

the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

**DATES:** *Date of required notice:*  
December 10, 2019.

**FOR FURTHER INFORMATION CONTACT:**  
Sean 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 December 4, 2019, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Contract 569 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2020-46, CP2020-44.

**Sean Robinson,**  
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## POSTAL SERVICE

### Product Change—Priority Mail 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.

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Sean Robinson, 202-268-8405.

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**Sean Robinson,**  
*Attorney, Corporate and Postal Business Law.*  
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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87655; File No. SR-LCH SA-2019-007]

### Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to Amendments to LCH SA's Liquidity Risk Modelling Framework

December 4, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 3, 2019, 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") described in Items I, II, and III below, which Items have been primarily prepared by LCH SA. 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 its Liquidity Risk Modelling Framework (the "Framework"), which describes the Liquidity Stress Testing framework by which the Collateral and Liquidity Risk Management department ("CaLRM") of LCH Group Holdings Limited ("LCH Group") assures that LCH SA has enough cash available to meet any financial obligations, both expected and unexpected, that may arise over the liquidation period for each of the clearing services that LCH SA offers.<sup>3</sup> The Commission first approved the Framework by Order dated July 18, 2018.<sup>4</sup>

#### 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

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> LCH SA, a subsidiary of LCH Group, 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 CDS/Clear 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).

<sup>4</sup> Securities Exchange Act Release No. 34-83691 (July 24, 2018), 83 FR 36635 (July 30, 2018); File No. SR-LCH SA-2018-003) (the "Release").

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

##### 1. Purpose

The Framework is one of several well-developed policies and procedures that LCH SA maintains to manage its liquidity risk, *i.e.*, the risk that LCH SA will not have enough cash available, in extreme but plausible circumstances, to settle margin payments or delivery obligations when they become due, in particular upon the default of a clearing member. Such policies and procedures include, among others: (i) The Group Liquidity Risk Policy; (ii) the Group Liquidity Plan; (iii) the Group Financial Resource Adequacy Plan; (iv) the Group Collateral Risk Policy; (v) the Group Investment Risk Policy; and (vi) the LCH SA Collateral Control Framework. The Framework complements these policies and procedures and develops further the Group Liquidity Risk Policy.

In brief, the Framework: (i) Identifies LCH SA's sources of liquidity and corresponding liquidity risks; (ii) identifies LCH SA's liquidity requirements with respect to its members and its interoperable central counterparty ("CCP");<sup>5</sup> (iii) describes the metrics and limits that LCH SA monitors; and (iv) describes the scenarios under which these metrics are computed.<sup>6</sup>

##### (i) Physically-Settled Options

LCH SA is proposing to amend the Framework in order to address more accurately its liquidity requirements in the event of the assignment and exercise of physically-settled options involving a defaulting clearing member during the liquidation period of such clearing member. Specifically, the amended Framework will address LCH SA's liquidity requirements in the event options that are in the money are

<sup>5</sup> LCH SA has an interoperability agreement with Cassa di Compensazione e Garanzia ("CC&G"), an Italian CCP, pursuant to which LCH SA's clearing members and CC&G's clearing members are able to benefit from common clearing services without having to join the other CCP. Each CCP is a clearing member of the other one with a particular status when accessing the clearing system of the other counterparty.

<sup>6</sup> The Release describes the operation of the Framework in greater detail.