH SA also proposes adding a new Article 3.3.4(a) to the Audit Committee ToR requiring the Audit Committee to approve the Compliance policies and be informed of any breaches. To make sure that the Risk Committee has appropriate oversight of all risks, LCH SA proposes replacing the Head of Financial Risk of LSEG, or their nominated delegate, with the Chief Risk Officer of LSEG, or their nominated delegate, in current Article 1.2.6 as an ex officio party to be invited to Risk Committee meetings in a non-voting capacity from time to time.⁸⁹

The proposed changes would also help clarify and simplify LCH SA’s ToR by deleting redundant text. For example, the proposal would remove redundant references to the Audit Policy from Articles 1.4 and 1.5 of the Audit Committee ToR. Likewise, the proposed deletion of Article 2.3.2 from the Audit Committee ToR would eliminate a duplicative provision that indicates that the LCH SA Audit Committee Chair may also be appointed as the Chair of the LCH Limited Audit Committee. A provision in the ToR of the Audit Committee for LCH Limited already notes the same person can be Chair of both committees.

LCH SA also proposes changes making the ToR clearer by improving their accuracy, renaming items, and identifying where to find information. For example, the Proposed Rule Change would make a number of changes related to the retirement of the LCH Group Chief Risk Officer position. Additionally, LCH SA proposes changing the name of reports identified in Article 1.3.5 of the Audit Committee ToR in line with additional details

⁸⁰ Securities Exchange Act Release No. 20221 (Sept. 23, 1983), 48 FR 45167, 45172 (Oct. 3, 1983).

⁸¹ 15 U.S.C. 78q-1(b)(3)(C).

⁸² Notice, 89 FR at 45722.

⁸³ Securities Exchange Act Release No. 89793 (Sept. 9, 2020), 85 FR 57266 (Sept. 15, 2020) (File No. SR-LCH SA-2020-003).

⁸⁴ LCH Group Holdings Limited Report and Consolidated Financial Statements for the year ended 31 December 2023, https://www.lch.com/system/files/media_root/lch-group-holdings-limited-financial-statements.pdf.

⁸⁵ Securities Exchange Act Release No. 89793, 85 FR at 57271.

⁸⁶ 15 U.S.C. 78q-1(b)(3)(C).

⁸⁷ 15 U.S.C. 78q-1(b)(3)(F).

⁸⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁸⁹ Notice, 89 FR at 45719.

contained in the reports. LCH SA also proposes noting that initial margin policies that the Risk Committee must review are located in the Financial Resource Adequacy Policy.

By making the ambit of the Committees clearer, more clearly identifying Committee responsibilities, and maintaining consistency between Committee responsibilities and Committee scopes, LCH SA reduces the potential for confusion by Committees or individuals as to whether they have a specific responsibility. By deleting redundant text, LCH SA lowers the chance that it could have contradictory text within its rules, which would also create confusion. By correcting inaccurate text, LCH SA makes it less likely that there is confusion as to what the ToR require. By renaming items to better match their contents and identifying where to find information LCH SA improves the chances that individuals can find accurate information when referring to their ToR and thereby reduces the likelihood there will be confusion. Reducing the potential for confusion could help ensure that Committees complete their responsibilities in timely manner. To the extent Committees, such as the Operational Resilience Committee or the Risk Committee, do not complete their responsibilities, they may fail to identify certain changes in risk and therefore fail to initiate processes that could minimize those risks. Ultimately, failure to minimize risks could result in LCH SA not having sufficient funds in place to recover from a Clearing Member default, which could in turn result in a disruption of clearing services. Thus, by making the ambit of the Committees and their responsibilities clearer, maintaining consistency between Committee responsibilities and Committee scopes, eliminating redundant text, improving the ToR accuracy, renaming items, and identifying where to find information, LCH SA promotes the prompt and accurate clearance and settlement of securities transactions and assures the safeguarding of securities and funds which are in the custody or control of it or for which it is responsible.

Multiple proposed changes would also ensure that qualified individuals participate in LCH SA decision making. For example, LCH SA proposes that Article 2.1.2 of the ToR of the Operational Resilience Committee be revised to require that members of the Operational Resilience Committee have the relevant expertise required for the Committee to function properly as well as recent and relevant experience of the operations of LCH Group. LCH SA also

proposes changes to its definition of User Risk Committee members in Article 1.1.3 of the Risk Committee ToR which would add operational risk management to the list of subject matters in respect of which such Committee members should have significant expertise and experience. Additionally, LCH SA's proposal would allow CEO of LCH SA to approve trade venues which present no novel risk features and require no amendment of risk controls subject to the Risk Committee being notified of such approvals. The Proposed Rule Change would also strengthen or maintain the ability of Committees to carry out their responsibilities by ensuring that the appropriate Committees and individuals receive notice of certain reviews. For example, new Article 6.4 to the Risk Committee ToR would require the Risk Committee to be notified of the outcome of the annual independent validation of the counterparty credit scoring model in accordance with the Model Governance, Validation and Review Policy. Likewise, new Article 8.4 of the Risk Committee ToR would specify that the Risk Committee must be notified of the outcome of the annual independent validation of all margin models in accordance with the Model Governance, Validation and Review Policy.

Additionally, the Proposed Rule Change would strengthen the ability of Committees to carry out their responsibilities because the proposed change would protect confidential information and thereby would afford the Risk Committee the ability to obtain information. In proposed Article 1.6 of the Risk Committee ToR, LCH SA would specify that external Risk Committee members' consultations with other individuals within their organization under Article 1.6 are subject to restrictions set out in confidentiality agreements signed by the external member. By protecting confidential information in this instance, the proposed rule change would enhance and improve the information and recommendations provided to the Risk Committee by its external members.

Ensuring that the individuals making decisions related to the administration of a clearing agency are qualified to make those decisions, receive relevant information from important notices, and receive quality information and informed recommendations from external stakeholders helps decrease the chance of those decisions being misinformed or wrong, which in turn helps decrease the chance that a misinformed or wrong decision increases the possibility of a Clearing Member default or interruption to the

clearing agency's functions. As such, by ensuring that qualified individuals participate in LCH SA decision making, that notices are received, and that external members are able to consult with other individuals in their organizations under certain circumstances, LCH SA promotes the prompt and accurate clearance and settlement of securities transactions and assures the safeguarding of securities and funds which are in the custody or control of it or for which it is responsible.

The Proposed Rule Change would also delete text from Article 10 of the ToR of the Board requiring meeting minutes to be translated to French. This requirement is now unnecessary due to the Board's composition. Board members would still approve the minutes, as required by the Board ToR, which will help ensure that they continue to carry out their responsibilities to ensure that the minutes accurately reflect meetings of the Board, which in turn will help LCH SA continue to ensure that LCH SA and its Board continue to comply with applicable rules and regulations and have accurate information to address potential defaults, trading disruptions, and other issues that could affect LCH SA's ability to support the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds which are in the custody or control of LCH SA or for which it is responsible.

For the foregoing reasons, the Commission finds that the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.⁹⁰

C. Consistency With Rule 17Ad-22(e)(2)(v) Under the Act

Rule 17Ad-22(e)(2)(v) requires covered clearing agencies to establish, implement, maintain, and enforce written policies and procedures reasonably designed to specify clear and direct lines of responsibility.⁹¹ Based on its review of the record, and for the reasons discussed below, the Commission believes that LCH SA's changes are consistent with Section 17Ad-22(e)(2)(v) of the Act.⁹²

Several of LCH SA's proposed changes specify clear and direct lines of responsibility. Proposed Article 1.3 of the Operational Resilience Committee ToR would require that the Operational Resilience Committee contribute to the review of certain Operational Resilience

⁹⁰ 15 U.S.C. 78q-1(b)(3)(F).

⁹¹ 17 CFR 240.17Ad-22(e)(2)(v).

⁹² 17 CFR 240.17Ad-22(e)(2)(v).

policies, including the Technology Risk Policy and the Information Security and Cyber Risk Policy. Proposed Article 9.7 of the Risk Committee ToR would require the Risk Committee to review default management fire drill exercise reports to assess LCH SA's default management process. Proposed Article 3.3.4(a) of the Audit Committee ToR would require the Audit Committee to approve the compliance policies and be informed of any breaches. Proposed Article 12(e) of the ToR of the Board would require the Board to approve LCH SA's Wind Down plans. Numerous additional examples can be found throughout LCH SA's proposal.

The Commission finds, therefore, that the Proposed Rule Change is consistent with the requirements of Rule 17Ad-22(e)(2)(v) under the Act.⁹³

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, Sections 17A(b)(3)(C)⁹⁴ and 17A(b)(3)(F) of the Act⁹⁵ and Rule 17Ad-22(e)(2)(v).⁹⁶

It is therefore ordered pursuant to Section 19(b)(2) of the Act that the Proposed Rule Change (SR-LCH SA-2024-003) be, and hereby is, approved.⁹⁷

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁹⁸

Vanessa A. Countryman,

Secretary.

[FR Doc. 2024-15194 Filed 7-10-24; 8:45 am]

BILLING CODE 8011-01-P

SMALL BUSINESS ADMINISTRATION

SBIC License Issuance

AGENCY: U.S. Small Business Administration.

ACTION: Notice of Small Business Investment Company (SBIC) licenses.

Pursuant to the authority granted to the United States Small Business Administration under section 301(c) of the Small Business Investment Act of 1958, as amended, to grant Small Business Investment Company licenses under the Small Business Investment Company Program, this notice satisfies the requirement effective August 17, 2023 under 13 CFR 107.501(a) to publish in the **Federal Register** the names of SBICs with date of licensure and Total Intended Leverage Commitments. The following SBICs received SBIC licenses from January 1, 2024, through June 30, 2024:

SBIC fund name	Date of licensure	Leverage tiers ¹
Brookside Capital Fund V SBIC, L.P	1/3/2024	2.0x
Skyline Investors I, L.P	3/21/2024	1.5x
Providence Investment Partners I, L.P	4/3/2024	2.0x
Midwest Mezzanine Fund VII SBIC, L.P	4/5/2024	2.0x
Salem Investment Partners VI, Limited Partnership	4/12/2024	2.0x
Sound Growth Partners Fund I, L.P	5/6/2024	2.0x
Mizzen Capital III, L.P	5/29/2024	2.0x
Source Capital Credit Opportunities V, L.P	6/5/2024	1.5x
Renovus Capital Partners IV SBIC, L.P	6/14/2024	2.0x

¹ Maximum amount of Leverage expressed as a multiple of Leverageable Capital pursuant to 13 CFR 107.1150. For all SBIC Licensees that submitted a Management Assessment Questionnaire after August 17, 2023, the Notice of SBIC Licenses will include the Total Intended Leverage Commitment at the time of Licensure.

Bailey DeVries,

Associate Administrator, Office of Investment and Innovation, U.S. Small Business Administration.

[FR Doc. 2024-15224 Filed 7-10-24; 8:45 am]

BILLING CODE 8026-09-P

DEPARTMENT OF STATE

[Public Notice:12453]

Notice of Determinations; Culturally Significant Objects Being Imported for Exhibition—Determinations: “Siena: The Rise of Painting, 1300–1350” Exhibition

SUMMARY: Notice is hereby given of the following determinations: I hereby determine that certain objects being imported from abroad pursuant to agreements with their foreign owners or custodians for temporary display in the

exhibition “Siena: The Rise of Painting, 1300–1350” at The Metropolitan Museum of Art, New York, New York, and at possible additional exhibitions or venues yet to be determined, are of cultural significance, and, further, that their temporary exhibition or display within the United States as aforementioned is in the national interest. I have ordered that Public Notice of these determinations be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT:

Reed Liriano, Program Coordinator, Office of the Legal Adviser, U.S. Department of State (telephone: 202-632-6471; email: *section2459@state.gov*). The mailing address is U.S. Department of State, L/PD, 2200 C Street NW (SA-5), Suite 5H03, Washington, DC 20522-0505.

SUPPLEMENTARY INFORMATION: The foregoing determinations were made

pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, Delegation of Authority No. 236-3 of August 28, 2000, and Delegation of Authority No. 523 of December 22, 2021.

Nicole L. Elkon,

Deputy Assistant Secretary for Professional and Cultural Exchanges, Bureau of Educational and Cultural Affairs, Department of State.

[FR Doc. 2024-15253 Filed 7-10-24; 8:45 am]

BILLING CODE 4710-05-P

⁹³ 17 CFR 240.17Ad-22(e)(2)(v).

⁹⁴ 15 U.S.C. 78q-1(b)(3)(C).

⁹⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁹⁶ 17 CFR 240.17Ad-22(e)(2)(v).

⁹⁷ In approving the Proposed Rule Change, the Commission considered the proposal's impacts on

efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹⁸ 17 CFR 200.30-3(a)(12).