

## SUBMISSION COVER SHEET

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): \_\_\_\_\_

Organization: ICE Clear Europe Limited

Filing as a:  DCM  SEF  DCO  SDR Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/06/2015 Filing Description:

ICE Clear Europe submits for self-certification certain amendments to its CDS Procedures intended to incorporate contract terms for the CDX North America index CDS contracts to be cleared by ICE Clear Europe.

**SPECIFY FILING TYPE** Please note only ONE choice allowed per Submission.

### Organization Rules and Rule Amendments

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: Paragraphs 1, 4, 6, 9, 10 and 11 of the ICE Clear Europe CDS Procedures.

### New Product

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

Official Product Name: \_\_\_\_\_

### Product Terms and Conditions (product related Rules and Rule Amendments)

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(b)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change"                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

Official Name(s) of Product(s) Affected: \_\_\_\_\_

Rule Numbers: \_\_\_\_\_



March 6, 2015

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Re: ICE Clear Europe Self-Certification Pursuant to Commission Rule 40.6;  
Amendments to CDS Procedures for CDX North America Index CDS

Dear Mr. Kirkpatrick:

ICE Clear Europe Limited ("ICE Clear Europe"), a registered derivatives clearing organization under the Commodity Exchange Act, as amended (the "Act"), hereby submits to the Commodity Futures Trading Commission (the "Commission"), pursuant to Commission Rule 40.6 for self-certification, the amendments to its CDS Procedures discussed herein. The amendments are to become effective on the business day following the tenth business day after submission, or such later date as ICE Clear Europe may determine.

*Concise Explanation and Analysis*

The purpose of the rule amendment is to amend the ICE Clear Europe CDS Procedures (the "CDS Procedures") to incorporate contract terms for the CDX North America index CDS contracts (the "CDX.NA Contracts") to be cleared by ICE Clear Europe.<sup>1</sup> Specifically, the rule amendments (i) revise the CDS Procedures to add a new section containing contract terms applicable to the CDX.NA Contracts that ICE Clear Europe proposes to accept for clearing; (ii) make conforming changes throughout the CDS Procedures to reference the CDX.NA Contracts; and (iii) make certain other clarifications, corrections and updates to the CDS Procedures (including for iTraxx Contracts and Single Name Contracts currently cleared by ICE Clear Europe), as discussed in more detail herein. ICE Clear Europe also proposes to make certain modifications to its CDS Risk Model Description and CDS End-of-Day Price

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<sup>1</sup> ICE Clear Europe will separately make a submission under Commission Rule 39.5 with respect to the CDX.NA Contracts.

Discovery Policy (the "CDS Pricing Policy") to accommodate clearing of CDX.NA Contracts, as described herein. The amendments modify Paragraphs 1, 4, 6, 9, 10 and 11 of the CDS Procedures.

In paragraph 1 of the CDS Procedures, certain new definitions have been added in connection with the CDX.NA Contracts and certain conforming changes and corrections have been made to the definitions. Various clarifications have also been made in Paragraph 9 of the CDS Procedures, which sets out the contract terms for iTraxx Contracts, including with respect to initial payments and spun-out trades following restructuring credit events.

New paragraph 10 of the CDS Procedures has been added to set out the contract terms for CDX.NA Contracts. Paragraph 10.1 provides that different sub-provisions of paragraph 10 will apply to CDX.NA Contracts depending on whether the Original Annex Date for the relevant index series falls before or after the Protocol Effective Date.

New paragraph 10.2 applies to CDX.NA Contracts with an Original Annex Date on or after the Protocol Effective Date (i.e., for transactions in the September 2014 or later versions of the index). New definitions have been added to subparagraph (a), which largely track the analogous definitions in paragraph 9 with respect to iTraxx Europe Contracts. Paragraph 10.2(b) incorporates defined terms from the Relevant CDX.NA Terms Supplement and also contains an inconsistency provision which provides that paragraph 10.2 governs over the CDX.NA 2014 CDS Supplement and CDX.NA 2014 Confirmation. Paragraph 10.2(c) contains certain amendments to the Standard CDX.NA 2014 CDS Supplement and CDX.NA 2014 Confirmation, which are generally consistent with the amendments to the iTraxx 2014 Terms Supplement and iTraxx 2014 Confirmation in paragraph 9.2(c) and are designed to accommodate the requirements of clearing and make the standard contract terms consistent with the Rules and Procedures. Paragraph 10.2(c)(i)(G) clarifies that as with iTraxx Contracts, de minimis cash settlement under the standard supplement does not apply. Paragraph 10.2(c) also indicates the transaction terms that must be specified in the submission of a trade for clearing.

New paragraph 10.3 applies to CDX.NA Contracts with an Original Annex Date before the Protocol Effective Date (i.e., for transactions in older versions of the index). Paragraph 10.3 contains definitions and provisions generally similar to those in paragraph 10.2, and makes comparable amendments to the Standard CDX.NA Legacy CDS Supplement and the CDX.NA Legacy Confirmation.

New paragraph 10.4 contains procedures for updating the CDX.NA index version following a Credit Event or Succession Event. These provisions are generally consistent with the comparable provisions for iTraxx contracts in paragraph 9.8. New paragraph 10.4(b) adds a similar procedure for implementing a new version of the CDX.NA standard terms supplement, if and when published, where contracts referencing the old and new versions of the supplement are determined by the Clearing House to be fungible.

Existing paragraph 10, which contains contract terms for Single Name Contracts, has been renumbered as paragraph 11 and cross references have been updated accordingly.

In general, the Clearing House's existing margin and risk methodology applicable to index CDS will also apply to the CDX.NA Contracts. However, ICE Clear Europe proposes to make certain amendments to its CDS Risk Model Description and CDS Pricing Policy to address CDX.NA Contracts.

In the CDS Risk Model Description, the index decomposition offset methodology, which is used to determine portfolio margin benefits from correlated long and short positions, is proposed to be modified to address multi-region risk factors. Under the revised methodology, portfolio margin benefits are provided first for risk factors within the same region. After the same-region risk analysis is completed, any cross-region benefits for index risk factors are determined. Cross-region benefits apply only to index risk factors. The revised description thus addresses scenarios in which margin offsets may be provided between appropriately correlated positions in iTraxx Contracts and positions in CDX.NA Contracts. The revisions also provide that where risk factor profits and losses are calculated in different currencies, they will be converted into the same base currency (Euro) for purposes of calculation of portfolio margin benefits.

ICE Clear Europe also proposes to amend its CDS Pricing Policy to cover the CDX.NA Contracts. The amendments include submission requirements with respect to CDX.NA Contracts and changes to reflect that certain determinations with respect to firm trades for CDX.NA Contracts are made as of the North American end-of-day.

#### *Compliance with the Act and Commission Regulations*

The amendments to the CDS Procedures are potentially relevant to the following core principles: (C) Participant and Product Eligibility, (D) Risk Management, (E) Settlement Procedures and (G) Default Rules and Procedures, and the applicable regulations of the Commission thereunder.

- *Participant and Product Eligibility.* ICE Clear Europe has established appropriate standards for determining the eligibility of contracts submitted to the clearinghouse for clearing, consistent with the requirements of Core Principle C. ICE Clear Europe believes that its existing systems are appropriately scalable to handle the CDX.NA Contracts, which are generally similar to the iTraxx Contract currently cleared by ICE Clear Europe, with similar terms and conditions. The CDX.NA Contracts will be cleared in the same manner as the iTraxx Contracts, consistent with ICE Clear Europe's existing clearing arrangements and related financial safeguards and protections.
- *Risk Management.* ICE Clear Europe believes that it will be able to manage the risks associated with clearing of the CDX.NA Contracts, consistent with the requirements of Core Principle D. The CDX.NA Contracts present a similar risk profile to other index CDS contracts currently cleared by ICE Clear Europe, and ICE Clear Europe believes that its existing risk management and margin framework is sufficient for purposes of risk management of the CDX.NA Contracts. Specifically, ICE Clear Europe will apply its existing margin methodology for index CDS contracts to the CDX.NA Contracts, with the modifications described herein to the CDS Risk Model Description.

- *Settlement Procedures.* In connection with the CDX.NA Contracts, ICE Clear Europe will use its existing settlement procedures (including for physical settlements), account structures and approved financial institutions as used for other index CDS. Although CDX.NA Contracts will be denominated in U.S. dollars, ICE Clear Europe's existing settlement systems are sufficient to handle such settlements in such currency.
- *Default Rules and Procedures.* ICE Clear Europe's existing Rules and default management policies and procedures will apply to the CDX.NA Contracts. In ICE Clear Europe's view, these Rules, policies and procedures allow it to take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of a Clearing Member default, including in respect of CDX.NA Contracts.

ICE Clear Europe hereby certifies that the changes comply with the Act and the Commission's regulations thereunder.

ICE Clear Europe has received no substantive opposing views in relation to the proposed rule amendments.

ICE Clear Europe has posted a notice of pending certification and a copy of this submission on its website concurrent with the filing of this submission. If you or your staff should have any questions or comments or require further information regarding this submission, please do not hesitate to contact the undersigned at [patrick.davis@theice.com](mailto:patrick.davis@theice.com) or +44 20 7065 7738, Dee Blake, Director of Regulation, at [dee.blake@theice.com](mailto:dee.blake@theice.com) or +44 20 7065 7752 or Paul Swann, President & Managing Director, at [paul.swann@theice.com](mailto:paul.swann@theice.com) or +44 20 7065 7700.

Very truly yours,



Patrick Davis  
Head of Legal and Company Secretary

(VIII) CDS PROCEDURES

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1. **ADDITIONAL DEFINITIONS**

- 1.1 In connection with a 2003-type CDS Contract, the terms "2005 Matrix Supplement", "Auction", "Auction Cancellation Date", "Auction Final Price Determination Date", "Auction Settlement Date", "Bankruptcy", "Calculation Agent", "Confirmation", "Credit Derivatives Determinations Committees", "Credit Derivative Transaction", "Credit Event", "Credit Event Backstop Date", "Credit Event Notice", "Credit Event Resolution Request Date", "Dealer", "Deliverable Obligation", "Delivery", "Delivery Date", "Exercise Cut-Off Date", "Failure to Pay", "Fallback Settlement Method", "Final List", "Final Price", "Fixed Rate", "Fixed Rate Payer", "Floating Rate Payer", "Floating Rate Payer Calculation Amount", "Highest", "Initial Payment Payer", "Loan", "Movement Option Cut-off Date", "No Auction Announcement Date", "NOPS Amendment Notice", "Notice of Physical Settlement", "Notice to Exercise Movement Option", "Obligation", "Physical Settlement Amount", "Quotation", "Reference Entity", "Reference Obligation", "Restructuring", "Scheduled Termination Date", "Substitute Reference Obligation", "Succession Event", "Succession Event Backstop Date", "Succession Event Resolution Request Date", "Successor", "Trade Date", "Transaction Auction Settlement Terms", "Transaction Type", "Valuation Date" and "Weighted Average Quotation" each have the meanings given to those terms in the 2003 Credit Derivatives Definitions and the terms "Relevant City Business Day", "Resolve", "Resolved" and "Resolves", each have the meanings given to or used for those terms in the DC Rules.
- 1.2 In connection with a 2014-type CDS Contract, the terms "Auction", "Auction Cancellation Date", "Auction Final Price Determination Date", "Auction Settlement Date", "Bankruptcy", "Calculation Agent", "Confirmation", "Credit Derivatives Determinations Committee", "Credit Derivative Transaction", "Credit Event", "Credit Event Backstop Date", "Credit Event Notice", "Credit Event Resolution Request Date", "Dealer", "Deliverable Obligation", "Delivery", "Delivery Date", "Exercise Cut-Off Date", "Failure to Pay", "Fallback Settlement Method", "Final List", "Final Price", "Fixed Rate", "Fixed Rate Payer", "Floating Rate Payer", "Floating Rate Payer Calculation Amount", "Governmental Intervention", "Highest", "Initial Payment Payer", "Loan", "Movement Option Cut-off Date", "M(M)R Restructuring", "No Auction Announcement Date", "NOPS Amendment Notice", "NOPS Cut-off Date", "Notice of Physical Settlement", "Notice to Exercise Movement Option", "Obligation", "Physical Settlement Amount", "Quotation", "Reference Entity", "Reference Obligation", "Relevant City Business Day", "Resolve", "Resolved", "Resolves", "Restructuring", "Scheduled Termination Date", "Substitute Reference Obligation", "Successor", "Succession Date", "Trade Date", "Transaction Auction Settlement Terms", "Transaction Type", "Valuation Date" and "Weighted Average Quotation" each have the meanings given to those terms in the 2014 Credit Derivatives Definitions.
- 1.3 The term "2014 CDD Implementation Date" means 22 September 2014.
- 1.4 The term "2014 CDD Protocol" means the 2014 ISDA Credit Derivatives Definitions Protocol published by the International Swaps and Derivatives Association, Inc., as amended and/or supplemented as at 22 September 2014.
- 1.5 The term "Acceptance Notice" has the meaning set out in paragraph 4.4(a).
- 1.6 The term "Acceptance Time" means the time specified pursuant to these CDS Procedures for the acceptance of CDS Contracts, as referred to in Rules 401(a)(ix) and (xi), being:
- (a) except as set out in (b) below, the time on a Business Day at which the Acceptance Notice was given, which time will be recorded in the Acceptance Notice;
  - (b) for CDS Contracts arising pursuant to Rule 401(a)(x), the time specified by the Clearing House in the relevant notice to the affected Clearing Members.
- 1.7 The term "Affected CDS Clearing Member" has the meaning set out in paragraph ~~4.5~~ 11.5.

- 1.8 The term "**Affected Customer**" has the meaning defined in paragraph ~~40.5.11.5~~.
- 1.9 The term "**Affected SR Contract**" has the meaning defined in paragraph ~~40.5.11.5~~.
- 1.10 The term "**Annex Date**" has the meaning set out in paragraph 9.6.
- 1.11 The term "**Automatic Early Termination Provisions**" has the meaning specified in paragraph 8.2(b)(ii).
- 1.12 The term "**CDS Committee-Eligible Clearing Member**" means a Clearing Member that has been approved by the Clearing House, following consultation with the CDS Risk Committee, for participation in the CDS Default Committee. The Clearing House may revoke (or reinstate) its approval of any Clearing Member as a CDS Committee-Eligible Clearing Member from time to time based on its determination as to whether a particular Clearing Member has been in compliance with the Rules.
- 1.13 The term "**CDS Default Committee**" means a committee established pursuant to paragraph 5.1.
- 1.14 The term "**CDS Default Committee Member**" has the meaning set out in paragraph 5.1.
- 1.15 The term "**CDS Default Committee Participant**" has the meaning set out in paragraph 5.1.
- 1.16 The term "**CDS Default Committee Participant List**" has the meaning set out in paragraph 5.2.
- 1.17 The term "**CDS Risk Committee**" means the committee of that name established by the board of the Clearing House.
- 1.18 The term "**CDX.NA Contract**" has the meaning set out in paragraph 10.
- 1.19 ~~4.18~~ The term "**CEN Triggering Period**" means, in relation to any CDS Contracts of a Set in respect of which a Relevant Restructuring Credit Event has occurred, the period during which a CDS Buyer or CDS Seller may deliver a Restructuring Credit Event Notice in relation to all or part of such CDS Contract in accordance with the Contract Terms. Such period will start on the earliest of:
- (a) the date and time at which the RMP Matched Table is uploaded to Deriv/SERV (as referred to in paragraph 6.3(e)(vi); and
  - (b) the day after the RMP Deadline Time,
- and will end on the relevant Exercise Cut-off Date.
- 1.20 ~~4.19~~ The term "**CH Reversioning Date**" means, if the reversioning as referred to in the definition of the term "**DTCC Reversioning Date**" has not been completed and notified by the Clearing House to Matched CDS Buyers and Matched CDS Sellers, prior to the opening of business on the second Business Day following the DC Restructuring Announcement Date, the later of:
- (a) such second Business Day; or
  - (b) the Business Day after the Business Day on which the relevant index publisher provides a new version of the relevant index.
- 1.21 ~~4.20~~ The term "**Change in Tax Law**" means (other than for the purpose of paragraph 8.2(a)(ii)(C)) the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant CDS Contract.

- 1.22 ~~1.21~~ The term "**Consent**" in paragraph 8.2 means any consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.
- 1.23 ~~1.22~~ The term "**Contractual Currency**" has the meaning set out in paragraph 8.2.
- 1.24 ~~1.23~~ The term "**Daily Aggregate MTM Interest Amount**" means, for any CDS Clearing Member or Sponsored Principal for each currency on any day, the sum of the Mark-to-Market Interest on all Mark-to-Market Margin Balances in such currency for that day in respect of that CDS Clearing Member or Sponsored Principal. The Daily Aggregate MTM Interest Amount will be determined separately in respect of each Account. Where the Daily Aggregate MTM Interest Amount is positive, it will be owed by the Clearing House to the relevant CDS Clearing Member or Sponsored Principal; where it is negative, the relevant CDS Clearing Member or Sponsored Principal will owe the absolute value of the Daily Aggregate MTM Interest Amount to the Clearing House.
- 1.25 ~~1.24~~ The term "**DC Restructuring Announcement Date**" means the date on which the DC Credit Event Announcement of a Relevant Restructuring Credit Event is made, provided that where such DC Credit Event Announcement is made after 6.30 p.m. on a Business Day or on a day which is not a Business Day, the DC Restructuring Announcement Date (only) will, for the purposes of the Rules, be the first following Business Day.
- 1.26 ~~1.25~~ The term "**DC Rules**" means, in relation to a 2003-type CDS Contract, the Credit Derivatives Determinations Committees Rules, as defined as the "Rules" in Section 1.22 of the 2003 Credit Derivatives Definitions. For the avoidance of doubt, the term "Rules" as defined in the Rules shall not replace, or otherwise affect the interpretation of, the term "Rules" in the 2003 Credit Derivatives Definitions.
- 1.27 ~~1.26~~ The term "**DTCC**" means The Depository Trust and Clearing Corporation or any successor thereto.
- 1.28 ~~1.27~~ The term "**DTCC Accounts**" means the accounts in Deriv/SERV for the recording of transaction data in relation to CDS Contracts.
- 1.29 ~~1.28~~ The term "**DTCC Failure**" means any circumstances in which DTCC is unable to process all or substantially all Restructuring Credit Event Notices or Notices to Exercise Movement Option, if any, relating to a particular Relevant Restructuring Credit Event in the DTCC Accounts in a timely manner, where such failure affects all or substantially:
- (i) all Matched CDS Buyers and Matched CDS Sellers; or
  - (ii) the Clearing House.
- 1.30 ~~1.29~~ The term "**DTCC Process**" means the process (if any) provided or to be provided by DTCC permitting the Clearing House alone to input to Deriv/SERV all relevant information in relation to a CDS Contract and any related Customer-CM CDS Transaction in order to establish, match and make "certain" the record of such CDS Contract and Customer-CM CDS Transaction in the relevant DTCC Account(s).
- 1.31 ~~1.30~~ The term "**DTCC Reversioning Date**" means the date on which the Clearing House notifies Matched CDS Buyers and Matched CDS Sellers that it has completed the reversioning process and updated records in Deriv/SERV in respect of all Old Index CDS transactions to record them as excluding the ~~component transaction~~ Component Transaction relating to a Reference Entity in respect of which a Relevant Restructuring Credit Event has occurred.
- 1.32 ~~1.31~~ The term "**Electronic Notice**" is a kind of MP Notice and means a Restructuring Credit Event Notice or Notice to Exercise Movement Option delivered pursuant to the Electronic Notice Process.

- 1.33 ~~1.32~~-The term "**Electronic Notice Process**" means the process for the delivery and receipt of Restructuring Credit Event Notices and Notices to Exercise Movement Option pursuant to paragraphs 6.3(f)(i) and 6.3(f)(ii).
- 1.34 ~~1.33~~-The term "**Excess Net Capital**" (i) in respect of a CDS Clearing Member or applicant that is or would become an FCM/BD Clearing Member shall equal its "excess net capital" as reported on its Form 1-FR-FCM or FOCUS report or as otherwise reported to the CFTC under CFTC Rule 1.12 or (ii) in respect of any other CDS Clearing Member or applicant that is or would become a US CDS Clearing Member, the amount, if any, by which its Capital (determined as set forth in paragraph 2.2(a)) exceeds the capital requirement that would be applicable to it if it were an FCM/BD, as determined pursuant to a methodology acceptable to the Clearing House.
- 1.35 ~~The term "iTraxx Contract" has the meaning set out in paragraph 9.~~
- 1.36 ~~1.34~~-The term "**Manual MP Notice**" is a kind of MP Notice and means any notice delivered pursuant to the terms of a CDS Contract under the Manual Notice Process.
- 1.37 ~~1.35~~-The term "**Manual Notifier**" has the meaning set out in paragraph 6.3(f)(v)(A).
- 1.38 ~~1.36~~-The term "**Manual Notice Process**" means the process for the delivery, receipt and copying to the Clearing House of notices pursuant to paragraph 6.3(g).
- 1.39 ~~1.37~~-The term "**Mark-to-Market Interest**" means interest calculated daily in accordance with the market convention for the relevant currency by applying the applicable overnight rate referred to in paragraph 3.1 to the Mark-to-Market Margin Balance for the relevant period.
- 1.40 ~~1.38~~-The term "**Mark-to-Market Margin Balance**", in respect of CDS Contract(s) and an Account on any day, means the sum of all Mark-to-Market Margin delivered up to but excluding that day by the relevant CDS Clearing Member or Sponsored Principal in respect of such CDS Contract(s) to the Clearing House less all Mark-to-Market Margin delivered up to but excluding that day by the Clearing House in respect of such CDS Contract(s) to such CDS Clearing Member or Sponsored Principal, as determined at the close of business on such day.
- 1.41 ~~1.39~~-The term "**MCA/STS Changeover Time**" means midnight on 29 November 2010.
- 1.42 ~~1.40~~-The term "**NEMO Triggering Period**" means:
- (a) in relation to any 2003-type CDS Contracts of a Set in respect of which a Restructuring Credit Event has occurred and for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, the period starting as follows:
- (i) where, in relation to the related CEN Triggering Period, a Restructuring Credit Event Notice was given pursuant to the Manual Notice Process at a time before the "Notify" function to be provided by Deriv/SERV has been made generally available to CDS Clearing Members, at 9 a.m. on the day falling one Business Day prior to the relevant Movement Option Cut-off Date for the Set of CDS Contracts; and
- (ii) otherwise at 9 a.m. on the Business Day immediately following the Exercise Cut-off Date applicable to the Buyer in relation to the related CEN Triggering Period,
- and ending on the Movement Option Cut-off Date; and
- (b) in relation to any 2014-type CDS Contracts of a Set in respect of which an M(M)R Restructuring has occurred, the period starting at the close of business on the Exercise Cut-off Date and ending on the Movement Option Cut-off Date.

1.43 ~~1.41~~ The term "**New Trade**", ~~in respect of a CDS Contract~~, has the meaning set out in ~~paragraph 9.5(e)(i)(L)~~ the applicable Contract Terms.

1.44 ~~1.42~~ The term "**Notification Cut-Off Time**" means

(a)

- (i) with respect to delivery of a Restructuring Credit Event Notice in relation to a CDS Contract of a Set, 5:00 p.m. on the Exercise Cut-off Date applicable to the Buyer;
- (ii) with respect to raising a dispute in respect of a Restructuring Credit Event Notice in relation to a CDS Contract of a Set, the later of:
  - (A) one hour after the Clearing House notifies the Matched CDS Buyers and Matched CDS Sellers of the Restructuring Credit Event Notices they have served or had served on them; or
  - (B) 7:00 p.m. on the Exercise Cut-off Date applicable to the Matched CDS Buyer;

(b)

- (i) with respect to delivery of a Notice to Exercise Movement Option, 5:00 p.m. on the Movement Option Cut-off Date;
- (ii) with respect to raising a dispute in respect of a Notice to Exercise Movement Option, the later of:
  - (A) one hour after the Clearing House notifies the Matched CDS Buyers and Matched CDS Sellers of the Notices to Exercise Movement Option they have served or had served on them; or
  - (B) 7:00 p.m. on the Movement Option Cut-off Date; and

(c) with respect to delivery of a Notice of Physical Settlement or a NOPS Amendment Notice in relation to a Set of CDS Contracts, 4:30 p.m. on the second Business Day after:

- (i) in relation to a 2003-type CDS Contract, the last date on which a Notice of Physical Settlement or a NOPS Amendment Notice, as applicable, may be served in respect of the Credit Event in question, pursuant to Section 3.2(c) of the 2003 Credit Derivatives Definitions; and
- (ii) in relation to a 2014-type CDS Contract, the NOPS Cut-off Date.

1.45 ~~1.43~~ The term "**Office**" means a branch or office of a party, which may be such party's head or home office.

1.46 ~~1.44~~ The term "**Old Index CDS**" means a CDS transaction based on an index where an Applicable Credit Event has occurred in relation to a ~~component transaction~~ Component Transaction.

1.47 The term "**Original Annex Date**" means:

- (a) ~~1.45~~ The term "**Original Annex Date**" means, in respect of an iTraxx Contract, the first date of publication of the series of the Eligible iTraxx Index referred to in the relevant CDS Trade Particulars submitted for Clearing or, with respect to each iTraxx Contract arising pursuant to Rule 401(a)(vi) or (xi), determined from the data provided by the Clearing House to the

Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose; and

(b) in respect of a CDX.NA Contract, the first date of publication of the series of the Eligible CDX.NA Index referred to in the relevant CDS Trade Particulars submitted for Clearing or, with respect to each CDX.NA Contract arising pursuant to Rule 401(a)(vi) or (xi), determined from the data provided by the Clearing House to the Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose.

- 1.48 ~~1.46~~-The term "**Original Notional Amount**", in relation to any CDS Contract, has the meaning given to that term in the Contract Terms.
- 1.49 ~~1.47~~-The term "**Party**", in paragraph 8.2, means a party to a CDS Contract.
- 1.50 ~~1.48~~-The term "**Permitted Deliverable Obligation**" means, in respect of a 2003-type CDS Contract, a Deliverable Obligation that satisfies Section 2.32(a) or 2.33(a) of the 2003 Credit Derivatives Definitions, if applicable and, in respect of a 2014-type CDS Contract, a Deliverable Obligation that satisfies Section 3.31(a) or 3.32(a) of the 2014 Credit Derivatives Definitions, if applicable.
- 1.51 ~~1.49~~-The term "**Protocol Effective Date**" means the first "Amendment Effective Date", as such term is defined in the 2014 CDD Protocol.
- 1.52 ~~The term "**Protocol Excluded Corporate Reference Entity**" means each Eligible Single Name Reference Entity that is a Standard European Corporate (as specified in the List of Eligible Single Name Reference Entities) and is an Excluded Reference Entity (as defined in the 2014 CDD Protocol).~~
- 1.53 ~~1.50~~-The term "**Rate of Exchange**" means the rate of exchange for the purchase of or conversion into the Contractual Currency, including any associated premiums or costs of exchange payable in connection with the same.
- 1.54 ~~1.51~~-The term "**Relevant CDS Default Committee Period**" has the meaning set out in paragraph 5.3.
- 1.55 ~~1.52~~-The term "**any Relevant Jurisdiction**" means, with respect to a party, each jurisdiction (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of a CDS Contract is located, (c) in or from which the party submits CDS Trade Particulars to the Clearing House for Clearing and (d) in relation to any payment, from or through which such payment is made.
- 1.56 ~~1.53~~-The term "**Relevant Restructuring Credit Event**" means, in respect of a 2003-type CDS Contract, any Restructuring and, in respect of a 2014-type CDS Contract, an M(M)R Restructuring.
- 1.57 ~~1.54~~-The term "**Restructured Entity**" has the meaning set out in paragraph 9.5.
- 1.58 ~~1.55~~-The term "**Restructuring Credit Event Notice**" means a Credit Event Notice in respect of a Relevant Restructuring Credit Event.
- 1.59 ~~1.56~~-The term "**Restructuring Matched Pair**" or "**RMP**" means a Matched Pair created pursuant to Rule 1508 in respect of a Relevant Restructuring Credit Event.
- 1.60 ~~1.57~~-The term "**Revocation Right**" will apply in respect of the submission of CDS Trade Particulars for Clearing:
- (a) if one of the Clearing Members or Sponsored Principals for whose account the submission for Clearing is made is a Defaulter;
  - (b) if and to the extent that either CDS Contract which would arise at the Acceptance Time would have been void under Rule 403 (if Rule 403 applied to CDS Contracts in addition to

F&O Contracts) or capable of being treated as voidable under Rule 404(a) (if Rule 404(a) applied to CDS Contracts in addition to F&O Contracts and the latter being read for purposes of this definition as if the words "in relation only to F&O Contracts" were not set out in any part of Rule 404(a) and "Energy Clearing Members" were read as "CDS Clearing Members" and including Sponsored Principals) or Rule 404(b); or

- (c) if CDS Trade Particulars submitted by a Clearing Member or Sponsored Principal do not correspond in all material respects with the CDS Trade Particulars submitted by the other Clearing Member or Sponsored Principal.

1.61 ~~1.58~~ The term "**RMP Deadline Time**" means:

- (a) subject to (b) below, 11.59 p.m. on the latest of:
  - (i) the third Business Day following the DC Restructuring Announcement Date;
  - (ii) the second Business Day following the DTCC Reversioning Date, if any or, if earlier, the first Business Day following the CH Reversioning Date, if any; and
  - (iii) the date of publication by ISDA of the Final List; or
- (b) with respect to:
  - (i) a Set of 2003-type CDS Contracts for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, if a No Auction Announcement Date has been announced pursuant to section 12.12(a) of the 2003 Credit Derivatives Definitions;
  - (ii) a Set of 2014-type CDS Contracts for which the relevant Credit Event is an M(M)R Restructuring, if a No Auction Announcement Date has been announced pursuant to section 6.11(a) of the 2014 Credit Derivatives Definitions; or
  - (iii) a Set of 2003-type CDS Contracts for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, if a No Auction Announcement Date has been announced pursuant to section 12.12 of the 2003 Credit Derivatives Definitions, the later of:
    - (A) 11.59 p.m. on the ninth calendar day following the No Auction Announcement Date; and
    - (B) the second Business Day following the DTCC Reversioning Date, if any, or, if earlier, the first Business Day following the CH Reversioning Date, if any.

1.62 ~~1.59~~ The term "**RMP Matched Table**" means the data file, in computer-readable format, containing details of all RMPs, Matched Pairs and MP Amounts and the CDS Contracts and Matched CDS Buyers and Matched CDS Sellers to which they relate and reflecting the RMP Matching Reports, all in relation to the allocation of Matched Pairs pursuant to Rule 1508 following a Relevant Restructuring Credit Event.

1.63 ~~1.60~~ The term "**RMP Matching Report**" means the report given by the Clearing House, as referred to in paragraph 6.3(e), to each Matched CDS Buyer and Matched CDS Seller, respectively, identifying the RMPs and allocations of Matched Pairs and the associated MP Amounts affecting the Open Contract Position of that Matched CDS Buyer and Matched CDS Seller, respectively, which report comprises Matched Pair Notices for purposes of Rule 1508 in respect of each Matched Pair.

- 1.64 ~~1.61~~-The term "**Scheduled Settlement Date**" means a date on which a payment or delivery is to be made under paragraph 8.2 with respect to a CDS Contract.
- 1.65 ~~1.62~~-The term "**Short Selling Regulation**" means Regulation (EU) no. 236/2012 of the European Parliament and of the Council dated 14 March 2012 on short selling and certain aspects of credit default swaps.
- 1.66 ~~1.63~~-The term "**Single Name Contract**" means a CDS Contract having, as the Reference Entity, an Eligible Single Name Reference Entity.
- 1.67 ~~1.64~~-The term "**Stamp Tax**" means any stamp, registration, documentation or similar tax.
- 1.68 ~~1.65~~-The term "**Tax**" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under a CDS Contract other than a Stamp Tax.
- 1.69 ~~1.66~~-The term "**Tax Event**" has the meaning specified in paragraph 8.2(e)(ii).
- 1.70 ~~1.67~~-The term "**Tax Event Upon Merger**" has the meaning specified in paragraph 8.2(e)(ii).
- 1.71 ~~1.68~~-The term "**Tier 1**" has the meaning given to that term in Banking Consolidation Directive.
- 1.72 ~~1.69~~-The term "**Triggering Period**" means the CEN Triggering Period ending on the Exercise Cut-Off Date applicable to a Buyer or NEMO Triggering Period, as applicable.
- 1.73 ~~1.70~~-The term "**US CDS Clearing Member**" means a CDS Clearing Member or applicant that would become a CDS Clearing Member that is (i) an FCM/BD or (ii) any other Person organised or incorporated under the laws of the United States of America or a state thereof.
- 1.74 ~~1.71~~-These CDS Procedures are 'Procedures' as defined in the ICE Clear Europe rules (the "**Rules**") and are subject to the Rules, including, without limitation, Rule 102. Capitalised terms used in these CDS Procedures but not defined in this paragraph 1 shall have the meaning given to such terms in the Rules, the relevant CDS Contract (including the Applicable Credit Derivatives Definitions) or elsewhere in these CDS Procedures (in that order of priority in the event of any conflict).
- 1.75 ~~1.72~~-Subject to paragraph ~~1.74~~1.77 below, these CDS Procedures, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law and any Dispute under these CDS Procedures will be subject to arbitration under Rule 117.
- 1.76 ~~1.73~~-Solely as between an FCM/BD Clearing Member and the Clearing House, paragraphs 3 and 6.7 of these CDS Procedures inasmuch as they relate solely to an issue or matter concerning:
- (a) the pledging, transfer, holding, use and segregation of Pledged Collateral provided by an FCM/BD Clearing Member (or other property, excluding for the avoidance of doubt the Contracts themselves recorded in such an Account, recorded in a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided by an FCM/BD Clearing Member); and/or
  - (b) the application of any net sum owed in favour of the FCM/BD Clearing Member in respect of a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided,

and, solely to the extent relevant to interpreting the foregoing provisions in such circumstances, relevant definitions and interpretative provisions in paragraph 1 of these CDS Procedures (such provisions, together or separately "Pledged Collateral Matters") shall be governed by and construed in

accordance with the laws of the State of New York and, as applicable, the federal law of the United States of America.

1.77 ~~1.74~~ For the avoidance of doubt, paragraph ~~1.73~~1.76 is an exception to paragraph ~~1.72~~1.75 and Rule 102(s) which provide that the CDS Procedures and Rules respectively shall be governed by and construed in accordance with the laws of England and Wales. For the avoidance of doubt, without limitation and notwithstanding paragraph ~~1.73~~1.76, the following are governed by and shall be construed in accordance with the laws of England and Wales in their entirety without any exception and shall in no circumstances constitute a Pledged Collateral Matter:

- (a) all of the provisions of these CDS Procedures relating to the Designated System;
- (b) any Dispute or issue arising as between a Non-FCM/BD Clearing Member or Sponsored Principal on the one hand and the Clearing House on the other hand;
- (c) any Dispute or issue arising in respect of a Customer Account or Proprietary Account that is not designated as an account in respect of which Pledged Collateral may be provided;
- (d) any matter relating to Pledged Collateral of a Non-FCM/BD Clearing Member or Sponsored Principal;
- (e) any Pledged Collateral provided by an FCM/BD Clearing Member or Sponsored Principal pursuant to an English law Pledged Collateral Addendum; and
- (f) the Contract Terms of all Contracts.

1.78 ~~1.75~~ Where a dispute between an FCM/BD Clearing Member and the Clearing House relates to one or more Pledged Collateral Matters, notwithstanding the provisions of Rule 117, solely the allegations or claims relating to the Pledged Collateral Matters in such dispute shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of the City of New York, provided, however, that if such federal court does not have jurisdiction over such allegations or claims, such allegations or claims shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of the City of New York (such Courts, together, "**New York Courts**"). Consistent with the preceding sentence, the Clearing House and each FCM/BD Clearing Member hereby:

- (a) submits to the exclusive jurisdiction of the New York Courts solely in respect of allegations or claims relating to Pledged Collateral Matters; and
- (b) agrees that service of process will be validly effected by sending notice in accordance with Rule 113.

1.79 ~~1.76~~ All allegations or claims other than those over which the New York Courts have exclusive jurisdiction pursuant to paragraph ~~1.75~~1.78 shall be finally and exclusively determined by way of arbitration pursuant to Rule 117. It is expressly recognised that for Disputes between an FCM/BD Clearing Member and the Clearing House containing both allegations or claims over which the New York Courts have exclusive jurisdiction pursuant to paragraph ~~1.75~~1.78 and other allegations or claims, it may be necessary to have both New York Court proceedings and arbitral proceedings. The submission of a party to the jurisdiction of a New York Court and/or the taking of a step by a party in proceedings before a New York Court, where in any such instance the New York Court has exclusive jurisdiction pursuant to paragraph ~~1.75~~1.78 does not amount to a waiver by that party of its right to commence or participate in arbitral proceedings in accordance with Rule 117. The submission of a party to arbitration under Rule 117 or in respect of any Dispute does not amount to a waiver by that party of its right to have allegations or claims in relation to which the New York Courts have exclusive jurisdiction pursuant to paragraph ~~1.75~~1.78 heard in the New York Courts.

1.80 ~~4.77~~ Nothing in paragraphs ~~4.74~~1.75 to ~~4.78~~1.81 precludes the Clearing House from bringing an action to enforce a judgment from any New York Court or award of any arbitral tribunal in any court of competent jurisdiction.

1.81 ~~4.78~~ EACH CLEARING MEMBER AND THE CLEARING HOUSE HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE ARISING OUT OF, UNDER OR IN CONNECTION WITH THESE CDS PROCEDURES OR ANY MATTER CONTEMPLATED BY THEM. EACH CLEARING MEMBER AND THE CLEARING HOUSE HEREBY:

- (a) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PERSON BOUND BY THESE RULES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF ANY SUCH DISPUTE, SEEK TO ENFORCE THE FOREGOING WAIVER; AND
- (b) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THESE RULES, ALL CONTRACTS AND ALL OTHER TRANSACTIONS CONTEMPLATED BY THESE RULES, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN PARAGRAPHS ~~4.74~~1.75 TO ~~4.78~~1.81.

## 2. **ADDITIONAL MEMBERSHIP REQUIREMENTS FOR CDS CLEARING MEMBERS**

2.1 Rule 201(i) provides that CDS Clearing Members must meet such additional requirements applicable to CDS Clearing Members as are specified in the Procedures.

2.2 The following additional requirements are specified for the purposes of Rule 201(i) as requirements that a CDS Clearing Member must satisfy in order to attain or maintain such status:

- (a) It must have a minimum of \$50 million of Capital, such requirement being satisfied in accordance with Rule 206 and the Finance Procedures (which allow Capital requirements, at the discretion of the Clearing House, to be met by a Controller which has executed a Controller Guarantee). For purposes of the application of this paragraph 2.2(a) to a US CDS Clearing Member that is not an FCM/BD, Capital shall be its net capital as determined pursuant to a risk adjusted capital calculation methodology acceptable to the Clearing House.
- (b) If it is or would be a US CDS Clearing Member, it is regulated for capital adequacy (the "**Regulatory Capital Requirement**") by a competent authority such as the FCA, PRA, CFTC, SEC, Banque de France, Bundesbank, Bundesanstalt für Finanzdienstleistungsaufsicht, Swiss Federal Banking Commission, U.S. Federal Reserve Board, U.S. Office of the Comptroller of the Currency, or any other Regulatory Authority the Clearing House designates from time to time for this purpose, or it is an Affiliate of an entity that satisfies the Regulatory Capital Requirement and is subject to consolidated holding company group supervision.
- (c) A CDS Clearing Member must have executed an agreement concerning Intellectual Property (as referred to in Rule 406(g)) in a form acceptable to the Clearing House.
- (d) A CDS Clearing Member must be a user of Deriv/SERV or such other service as is specified by the Clearing House.
- (e) If any CDS Trade Particulars are submitted for Clearing which relate to a Bilateral CDS Transaction registered at Deriv/SERV in the name of an Affiliate of a CDS Clearing Member, the CDS Clearing Member must have provided an executed authority, in a form acceptable to the Clearing House, from the relevant Affiliate, pursuant to which the Clearing House is

behalf of a Clearing Member (or such a Sponsored Principal) (or its Affiliate as described in paragraph 4.5) shall be capable of giving rise to a CDS Contract under Rule 401(a)(ix). Deriv/SERV shall be treated as a Representative of the CDS Clearing Member (or Sponsored Principal) (and any Affiliate, if applicable) solely for the purposes of the submission of CDS Trade Particulars for Clearing. Pursuant to Rule 401(a)(ix) and Rule 1502, if CDS Trade Particulars are so submitted to the Clearing House by the relevant CDS Clearing Members (or, in respect of an Individually Segregated Sponsored Account, Sponsored Principals with authorisation to clear CDS), being respectively protection buyer and protection seller under such CDS Trade Particulars, and are accepted by the Clearing House pursuant to an Acceptance Notice: (i) such protection buyer will be deemed to have entered into a CDS Contract with the Clearing House as its counterparty in place of such protection seller; and (ii) such protection seller will be deemed to have entered into a CDS Contract with the Clearing House as its counterparty in place of such protection buyer. In each case, the CDS Contract will be on the Contract Terms specified in the Rules and Procedures. Rule 402(b) makes provision for the effect of this process on rights, liabilities and obligations under any CDS Trade Particulars.

4.2 Only CDS Clearing Members (including their duly appointed Representatives) or Sponsored Principals with authorisation to clear CDS may submit CDS Trade Particulars to the Clearing House.

4.3 CDS Trade Particulars submitted for Clearing must include:

(a) the identity of both Clearing Members (or, in respect of an Individually Segregated Sponsored Account, a Sponsored Principal) (or, in the case of CDS Trade Particulars submitted pursuant to paragraph 4.4(h), the single Clearing Member);

(b) the position of each Clearing Member or Sponsored Principal as protection seller or protection buyer (or in the case of CDS Trade Particulars submitted pursuant to paragraph 4.4(h), whether a Clearing Member is to act as protection seller or protection buyer in respect of the CDS Contract to be recorded in one of its Customer Position Accounts and whether it is to act as protection seller or protection buyer in respect of the CDS Contract to be recorded in its Proprietary Position Account);

(c) the relevant Set involved, including:

(i) in the case of CDS Trade Particulars relating to an Eligible Single Name Reference Entity that is a Standard European Corporate (as defined in the Relevant Physical Settlement Matrix, but excluding any Protocol Excluded Corporate Reference Entity):

(A) submitted for Clearing prior to the Protocol Effective Date, that the 2003 Credit Derivatives Definitions apply;

(B) submitted for Clearing on or after the Protocol Effective Date, that the 2014 Credit Derivatives Definitions apply; and

(ii) in the case of CDS Trade Particulars relating to an Eligible Single Name Reference Entity that is a Standard European Financial Corporate, Standard Western European Sovereign (each as defined in the Relevant Physical Settlement Matrix) or Protocol Excluded Corporate Reference Entity:

(A) submitted for Clearing prior to the 2014 CDD Implementation Date, that the 2003 Credit Derivatives Definitions apply,

(B) submitted for Clearing on or after the 2014 CDD Implementation Date, whether the 2003 Credit Derivatives Definitions apply, failing which the 2014 Credit Derivatives Definitions will apply;

(d) the quantity or notional and other economic terms involved;

that any Credit Event Notice (other than, in relation to any CDS Trade Particulars which would give rise to 2003-type CDS Contracts, any deemed delivery of a Credit Event Notice pursuant to a DC Credit Event Announcement) delivered in relation to the relevant Bilateral CDS Transaction for which CDS Trade Particulars are accepted for Clearing shall be deemed, at the Acceptance Time, never to have been delivered. This paragraph shall have no effect on any Bilateral CDS Transaction for which CDS Trade Particulars are not accepted for Clearing.

- 4.7 The Clearing House will be entitled to assume and will assume that no Notice of Physical Settlement under a Bilateral CDS Transaction for which CDS Trade Particulars are submitted for Clearing has been delivered by one party to the other prior to the relevant Acceptance Time. Each CDS Buyer and CDS Seller upon submitting CDS Trade Particulars relating to a Bilateral CDS Transaction for Clearing acknowledges and agrees that any Notice of Physical Settlement delivered in relation to such a Bilateral CDS Transaction shall be deemed, at the Acceptance Time, never to have been delivered. This paragraph shall have no effect on any Bilateral CDS Transaction for which CDS Trade Particulars are not accepted for Clearing.
- 4.8 Any CDS Trade Particulars which would give rise to two Single Name Contracts at the Acceptance Time shall not be eligible for Clearing where the Reference Entity is one of the CDS Clearing Members or Sponsored Principals submitting the CDS Trade Particulars for Clearing or a Group Company thereof (or is the Customer in respect of the CDS Sub-Account in which a CDS Contract would be recorded or a Group Company thereof). Neither CDS Clearing Members nor Sponsored Principals shall submit for Clearing any CDS Trade Particulars which are not, at the time of submission for Clearing, eligible for Clearing pursuant to this paragraph 4.8. Customers shall not take any action which would lead to the submission for Clearing of any CDS Trade Particulars which are not, at the time of submission for Clearing, eligible for Clearing pursuant to this paragraph 4.8 as a result of the Reference Entity being such Customer or one of its Group Companies. If, but only for so long as, it is not prevented from doing so by Applicable Law, a CDS Clearing Member or Sponsored Principal shall notify the Clearing House as soon as reasonably practicable if any CDS Trade Particulars submitted by it for Clearing (but in respect of which no Acceptance Notice has become effective) are or become ineligible for Clearing pursuant to this paragraph 4.8. If, but only for so long as, it is not prevented from doing so by Applicable Law, a Customer shall notify its CDS Clearing Member as soon as reasonably practicable if it becomes aware that any CDS Trade Particulars submitted for Clearing (but in respect of which no Acceptance Notice has become effective) are or become ineligible for Clearing pursuant to this paragraph 4.8 as a result of the Reference Entity being such Customer or one of its Group Companies. Any CDS Trade Particulars which are submitted for Clearing but which are, or become before the relevant Acceptance Time, ineligible for Clearing may be rejected by the Clearing House before the relevant Acceptance Time (whether or not paragraph 4.8 applied at the time that the CDS Trade Particulars were submitted for Clearing). This restriction shall not apply where the CDS Trade Particulars are submitted to close out an Affected SR Contract.
- 4.9 CDS Trade Particulars for Old Index CDS shall cease to be eligible to be submitted for Clearing:
- (a) in the case of a Relevant Restructuring Credit Event occurring in relation to a ~~component transaction~~ Component Transaction, upon the earlier of:
    - (i) close of business on the DC Restructuring Announcement Date; and
    - (ii) the close of business on the day on which a No Auction Announcement Date relevant to the Set in question occurs;
  - (b) in the case of any other Applicable Credit Event occurring in relation to a ~~component transaction~~ Component Transaction, if the Acceptance Notice would fall after the earlier of:
    - (i) the close of business on the calendar day following the Auction Final Price Determination Date with respect to the Component Transaction; and

- (b) assist the Clearing House in determining (and thereafter adjusting) any sale or transfer prices, target prices or minimum target prices for such CDS;
- (c) assist the Clearing House in relation to the unwinding of any CDS Contracts which fall within paragraphs 4.8 or ~~4.5, 11.5~~, and otherwise as provided in the Rules and Procedures in relation thereto;
- (d) provide the Clearing House with recommendations as to (i) how prudently to unwind the Open Contract Positions in CDS Contracts of a Defaulter that was a CDS Clearing Member or Sponsored Principal that was authorised to clear CDS (relating to any Customer Account Positions and Proprietary Account Positions); (ii) how to implement the Default Portability Rules, if applicable; and (iii) the related close out of CDS and other hedging transactions, if any; and
- (e) without prejudice to the generality of the foregoing, assist and advise the Clearing House in determining whether or not the entry into of any hedging transactions under Part 9 of the Rules would achieve, or would be likely to achieve, the purpose of an orderly unwind of any Contracts to which a Defaulter is party or a reduction of the risk specified in Part 9 of the Rules.

The minimum target price shall be established by the Clearing House in consultation with the CDS Default Committee (taking into account the results of any prior auctions) as the price, as determined in the reasonable discretion of the Clearing House (taking into account the interests of non-defaulting Clearing Members), at which it would be reasonable for the Clearing House to enter into relevant Contracts or hedging contracts under Part 9 of the Rules. Any minimum target price so determined by the Clearing House may be adjusted by the Clearing House in consultation with the CDS Default Committee for market changes, and to take into account the result of any sales or auctions under Part 9 of the Rules, from the time of the initial determination of the minimum target price to the time any new Contracts are entered into.

5.8 Each CDS Default Committee Participant and CDS Default Committee Member (each, for purposes of this paragraph 5.8, a "**Covered Party**") shall be subject to the provisions of Rule 106 as if it were the Clearing House. Each Covered Party further agrees not to use any information subject to Rule 106 ("**Confidential Material**") for its own benefit or the benefit of any of its Affiliates. In the event that a Covered Party is served with or otherwise subject to legal process (including subpoena or discovery notice) requiring it to testify about, to produce, or otherwise to divulge Confidential Material, to the extent permitted by law the Covered Party subject to such process will as soon as practicable inform the Clearing House so that the Clearing House may seek a protective order, injunction or other remedy. In the event that such protective order, injunction or other remedy has not been obtained and the Covered Party is advised, in the opinion of counsel, that it is legally compelled to disclose any of the Confidential Material, the Covered Party may disclose only such Confidential Material so advised to be disclosed and shall not otherwise disclose Confidential Material.

5.9 Each CDS Default Committee Participant and CDS Default Committee Member shall be responsible for its own costs associated with its service in such position.

5.10 The Clearing House acknowledges and agrees that it will consider in good faith the recommendations of any CDS Default Committee in relation to matters over which the CDS Default Committee has competence.

## 6. CREDIT EVENTS AND PHYSICAL SETTLEMENT

### 6.1 Old Index CDS and Restructuring

In relation to each CDS Contract which is an Old Index CDS where a Relevant Restructuring Credit Event has occurred in relation to a ~~component transaction~~ Component Transaction, the Clearing House

- (i) If the Clearing House is obliged to issue Matched Pair Notices pursuant to Rule 1507 or 1508, it will endeavour to do so as soon as reasonably practicable after the latest date on which an Acceptance Notice would, in the ordinary course, be issued in respect of any CDS Trade Particulars relating to the relevant Set which had been submitted for Clearing before the relevant Set became ineligible for Clearing under paragraph 4.9 or 4.10 (as applicable).
- (ii) Matched Pair Notices may be delivered by the Clearing House by e-mail or fax or by posting to a secure section of the Clearing House's website which only the Clearing House and the relevant CDS Clearing Member or Sponsored Principal may view, such that confidentiality (to the extent required under the Rules) is maintained. The Clearing House will give each CDS Buyer and CDS Seller reasonable notice of any method of delivery to be used other than the Clearing House's secure website, unless a particular CDS Buyer and CDS Seller and the Clearing House mutually agree upon an alternative form of notice being used. The Matched Pair Notice will be effective when received by, or available on the secure section of the Clearing House's website for inspection by, the relevant CDS Clearing Members and Sponsored Principals, as applicable.
- (iii) The Clearing House shall issue Matched Pair Notices pursuant to Rule 1507 following an Applicable Credit Event other than a Relevant Restructuring Credit Event prior to 4:30 p.m. on the tenth calendar day following the No Auction Announcement Date or Auction Cancellation Date, as applicable.
- (iv) The Clearing House shall issue Matched Pair Notices to CDS Buyers and CDS Sellers pursuant to Rule 1508 following a Relevant Restructuring Credit Event prior to the RMP Deadline Time, in the form of the RMP Matching Report for each CDS Buyer and CDS Seller. Where there is a CH Reversioning Date, the Clearing House will, in its own systems, reversion Old Index CDS to exclude the relevant ~~component transaction~~ Component Transaction in respect of which a Relevant Restructuring Credit Event has occurred and record such Component Transaction in the form of a New Trade, in each case on the CH Reversioning Date.
- (v) As soon as practicable after the issue of the RMP Matching Reports, the Clearing House will for itself, for Matched CDS Buyers and Matched CDS Sellers and for any Customers, terminate the records in the DTCC Accounts of all CDS Contracts and any related Customer-CM CDS Transactions which are the subject of the relevant RMP Matching Report and, using the DTCC Process, input matching records of CDS Contracts and any related Customer-CM CDS Transactions in the DTCC Accounts to reflect the creation of the RMPs shown by the RMP Matching Reports. Each relevant CDS Clearing Member, Sponsor, Sponsored Principal and Customer shall cease to take any action which would result in any of the records of relevant CDS Contracts and any related Customer-CM CDS Transactions in the DTCC Accounts being amended after 12 noon on the day of the RMP Deadline Time, unless otherwise agreed with the Clearing House. The Clearing House and each relevant CDS Clearing Member, Sponsor and Sponsored Principal shall use their best endeavours to rename trade identifiers in the DTCC Accounts appropriately and to ensure that the records of each affected CDS Contract to which it is party and any related Customer-CM CDS Transactions are "confirmed and certain" within the DTCC Accounts prior to that time. If the records of CDS Contracts and any related Customer-CM CDS Transactions which are so input into the DTCC Accounts by the Clearing House using the DTCC Process do not reflect the RMPs shown by the RMP Matching Reports, the Clearing House will amend (and thereby correct) such records in the DTCC Accounts and may require the affected Clearing Members, Sponsor, Sponsored Principals or Customers to make or confirm matching amendments to

- (i) first, these CDS Procedures other than the portion of these CDS Procedures referred to in (ii) below; and
- (ii) second, the relevant section of the General Contract Terms Procedures.

9. **CONTRACT TERMS FOR ITRAXX EUROPE CONTRACTS**

9.1 This paragraph 9.1 specifies the additional Contract Terms applicable to all ~~CDS~~iTraxx Contracts cleared by the Clearing House of a nature described in paragraph 7.1:

- (a) The provisions of paragraph 9.2 will apply in respect of all such CDS Contracts for which the Original Annex Date falls on or after the Protocol Effective Date.
- (b) The provisions of paragraph 9.3 will apply in respect of all such CDS Contracts for which the Acceptance Time falls on or after the Protocol Effective Date but for which the Original Annex Date falls before the Protocol Effective Date.
- (c) The provisions of paragraph 9.4 will apply in respect of all such CDS Contracts for which the Acceptance Time falls on or after the MCA/STS Changeover Time and before the Protocol Effective Date, for the period up to the Protocol Effective Date.
- (d) The provisions of paragraph 9.5 will apply in respect of all such CDS Contracts for which the Acceptance Time falls before the MCA/STS Changeover Time, for the period up to the MCS/STS Changeover Time.
- (e) The provisions of paragraph 9.6 will apply in respect of all such CDS Contracts for which the Acceptance Time falls before the MCA/STS Changeover Time, for the period on and after the MCA/STS Changeover Time up to the Protocol Effective Date.
- (f) The provisions of paragraph 9.7 will apply in respect of all such CDS Contracts for which the Acceptance Time falls before the Protocol Effective Date, for the period on and after the Protocol Effective Date.
- (g) The provisions of paragraph 9.8 will apply to all such CDS Contracts, irrespective of the date of the related Acceptance Time.

9.2 **iTraxx Europe (CDS Contracts with Original Annex Date on or after the Protocol Effective Date)**

- (a) Definitions specific to this paragraph 9.2:
  - (i) "iTraxx Contract" means a CDS Contract in respect of any Eligible iTraxx Index and governed by any iTraxx Terms Supplement. Subject to the other requirements of these CDS Procedures, a CDS Contract will be an iTraxx Contract where the related CDS Trade Particulars submitted for Clearing specify, as the relevant index, any Eligible iTraxx Index, whether or not those CDS Trade Particulars themselves incorporated or are governed by an iTraxx Terms Supplement.
  - (ii) "iTraxx Publisher" means Markit Group Limited or one of its subsidiaries, or any successor sponsor of the Eligible iTraxx Indices it publishes.
  - (iii) "iTraxx Terms Supplement" means each of the following: (a) a confirmation in the form of the confirmation (the "iTraxx 2014 Confirmation") published on or about 20 September 2014 incorporating the iTraxx Europe Untranchd Standard Terms Supplement as published on the same date (the "Standard iTraxx 2014 CDS Supplement") or such electronic equivalent thereto as is used by Deriv/SERV and (b) such other document or supplement as may be specified in relation to any

Eligible iTraxx Index by the Clearing House including any successor to any of the documents listed in sub-paragraphs (a) or (b) of this definition. For the purpose of each iTraxx Contract, reference in the iTraxx Terms Supplement and the 2014 Credit Derivatives Definitions to a "Credit Derivative Transaction" shall be deemed to be references to a CDS Contract and references to an "iTraxx® Master Transaction" shall be deemed references to an iTraxx Contract.

- (iv) **"Eligible iTraxx Index"** means each particular series and version (of a Set which is eligible for Clearing) of an iTraxx index or sub-index, as published by the iTraxx Publisher, included from time to time in the List of Eligible iTraxx Indices.
- (v) **"List of Eligible iTraxx Indices"** means the list of Eligible iTraxx Indices, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each index: (a) the name and series, including any applicable sub-index designation; (b) the "Effective Date"; (c) one or more eligible "Scheduled Termination Dates" and the applicable "Fixed Rate" for each such date; (d) the Relevant iTraxx Terms Supplement; (e) the versions (and related annex dates) eligible for Clearing; and (f) any inactive versions (and related annex dates), i.e., those that have been determined to be fungible with later versions.
- (vi) **"Relevant iTraxx Terms Supplement"** means, with respect to an Eligible iTraxx Index, the iTraxx Terms Supplement specified for such Eligible iTraxx Index in the List of Eligible iTraxx Indices.

(b) **Terms of the Cleared iTraxx Contract**

- (i) Any capitalised term used in paragraph 9.2 but not defined in paragraph 9.2 or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant iTraxx Terms Supplement.
- (ii) Each iTraxx Contract will be governed by the Relevant iTraxx Terms Supplement, as modified by this paragraph 9.2, whether or not the relevant CDS Trade Particulars were in a form comprising the Relevant iTraxx Terms Supplement. In the event of any inconsistency between the Relevant iTraxx Terms Supplement or the Confirmation (including in electronic form) for an iTraxx Contract and this paragraph 9.2, this paragraph 9.2 will govern.

(c) **Terms of iTraxx Contracts Governed by Standard iTraxx 2014 CDS Supplement**

With respect to each iTraxx Contract for which the iTraxx 2014 Confirmation and the Standard iTraxx 2014 CDS Supplement forms the Relevant iTraxx Terms Supplement, the following terms will apply:

- (i) The terms of the Standard iTraxx 2014 CDS Supplement are hereby amended as follows:
  - (A) by the deletion of paragraph 2 thereof in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV;
  - (B) by the addition in paragraph 2 thereof, in relation to CDS Contracts arising other than pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, of the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the

issuance of the Acceptance Notice by the Clearing House in relation to this Transaction".

- (C) ~~(B)~~ the provisions of paragraph 5.2 (a) thereof relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant iTraxx Contract (including in particular the provisions of paragraph 6 hereof) by the Clearing House permitted or authorised by the Rules; and
  - (D) the provisions of paragraph 5.2(b)(ii) thereof shall be amended by adding at the end, immediately after "(such new Transaction, a New Trade)" the following: "and except that the Reference Obligation for the purposes of the New Trade will be the preferred Single Name Contract Reference Obligation for the Restructured Entity in question, if so specified by the Clearing House following consultation with the CDS Risk Committee.";
  - (E) ~~(C)~~ by the deletion of paragraph 55.5 (De Minimis Cash Settlement) thereof; and
  - (E) by the deletion of paragraph 5.7 (Restriction on Delivery of Credit Event Notice and Successor Notice) thereof.
- (ii) The terms of the iTraxx 2014 Confirmation are hereby amended as follows:
- (A) Deleting the words "ISDA Master Agreement" in the fourth line of the first paragraph and replacing it with "Rules and Procedures of ICE Clear Europe";
  - (B) Treating the 2014 Credit Derivatives Definitions (as defined therein) as though it had the meaning ascribed to it in the Rules and Procedures of the Clearing House;
  - (C) ~~(B)~~ Deleting the fourth paragraph thereof and replacing it with the following: "This Confirmation supplements, forms a part of and is subject to the Rules and Procedures of ICE Clear Europe (the "**Agreement**"). All provisions contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below.";
  - (D) ~~(C)~~ The "Calculation Agent" is the Clearing House, except as expressly provided otherwise in the Rules or the CDS Procedures;
  - ~~(D)~~ There are no "Omitted Reference Entities";
  - (E) There are no "Additional terms"; and
  - (F) Deleting the contact details for notices and the account details.
- (iii) The following terms will be determined from the relevant CDS Trade Particulars submitted for Clearing or, with respect to each iTraxx Contract arising pursuant to Rule 401(a)(vi) or (xi), determined from the data provided by the Clearing House to the Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose:
- (A) Which of the Eligible iTraxx Indices is the "Index", including its version and series number;

one or more eligible "Scheduled Termination Dates" and the applicable "Fixed Rate" for each such date; (d) the Relevant iTraxx Legacy Terms Supplement; (e) the versions (and related annex dates) eligible for Clearing; and (f) any inactive versions (and related annex dates), i.e., those that have been determined to be fungible with later versions.

(vi) **"Relevant iTraxx Legacy Terms Supplement"** means, with respect to an Eligible iTraxx Index, the iTraxx Legacy Terms Supplement specified for such Eligible iTraxx Index in the List of Eligible iTraxx Indices.

(b) Terms of the Cleared iTraxx Contract

(i) Any capitalised term used in paragraph 9.3 but not defined in paragraph 9.3 or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant iTraxx Legacy Terms Supplement.

(ii) Each iTraxx Contract will be governed by the Relevant iTraxx Legacy Terms Supplement, as modified by this paragraph 9.3, whether or not the relevant CDS Trade Particulars were in a form comprising the Relevant iTraxx Legacy Terms Supplement. In the event of any inconsistency between the Relevant iTraxx Legacy Terms Supplement or the Confirmation (including in electronic form) for an iTraxx Contract and this paragraph 9.3, this paragraph 9.3 will govern.

(c) Terms of iTraxx Contracts Governed by Standard iTraxx Legacy CDS Supplement

With respect to each iTraxx Contract for which the iTraxx Legacy Confirmation and the Standard iTraxx Legacy CDS Supplement forms the Relevant iTraxx Legacy Terms Supplement, the following terms will apply:

(i) The terms of the Standard iTraxx Legacy CDS Supplement are hereby amended as follows:

(A) by the deletion of paragraph 2 in both Section A and Section B thereof in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV;

(B) by the addition in paragraph 2 in both Section A and Section B thereof, in relation to CDS Contracts arising other than pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, of the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the Acceptance Notice by the Clearing House in relation to this Transaction";

(C) (B)-the provisions of paragraph 5.2 (a) in both Section A and Section B thereof relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant iTraxx Contract (including in particular the provisions of paragraph 6 hereof) by the Clearing House permitted or authorised by the Rules;

(D) (C)-the provisions of paragraph 5.2(b)(ii) in ~~Section A~~ both Sections A and B thereof shall be amended by adding at the end, immediately after "(such new Transaction, a **New Trade**)" the following: "and except that the Reference Obligation for the purposes of the New Trade will be the preferred Single Name Contract Reference Obligation for the Restructured

Entity in question, if so specified by the Clearing House following consultation with the CDS Risk Committee.";~~and~~

- (E) ~~(D)~~ by the deletion of paragraph 5.4 (*De Minimis Cash Settlement*) in both Section A and Section B thereof; and
- (F) by the deletion of paragraph 3 (*Restriction on Delivery of Credit Event Notice, Successor Notice and Succession Event Notice*) in Section C thereof.

(ii) The terms of the iTraxx Legacy Confirmation are hereby amended as follows:

- (A) Deleting the words "ISDA Master Agreement" in the fourth line of the first paragraph and replacing it with "Rules and Procedures of ICE Clear Europe";
- (B) Treating the 2003 Credit Derivatives Definitions and the 2014 Credit Derivatives Definitions (each as defined therein) as though they had the meanings ascribed to those terms in the Rules and Procedures of the Clearing House;
- (C) Deleting the fifth paragraph thereof and replacing it with the following:  
"This Confirmation supplements, forms a part of and is subject to the Rules and Procedures of ICE Clear Europe (the "**Agreement**"). All provisions contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below.";
- (D) The "Calculation Agent" is the Clearing House, except as expressly provided otherwise in the Rules or the CDS Procedures;
- ~~(E)~~ There are no "~~Omitted Reference Entities~~";
- ~~(E)~~ ~~(F)~~ There are no "Additional terms"; and
- ~~(E)~~ ~~(G)~~ Deleting the contact details for notices and the account details.

(iii) The following terms will be determined from the relevant CDS Trade Particulars submitted for Clearing or, with respect to each iTraxx Contract arising pursuant to Rule 401(a)(vi) or (xi), determined from the data provided by the Clearing House to the Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose:

- (A) Which of the Eligible iTraxx Indices is the "Index", including its version and series number;
- (B) Which of the eligible Scheduled Termination Dates specified for the Index in the List of Eligible iTraxx Indices is the "Scheduled Termination Date";
- (C) The "Original Notional Amount";
- (D) The "Floating Rate Payer";
- (E) The "Fixed Rate Payer";
- (F) The "Annex Date";

submitted for Clearing (as referred to in paragraph 9.4(c)) will instead be determined by reference to the CDS Contracts forming the relevant Open Contract Position of the relevant Clearing Member as at the MCA/STS Changeover Time.

- (c) From the MCA/STS Changeover Time up to the Protocol Effective Date, all CDS Contracts of a Set referencing a particular version and series of a particular Eligible iTraxx Index and having a particular Scheduled Termination Date and fixed rate and to which paragraph 9.5 had, up to that moment applied, shall be, and shall be treated as, fully fungible with all CDS Contracts of a Set referencing the same version and series of the same Eligible iTraxx Index having the same Scheduled Termination Date and fixed rate to which paragraph 9.4 applies.

**9.7 iTraxx Europe (CDS Contracts with Acceptance Time before the Protocol Effective Date; provisions applying after the Protocol Effective Date).**

- (a) All CDS Contracts to which paragraph 9.4 or paragraph 9.6 applies and which form part of the Open Contract Position of a Clearing Member as at the Protocol Effective Date will be deemed thereafter to be CDS Contracts on the terms set out in paragraph 9.3, as modified below.
- (b) For the purposes of paragraph 9.7(a), the information in respect of each CDS Contract which would be determined (had the CDS Contract been one falling within paragraph 9.1(b)) for the purposes of the iTraxx 2014 Confirmation by reference to the CDS Trade Particulars submitted for Clearing (as referred to in paragraph 9.3(c)) will instead be determined by reference to the CDS Contracts forming the relevant Open Contract Position of the relevant Clearing Member or Sponsored Principal, as the case may be, as at the Protocol Effective Date.
- (c) From the Protocol Effective Date, all CDS Contracts of a Set referencing a particular version and series of a particular Eligible iTraxx Index and having a particular Scheduled Termination Date and fixed rate and to which paragraph 9.4 or paragraph 9.6 had, up to that moment, applied shall be, and shall be treated as, fully fungible with all CDS Contracts of a Set referencing the same version and series of the same Eligible iTraxx Index and having the same Scheduled Termination Date and fixed rate to which paragraph 9.3 applies.

**9.8 Updating Index Version of Fungible Contracts After a Credit Event or a Succession Event**

- (a) Where the iTraxx Publisher of an Eligible iTraxx Index publishes one or more subsequent versions or annexes of the relevant series following a Credit Event or, in respect of a ~~component transaction~~ Component Transaction which is a 2003-type CDS Contract, a Succession Event or, in respect of a ~~component transaction~~ Component Transaction which is a 2014-type CDS Contract, the determination of a Successor with respect to a Reference Entity included in such series, and the Clearing House determines that iTraxx Contracts referencing the earlier version or annex of such series are fungible with iTraxx Contracts referencing a later version or annex of such series that is an Eligible iTraxx Index and so notifies CDS Clearing Members and Sponsored Principals by Circular, iTraxx Contracts referencing the earlier version or annex of such series shall become iTraxx Contracts referencing such later version or annex of such series on the date determined by the Clearing House (the "Fungibility Date"). Any iTraxx Contracts referencing the earlier version or annex of such series submitted for ~~clearing~~ Clearing after the related Fungibility Date shall, upon acceptance for ~~clearing~~ Clearing, become an iTraxx Contract referencing the latest version or annex of such series, as the case may be, that the Clearing House has determined is fungible with such earlier version or annex.
- (b) The Clearing House may determine a different Fungibility Date applicable to individual iTraxx Contracts or groups of iTraxx Contracts or may determine a Fungibility Date

applicable to all iTraxx Contracts referencing the earlier version or annex of a series described in paragraph 9.8(a), as it deems appropriate.

10. CONTRACT TERMS FOR CDX NORTH AMERICA CONTRACTS

10.1 This paragraph 10.1 specifies the additional Contract Terms applicable to all CDX.NA Contracts cleared by the Clearing House of a nature described in paragraph 7.1:

- (a) The provisions of paragraph 10.2 will apply in respect of all such CDS Contracts for which the Original Annex Date falls on or after the Protocol Effective Date.
- (b) The provisions of paragraph 10.3 will apply in respect of all such CDS Contracts for which the Acceptance Time falls on or after the Protocol Effective Date but for which the Original Annex Date falls before the Protocol Effective Date.
- (c) The provisions of paragraph 10.4 will apply to all such CDS Contracts, irrespective of the date of the related Acceptance Time.

10.2 CDX North America (CDS Contracts with Original Annex Date on or after the Protocol Effective Date)

- (a) Definitions specific to this paragraph 10.2:
  - (i) "CDX.NA Contract" means a CDS Contract in respect of any Eligible CDX.NA Index and governed by any CDX.NA Terms Supplement. Subject to the other requirements of these CDS Procedures, a CDS Contract will be a CDX.NA Contract where the related CDS Trade Particulars submitted for Clearing specify, as the relevant index, any Eligible CDX.NA Index, whether or not those CDS Trade Particulars themselves incorporated or are governed by a CDX.NA Terms Supplement.
  - (ii) "CDX.NA Publisher" means Markit North America, Inc., as successor to CDX IndexCo LLC, or any successor sponsor of the Eligible CDX Indices it publishes.
  - (iii) "CDX.NA Terms Supplement" means each of the following: (a) a confirmation in the form of the confirmation (the "CDX.NA 2014 Confirmation") published on 22 September 2014 incorporating the CDX Untranchured Transactions Standard Terms Supplement as published on the same date (the "Standard CDX.NA 2014 CDS Supplement") or such electronic equivalent thereto as is used by Deriv/SERV and (b) such other document or supplement as may be specified in relation to any Eligible CDX.NA Index by the Clearing House including any successor to any of the documents listed in sub-paragraphs (a) or (b) of this definition. For the purpose of each CDX.NA Contract, reference in the CDX.NA Terms Supplement and the 2014 Credit Derivatives Definitions to a "Credit Derivative Transaction" shall be deemed to be references to a CDS Contract and references to a "Master Transaction" shall be deemed references to a CDX.NA Contract.
  - (iv) "Eligible CDX.NA Index" means each particular series and version (of a Set which is eligible for Clearing) of a CDX.NA index or sub-index, as published by the CDX.NA Publisher, included from time to time in the List of Eligible CDX.NA Indices.
  - (v) "List of Eligible CDX.NA Indices" means the list of Eligible CDX.NA Indices, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each index: (a) the name and series, including any applicable sub-index designation; (b) the "Effective Date"; (c) one or more eligible "Scheduled Termination Dates" and the applicable "Fixed Rate"

for each such date; (d) the Relevant CDX.NA Terms Supplement; (e) the versions (and related annex dates) eligible for Clearing; and (f) any inactive versions (and related annex dates), i.e., those that have been determined to be fungible with later versions.

(vi) "Relevant CDX.NA Terms Supplement" means, with respect to an Eligible CDX.NA Index, the CDX.NA Terms Supplement specified for such Eligible CDX.NA Index in the List of Eligible CDX.NA Indices.

(b) Terms of the Cleared CDX.NA Contract

(i) Any capitalised term used in paragraph 10.2 but not defined in paragraph 10.2 or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant CDX.NA Terms Supplement.

(ii) Each CDX.NA Contract will be governed by the Relevant CDX.NA Terms Supplement, as modified by this paragraph 10.2, whether or not the relevant CDS Trade Particulars were in a form comprising the Relevant CDX.NA Terms Supplement. In the event of any inconsistency between the Relevant CDX.NA Terms Supplement or the Confirmation (including in electronic form) for a CDX.NA Contract and this paragraph 10.2, this paragraph 10.2 will govern.

(c) Terms of CDX.NA Contracts Governed by Standard CDX.NA 2014 CDS Supplement

With respect to each CDX.NA Contract for which the CDX.NA 2014 Confirmation and the Standard CDX.NA 2014 CDS Supplement forms the Relevant CDX.NA Terms Supplement, the following terms will apply:

(i) The terms of the Standard CDX.NA 2014 CDS Supplement are hereby amended as follows:

(A) by the deletion of paragraph 2 thereof in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV;

(B) by the addition in paragraph 2 thereof, in relation to CDS Contracts arising other than pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, of the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the Acceptance Notice by the Clearing House in relation to this Transaction";

(C) the provisions of paragraph 5.5 thereof relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant CDX.NA Contract (including in particular the provisions of paragraph 6 hereof) by the Clearing House permitted or authorised by the Rules;

(D) by the deletion of paragraph 5.8 (Restriction on Delivery of Credit Event Notice and Successor Notice) thereof; and

(E) The Clearing House is deemed to be an "Index Party" for the purposes of the CDX.NA 2014 CDS Supplement.

(ii) The terms of the CDX.NA 2014 Confirmation are hereby amended as follows:

- (A) Deleting the words "ISDA Master Agreement" in the fourth and fifth line of the first paragraph and replacing it with "Rules and Procedures of ICE Clear Europe";
  - (B) Treating the 2014 Credit Derivatives Definitions (as defined therein) as though it had the meaning ascribed to it in the Rules and Procedures of the Clearing House;
  - (C) Deleting the third paragraph thereof and replacing it with the following: "This Confirmation supplements, forms a part of and is subject to the Rules and Procedures of ICE Clear Europe (the "Agreement"). All provisions contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below.";
  - (D) The "Calculation Agent" is the Clearing House, except as expressly provided otherwise in the Rules or the CDS Procedures;
  - (E) The "Effective Date" is the date specified in the List of Eligible CDX.NA Indices for the relevant Index;
  - (F) The "Fixed Rate" is the rate specified in the List of Eligible CDX.NA Indices for the relevant Index and Scheduled Termination Date;
  - (G) "De Minimis Cash Settlement" is not applicable;
  - (H) There are no "Additional terms"; and
  - (I) Deleting the contact details for notices and the account details.
- (iii) The following terms will be determined from the relevant CDS Trade Particulars submitted for Clearing or, with respect to each CDX.NA Contract arising pursuant to Rule 401(a)(vi) or (xi), determined from the data provided by the Clearing House to the Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose:
- (A) Which of the Eligible CDX.NA Indices is the "Index", including its version and series number;
  - (B) Which of the eligible Scheduled Termination Dates specified for the Index in the List of Eligible CDX.NA Indices is the "Scheduled Termination Date";
  - (C) The "Original Notional Amount";
  - (D) The "Floating Rate Payer";
  - (E) The "Fixed Rate Payer";
  - (F) The "Annex Date";
  - (G) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and
  - (H) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.

10.3 CDX North America (CDS Contracts for which the Acceptance Time falls on or after the Protocol Effective Date but with Original Annex Date before the Protocol Effective Date).

- (a) Definitions specific to this paragraph 10.3:
- (i) "CDX.NA Contract" means a CDS Contract in respect of any Eligible CDX.NA Index and governed by any CDX.NA Legacy Terms Supplement. Subject to the other requirements of these CDS Procedures, a CDS Contract will be a CDX.NA Contract where the related CDS Trade Particulars submitted for Clearing specify, as the relevant index, any Eligible CDX.NA Index, whether or not those CDS Trade Particulars themselves incorporated or are governed by a CDX.NA Legacy Terms Supplement.
  - (ii) "CDX.NA Publisher" means Markit North America, Inc., as successor to CDX IndexCo LLC, or any successor sponsor of the Eligible CDX Indices it publishes.
  - (iii) "CDX.NA Legacy Terms Supplement" means each of the following: (a) a confirmation in the form of the confirmation (the "CDX.NA Legacy Confirmation") published on 22 September 2014 incorporating the CDX Legacy Untranching Transaction Standard Terms Supplement as published on the same date (the "Standard CDX.NA Legacy CDS Supplement") or such electronic equivalent thereto as is used by Deriv/SERV and (b) such other document or supplement as may be specified in relation to any Eligible CDX.NA Index by the Clearing House including any successor to any of the documents listed in sub-paragraphs (a) or (b) of this definition. For the purpose of each CDX.NA Contract, reference in the CDX.NA Legacy Terms Supplement and the Applicable Credit Derivatives Definitions to a "Credit Derivative Transaction" shall be deemed to be references to a CDS Contract and references to a "Master Transaction" shall be deemed references to a CDX.NA Contract.
  - (iv) "Eligible CDX.NA Index" means each particular series and version (of a Set which is eligible for Clearing) of a CDX.NA index or sub-index, as published by the CDX.NA Publisher, included from time to time in the List of Eligible CDX.NA Indices.
  - (v) "List of Eligible CDX.NA Indices" means the list of Eligible CDX.NA Indices, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each index: (a) the name and series, including any applicable sub-index designation; (b) the "Effective Date"; (c) one or more eligible "Scheduled Termination Dates" and the applicable "Fixed Rate" for each such date; (d) the Relevant CDX.NA Legacy Terms Supplement; (e) the versions (and related annex dates) eligible for Clearing; and (f) any inactive versions (and related annex dates), i.e., those that have been determined to be fungible with later versions.
  - (vi) "Relevant CDX.NA Legacy Terms Supplement" means, with respect to an Eligible CDX.NA Index, the CDX.NA Legacy Terms Supplement specified for such Eligible CDX.NA Index in the List of Eligible CDX.NA Indices.
- (b) Terms of the Cleared CDX.NA Contract
- (i) Any capitalised term used in paragraph 10.3 but not defined in paragraph 10.3 or elsewhere in the Rules or Procedures shall have the meaning provided in the Relevant CDX.NA Legacy Terms Supplement.

(ii) Each CDX.NA Contract will be governed by the Relevant CDX.NA Legacy Terms Supplement, as modified by this paragraph 10.3, whether or not the relevant CDS Trade Particulars were in a form comprising the Relevant CDX.NA Legacy Terms Supplement. In the event of any inconsistency between the Relevant CDX.NA Legacy Terms Supplement or the Confirmation (including in electronic form) for a CDX.NA Contract and this paragraph 10.3, this paragraph 10.3 will govern.

(c) Terms of CDX.NA Contracts Governed by Standard CDX.NA Legacy CDS Supplement

With respect to each CDX.NA Contract for which the CDX.NA Legacy Confirmation and the Standard CDX.NA Legacy CDS Supplement forms the Relevant CDX.NA Legacy Terms Supplement, the following terms will apply:

(i) The terms of the Standard CDX.NA Legacy CDS Supplement are hereby amended as follows:

(A) by the deletion of paragraph 2 in both Section A and Section B thereof, in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV;

(B) by the addition in paragraph 2 in both Section A and Section B thereof, in relation to CDS Contracts arising other than pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, of the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the Acceptance Notice by the Clearing House in relation to this Transaction";

(C) the provisions of paragraph 3 in Section C thereof relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant CDX.NA Contract (including in particular the provisions of paragraph 6 hereof) by the Clearing House permitted or authorised by the Rules;

(D) by the deletion of paragraph 5 (Restriction on Delivery of Credit Event Notice, Successor Notice and Succession Event Notice) in Section C thereof; and

(E) The Clearing House is deemed to be an "Index Party" for the purposes of the CDX.NA Legacy CDS Supplement.

(ii) The terms of the CDX.NA Legacy Confirmation are hereby amended as follows:

(A) Deleting the words "ISDA Master Agreement" in the fifth line of the first paragraph and replacing it with "Rules and Procedures of ICE Clear Europe";

(B) Treating the 2003 Credit Derivatives Definitions and the 2014 Credit Derivatives Definitions (each as defined therein) as though they had the meanings ascribed to those terms in the Rules and Procedures of the Clearing House;

(C) Deleting the third paragraph thereof and replacing it with the following: "This Confirmation supplements, forms a part of and is subject to the Rules and Procedures of ICE Clear Europe (the "Agreement"). All provisions

contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below."

- (D) The "Calculation Agent" is the Clearing House, except as expressly provided otherwise in the Rules or the CDS Procedures;
  - (E) The "Effective Date" is the date specified in the list of Eligible CDX.NA Indices for the relevant Index;
  - (F) The "Fixed Rate" is the rate specified in the List of Eligible CDX.NA Indices for the relevant Index and Scheduled Termination Date;
  - (G) "De Minimis Cash Settlement" is not applicable;
  - (H) There are no "Additional terms"; and
  - (I) Deleting the contact details for notices and the account details.
- (iii) The following terms will be determined from the relevant CDS Trade Particulars submitted for Clearing or, with respect to each CDX.NA Contract arising pursuant to Rule 401(a)(vi) or (xi), determined from the data provided by the Clearing House to the Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose:
- (A) Which of the Eligible CDX.NA Indices is the "Index", including its version and series number;
  - (B) Which of the eligible Scheduled Termination Dates specified for the Index in the List of Eligible CDX.NA Indices is the "Scheduled Termination Date";
  - (C) The "Original Notional Amount";
  - (D) The "Floating Rate Payer";
  - (E) The "Fixed Rate Payer";
  - (F) The "Annex Date";
  - (G) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and
  - (H) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.

#### 10.4 Updating Index Version of Fungible Contracts after a Credit Event or a Succession Event

- (a) Where the CDX.NA Publisher of an Eligible CDX.NA Index publishes one or more subsequent versions or annexes of the relevant series following a Credit Event or, in respect of a Component Transaction which is a 2003-type CDS Contract, a Succession Event or, in respect of a Component Transaction which is a 2014-type CDS Contract, the determination of a Successor with respect to a Reference Entity included in such series, and the Clearing House determines that CDX.NA Contracts referencing the earlier version or annex of such series are fungible with CDX.NA Contracts referencing a later version or annex of such series that is an Eligible CDX.NA Index and so notifies CDS Clearing Members and Sponsored Principals by

Circular, CDX.NA Contracts referencing the earlier version or annex of such series shall become CDX.NA Contracts referencing such later version or annex of such series on the date determined by the Clearing House (the "Fungibility Date"). Any CDX.NA Contracts referencing the earlier version or annex of such series submitted for Clearing after the related Fungibility Date shall, upon acceptance for Clearing, become a CDX.NA Contract referencing the latest version or annex of such series, as the case may be, that the Clearing House has determined is fungible with such earlier version or annex.

- (b) Where a new version of the CDX.NA Terms Supplement (a "New Standard Terms") is published as of a date that is subsequent to the date of the version that is specified as the Relevant CDX.NA Terms Supplement for any CDX.NA Contract(s) (the "Existing Standard Terms"), and the Clearing House determines that CDX.NA Contracts referencing the Existing Standard Terms are fungible with CDX.NA Contracts referencing the New Standard Terms, and so notifies CDS Clearing Members and Sponsored Principals by Circular, CDX.NA Contracts referencing the Existing Standard Terms shall become CDX.NA Contracts referencing the New Standard Terms on the date determined by the Clearing House (the "Standard Terms Update Date" and each prior CDX.NA Terms Supplement subject to such determination, a "Superseded Standard Terms"). Any CDS Trade Particulars referencing a Superseded Standard Terms submitted for clearing as a CDX.NA Contract shall, upon acceptance for clearing, become a CDX.NA Contract referencing the New Standard Terms.
- (c) The Clearing House may determine a different Fungibility Date or Standard Terms Update Date applicable to individual CDX.NA Contracts or groups of CDX.NA Contracts or may determine a Fungibility Date or Standard Terms Update Date applicable to all CDX.NA Contracts referencing the earlier version or annex of a series described in paragraphs 10.4(a) or 10.4(b), as it deems appropriate.

## 11. ~~10.~~ **CONTRACT TERMS FOR SINGLE NAME CDS CONTRACTS**

11.1 ~~10.1~~ This paragraph ~~10.1~~11.1 specifies the additional Contract Terms applicable to all Single Name Contracts cleared by the Clearing House:

- (a) The provisions of paragraph ~~10.6~~11.6 will apply in respect of all Single Name CDS Contracts.
- (b) The provisions of paragraph ~~10.7~~11.7 will apply in respect of STEC Contracts that are 2003-type CDS Contracts immediately prior to the Protocol Effective Date.

And for these purposes:

- (c) All STEC Contracts with Acceptance Time prior to the Protocol Effective Date will be 2003-type CDS Contracts prior to Protocol Effective Date.
- (d) All STEC Contracts with Acceptance Time on or following the Protocol Effective Date will be 2014-type CDS Contracts.
- (e) All Non-STEC Contracts with Acceptance Time prior to the 2014 CDD Implementation Date will be 2003-type CDS Contracts and will remain 2003-type CDS Contracts on and following the 2014 CDD Implementation Date.
- (f) All Non-STEC Contracts with Acceptance Time on or following the 2014 CDD Implementation Date will be 2014-type CDS Contracts, unless the 2003 Credit Derivatives Definitions are specified as applying in the CDS Trade Particulars, in which case they will be 2003-type CDS Contracts.

The provisions of paragraphs ~~10.2, 10.3, 10.4~~11.2, 11.3, 11.4 and ~~10.5~~11.5 will apply to all Single Name Contracts, irrespective of the date of the related Acceptance Time.

11.2 ~~40.2~~In the event of any inconsistency between the relevant data in CDS Trade Particulars submitted for Clearing and this paragraph ~~40.11~~, this paragraph ~~40.11~~ will govern.

11.3 ~~40.3~~**Definitions specific to this paragraph ~~40.11~~.**

- (a) **"Eligible Single Name Reference Entities"** means each particular Reference Entity included from time to time in the List of Eligible Single Name Reference Entities by reference to a RED Code. Each RED Code shall be treated as referring to a separate Eligible Single Name Reference Entity.
- (b) **"Eligible Single Name Reference Obligations"** means, with respect to any Single Name Contract Reference Obligation for any Eligible Single Name Reference Entity, the Reference Obligations listed under the heading "Eligible Reference Obligations" (which may include "No Reference Obligation" or "NoRefOb", indicating that no obligation is specified as a Reference Obligation) for such Single Name Contract Reference Obligation and Eligible Single Name Reference Entity in the List of Eligible Single Name Reference Entities.
- (c) **"List of Eligible Single Name Reference Entities"** means the list of Eligible Single Name Reference Entities, maintained, updated and published from time to time by the Clearing House, specifying the following information with respect to each Eligible Single Name Reference Entity:
- (i) the name of such Eligible Single Name Reference Entity and the RED Code therefor;
  - (ii) the Relevant Physical Settlement Matrix distinguishing, where applicable, between 2003-type CDS Contracts and 2014-type CDS Contracts;
  - (iii) the Standard Single Name Confirmation distinguishing, where applicable, between 2003-type CDS Contracts and 2014-type CDS Contracts;
  - (iv) the Single Name Contract Reference Obligation distinguishing, where applicable, between 2003-type CDS Contracts and 2014-type CDS Contracts and each Eligible Single Name Reference Obligation therefor;
  - (v) the Relevant Transaction Type distinguishing, where applicable, between 2003-type CDS Contracts and 2014-type CDS Contracts; and
  - (vi) each eligible "Scheduled Termination Date" distinguishing, where applicable, between 2003-type CDS Contracts and 2014-type CDS Contracts.
- (d) **"Permitted Single Name Fixed Rates"** means the Fixed Rates permitted for a Single Name Contract, as determined from time to time by the Clearing House and notified to CDS Clearing Members and Sponsored Principals.
- ~~(e) **"Protocol Excluded Reference Entity"** means each Eligible Single Name Reference Entity that is an Excluded Reference Entity (as defined in accordance with the 2014 CDD Protocol);~~
- (e) ~~(f)~~ **"RED Code"** means each of the Reference Entity Database codes (as published by Markit Group Limited or any successor thereto).
- ~~(f)~~ ~~(g)~~ **"Relevant Physical Settlement Matrix"** means, with respect to a Single Name Contract, the "Credit Derivatives Physical Settlement Matrix" applicable to such Single Name Contract, as specified in respect of the relevant Eligible Single Name Reference Entity in the List of Eligible Single Name Reference Entities.
- ~~(g)~~ ~~(h)~~ **"Relevant Transaction Type"** means with respect to an Eligible Single Name Reference Entity, the "Transaction Type" applicable to Single Name Contracts in respect of such

Eligible Single Name Reference Entity, as specified in respect of the relevant Eligible Single Name Reference Entity in the List of Eligible Single Name Reference Entities;

- (h) ~~(+)~~ **"STEC Contract"** means a CDS Contract in the form of the relevant Standard Single Name Confirmation having as the Reference Entity a Standard European Corporate (as defined in the Relevant Physical Settlement Matrix specified in the List of Eligible Single Name Reference Entities, but excluding any Protocol Excluded Corporate Reference Entity) resulting from CDS Trade Particulars specifying as a Reference Entity an Eligible Single Name Reference Entity and having a combination of characteristics listed as eligible for such Eligible Single Name Reference Entity in, and permitted by, the List of Eligible Single Name Reference Entities.
- (i) ~~(+)~~ **"Non-STEC Single Name Contract"** means a CDS Contract in the form of the relevant Standard Single Name Confirmation having as the Reference Entity a Standard European Financial Corporate, Standard Western European Sovereign, (each as defined in the Relevant Physical Settlement Matrix specified in the List of Eligible Single Name Reference Entities) or Protocol Excluded Corporate Reference Entity resulting from CDS Trade Particulars specifying as a Reference Entity an Eligible Single Name Reference Entity and having a combination of characteristics listed as eligible for such Eligible Single Name Reference Entity in, and permitted by, the List of Eligible Single Name Reference Entities.
- (j) ~~(+)~~ **"Single Name Contract Reference Obligations"** means, with respect to any Eligible Single Name Reference Entity, ~~the Senior Level Standard Reference Obligation of such Reference Entity which is specified from time to time on the SRO List (in the case of 2014-type CDS Contracts) or (in the case of 2003-type CDS Contracts or where no such Standard Reference Obligation is so specified) and distinguishing, where applicable, between 2003-type CDS Contracts and 2014-type CDS Contracts, the Reference Obligation(s) therefor (which may indicate "No Reference Obligation" or "NoRefOb", indicating that no obligation is specified as a Reference Obligation) which are listed and which may indicate, in respect of 2014-type CDS Contracts, an identifier for a Senior Level Standard Reference Obligation of such Reference Entity which is specified from time to time on the SRO List) which are listed from time to time~~ under the heading "Single Name Contract Reference Obligations" in the List of Eligible Single Name Reference Entities.
- (k) ~~(+)~~ **"Standard Single Name Confirmation"** means the Credit Derivatives Confirmation for use with the Relevant Physical Settlement Matrix, as specified in respect of the relevant Eligible Single Name Reference Entity in the List of Eligible Single Name Reference Entities, as amended as set out below.

#### 11.4 10.4 Modifications to List of Eligible Single Name Reference Entities

The Clearing House shall be entitled at any time subject to consultation with the CDS Risk Committee to determine that it will do the following (such changes only affecting CDS Contracts entered into after the time of such determination):

- (a) add and/or modify Permitted Single Name Fixed Rates,
- (b) add new Eligible Single Name Reference Entities, and add and/or modify any other entries in any of the fields in the List of Eligible Single Name Reference Entities, or
- (c) update the List of Eligible Single Name Reference Entities to give effect to determinations by the Credit Derivatives Determinations Committee, including, without limitation, determinations of Succession Events, Successors or Substitute Reference Obligations.

The Clearing House will give notice by Circular of any such action.

#### 11.5 10.5 Self-referencing CDS

In addition to the notice requirements contained in Rule 204 and the Membership Procedures, a CDS Clearing Member (including in its capacity as Sponsor) or Sponsored Principal shall, subject to the following sentence, provide notice to the Clearing House if (i) such CDS Clearing Member or Sponsored Principal or an Eligible Single Name Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Eligible Single Name Reference Entity or such CDS Clearing Member or Sponsored Principal, as applicable, or such CDS Clearing Member or Sponsored Principal and an Eligible Single Name Reference Entity are the same entity or are or become Group Companies in respect of one another, or such CDS Clearing Member or Sponsored Principal is subject to an agreement pursuant to which any of the foregoing is reasonably likely to occur or (ii) any of the foregoing occurs in respect of an Eligible Single Name Reference Entity and one of the CDS Clearing Member's Customers (including any Sponsored Principal) in respect of which a CDS Contract exists with the Eligible Single Name Reference Entity as the reference entity (any such Customer, for the purposes of this paragraph ~~40.5.11.5~~, an "**Affected Customer**"). Such notification may be delayed for so long as the CDS Clearing Member or Sponsored Principal is prevented by Applicable Laws from disclosing the information on the basis of which the notification is required. A Customer, including a Sponsored Principal, shall notify its Clearing Member if it becomes an Affected Customer with respect to any CDS Contract or Customer-CM CDS Transaction, provided that such notification may be delayed for so long as the Customer is prevented by Applicable Laws from disclosing the information on the basis of which the notification is required. If a CDS Clearing Member (including in its capacity as Sponsor) or its Affected Customer or a Sponsored Principal is subject to an event or agreement described in this paragraph ~~40.5.11.5~~ or is party to any CDS Contract (or related Customer-CM CDS Transaction) resulting from the Clearing of CDS Trade Particulars which, as at the relevant Acceptance Time, were ineligible for Clearing pursuant to paragraph 4.8 regardless of whether or not the Clearing House receives any notification required under this paragraph ~~40.5.11.5~~, the Clearing House may conduct an auction process to terminate all the CDS Contracts of such Clearing Member or Sponsored Principal referencing such Eligible Single Name Reference Entity where (i) above applies or all CDS Contracts of such Clearing Member, or in respect of which such Clearing Member is a Sponsor, referencing such Eligible Single Name Reference Entity which are recorded in one of its Customer Accounts for which the Customer (including any Sponsored Principal) is the Affected Customer where (ii) above applies (all such CDS Contracts being the "**Affected SR Contracts**") (for the purposes of this paragraph ~~40.5.11.5~~, such Clearing Member or Sponsored Principal being the "**Affected CDS Clearing Member**") (and any related Customer-CM CDS Transactions) and enter into equivalent CDS Contracts with other CDS Clearing Members by requesting firm quotations from all such CDS Clearing Members (each auction in such process, an "**SR Auction**"). Prior to determining the CDS Contracts to be subject to any such auction, where the Affected CDS Clearing Member acts as Buying Counterparty and Selling Counterparty in respect of Affected SR Contracts of the same Set, the Clearing House shall, in consultation with the CDS Default Committee as to the transaction sizes of resulting CDS Contracts to be auctioned (as below), net, offset, close out or terminate such Affected SR Contracts to the extent appropriate for the purposes of the SR Auction and permitted by the Rules. For these purposes, the Clearing House will provide the Affected CDS Clearing Member with a report detailing the CDS Contracts to be subject to netting, offsetting, closing out or termination. Thereafter, the Clearing House (and the Affected CDS Clearing Member and any Affected Customer) to the extent that they have all necessary information, will adjust the records in Deriv/SERV to reflect such netting, offsetting, closing out or termination. The Clearing House will hold an auction unless the Clearing House, in its discretion and after consultation with the CDS Risk Committee, believes that the circumstances are such that an auction may be inappropriate, in which case the Clearing House may take such other action in consultation with the CDS Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a CDS Clearing Member or Sponsored Principal being party to a CDS Contract where the reference entity is that CDS Clearing Member or Sponsored Principal or one of its Affected Customers or one of their Group Companies, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of the primary aim, to avoid materially and adversely affecting the Affected CDS Clearing Member or any of its Customers. The Clearing House shall determine the timing and other particular characteristics of each SR Auction in consultation with the CDS Default Committee, including determining the size of the bid/offer spread and/or of the CDS Contracts to be auctioned, whether one or more SR Auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer Quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)) and whether CDS Clearing Members (excluding the Affected CDS Clearing Member) will be required (as opposed to requested) to submit actionable quotations in an SR Auction, provided that

CDS Clearing Members will not be notified of whether the CDS Contract(s) to be terminated pursuant to such process is for an Affected CDS Clearing Member as CDS Buyer or CDS Seller.

The Clearing House will enter into CDS Contracts with the CDS Clearing Member(s) and in the amount and at the prices determined pursuant to the SR Auction, at which time the corresponding CDS Contracts of the Affected CDS Clearing Member and any related Customer-CM CDS Transactions shall be terminated by reference to the prices at which the Clearing House enters into such new CDS Contracts. The Clearing House, for itself and on behalf of the relevant Clearing Members and any Customers, using the DTCC Process, shall submit to Deriv/SERV the terms of such reduction, termination or new CDS Contracts, as applicable. As between the Clearing House and the Affected CDS Clearing Member, the Affected CDS Clearing Member will bear the cost of the associated bid/offer spread and any reasonable, out-of-pocket costs and expenses of the Clearing House in connection with such SR Auction(s) and its entering into such new CDS Contracts. Amounts owed by the Affected CDS Clearing Member to (or receivable by it from) the Clearing House in connection with any such reduction or termination shall be determined by the Clearing House by reference to the SR Auction(s). In addition, any Initial Payments, Margin, or other payments or deliveries owed (including the dates of settlement with respect thereto) relating to the Open Contract Positions increased, created, reduced or terminated pursuant to this paragraph ~~40.511.5~~ shall be as determined by the Clearing House with reference to the SR Auction(s) in accordance with the Procedures and, notwithstanding any other provision of the Rules, Initial Payments may be owed in respect to CDS Contracts entered into by the Clearing House pursuant to an SR Auction.

If an Affected CDS Clearing Member is a Defaulter, this paragraph ~~40.511.5~~ shall not restrict the rights of the Clearing House to close out, terminate or liquidate any Contract in any other manner in accordance with Part 9 of the Rules.

11.6 ~~40.6~~ **Single Name CDS Contracts.**

(a) Terms of the cleared Single Name Contracts

(i) The Standard Single Name Confirmation for each Single Name Contract shall be amended as follows:

(A) In respect of a 2003-type CDS Contract, by deleting, in the second paragraph, the phrase "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" and replacing it with the phrase "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";

(B) by deleting, in the third paragraph, the square brackets and deleting, in the third paragraph, the phrase "the ISDA Master Agreement dated as of [date]" and replacing it with the phrase "Rules and Procedures of ICE Clear Europe";

(C) in part numbered ~~2~~, by deleting references to the Initial Payment Payer and the Initial Payment Amount ~~2~~;

(1) in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, by deleting references to the Initial Payment Payer and the Initial Payment Amount and by deleting the square brackets in such part; and

- (2) in relation to CDS Contracts arising other than pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV, by adding immediately after the line entry: "Initial Payment Amount", the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the Acceptance Notice by the Clearing House in relation to this Transaction";
- (D) (1) In respect of a 2014-type CDS contract by deleting parts numbered 4, 5, 6, 7, 8 and 9 in their entirety;
- (2) In respect of a 2003-type CDS Contract by deleting parts numbered 4, 5, 6 and 7 in their entirety;
- (E) (1) In respect of a 2014-type CDS contract, by including a new part 4 as follows:
- "4. Additional Term: Section 11.4 (*Merger of Reference Entity and Seller*) of the 2014 Credit Derivatives Definitions shall not apply."; and
- (2) In respect of a 2003-type CDS Contract, by including a new part 4 as follows:
- "4. Additional Term: Section 2.31 (*Merger of Reference Entity and Seller*) of the 2003 Credit Derivatives Definitions shall not apply."
- (ii) The provisions specified below of the Standard Single Name Confirmation for each Single Name Contract shall be completed as follows:
- (A) The "Transaction Type" is the Relevant Transaction Type.
- (B) The "Matrix Publication Date" is the date of publication of the Relevant Physical Settlement Matrix.
- ~~(C)~~ (1) In respect of a 2014-type CDS Contract, "Standard Reference Obligation" is specified as ~~applicable~~not applicable and the "Reference Obligation(s)" are the Single Name Contract Reference Obligation(s) specified from time to time in the List of Eligible Single Name Reference Entities with respect to the relevant Eligible Single Name Reference Entity.
- (2) In respect of a 2003-type CDS Contract, the "Reference Obligation(s)" are the Single Name Contract Reference Obligation(s) specified from time to time in the List of Eligible Single Name Reference Entities with respect to the relevant Eligible Single Name Reference Entity.
- ~~(C)~~ ~~(D)~~ The "Calculation Agent" is the Clearing House, except as provided in the Rules.
- ~~(D)~~ ~~(E)~~ The "Fixed Rate Payer Payment Dates" are March 20, June 20, September 20 and December 20.

- (iii) For each Single Name Contract, the following terms will be determined according to the particular CDS Trade Particulars submitted for Clearing, subject to paragraph 10.7 or, with respect to each Single Name Contract arising pursuant to Rule 401(a)(vi) or (xi), according to the CDS Trade Particulars provided by the Clearing House to the Clearing Member or Sponsored Principal, as the case may be, prior to the time at which such CDS Contract arose:
  - (A) Which of the Eligible Single Name Reference Entities is the "Reference Entity".
  - (B) Which of the eligible Scheduled Termination Dates specified for the Reference Entity in the List of Eligible Single Name Reference Entities is the "Scheduled Termination Date".
  - (C) The "Floating Rate Payer Calculation Amount".
  - (D) The "Floating Rate Payer".
  - (E) The "Fixed Rate Payer".
  - (F) The "Fixed Rate".
  - (G) The "Initial Payment Payer", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV; and
  - (H) The "Initial Payment Amount", other than in relation to CDS Contracts arising pursuant to the Clearing of CDS Trade Particulars in respect of Bilateral CDS Transactions already recorded in Deriv/SERV.
- (iv) Each Single Name Contract will be governed by the terms set out in paragraph 8 and this paragraph ~~40.11~~, whether or not the relevant CDS Trade Particulars were in an equivalent form.

11.7 ~~40.7~~-STEC Contracts that are 2003-type CDS Contracts; provisions applying on and after the Protocol Effective Date.

- (a) All STEC Contracts that are 2003-type CDS Contracts and which form part of the Open Contract Position of a Clearing Member as at the Protocol Effective Date will be deemed thereafter to be STEC Contracts that are 2014-type CDS Contracts, and the Standard Single Name Confirmation for each such STEC Contract shall be the Credit Derivatives Confirmation for use with the Relevant Physical Settlement Matrix as specified in respect of the relevant Eligible Single Reference Entity in the List of Eligible Single Name Reference Entities immediately following the Protocol Effective Date, as modified below.
- (b) For the purposes of paragraph ~~40.7~~11.7(a), the information in respect of each STEC Contract which would be determined (had the STEC Contract been one falling within paragraph ~~40.4~~11.1(d)) for the purposes of the Standard Single Name Confirmation by reference to the CDS Trade Particulars submitted for Clearing (as referred to in paragraph ~~40.6~~11.6(a)) will instead be determined by reference to the STEC Contracts forming the relevant Open Contract Position of the relevant Clearing Member or Sponsored Principal, as the case may be, as at the Protocol Effective Date.
- (c) From the Protocol Effective Date, all STEC Contracts of a Set referencing a particular Single Name Reference Entity and particular Single Name Contract Reference Obligation(s) and having a particular Scheduled Termination Date and fixed rate and to which paragraph ~~40.4~~11.1(c) had, up to that moment applied, shall be, and shall be treated as, fully fungible

with all STEC Contracts of a Set referencing the same Single Name Reference Entity and particular Single Name Contract Reference Obligation(s) and having the same Scheduled Termination Date and fixed rate to which paragraph 40.11.1(d) applies.

11.8    **40.8- Relevant Physical Settlement Matrix Updates**

- (a) Where ISDA publishes a version of the Credit Derivatives Physical Settlement Matrix (a "New Matrix") and/or a new version of a Credit Derivatives Confirmation for use with a version of a Credit Derivatives Physical Settlement Matrix (a "New Confirmation") that is subsequent to the version that is specified as a Relevant Physical Settlement Matrix and/or Standard Single Name Confirmation, respectively for any Single Name Contract(s) (the "Existing Matrix" and "Existing Confirmation", respectively), and the Clearing House determines, subject to consultation with the CDS Risk Committee, that a Single Name Contract referring to the New Matrix and/or New Confirmation would be fungible with a Single Name Contract referring to the Existing Matrix and/or Existing Confirmation respectively (the date of such determination, the "Matrix Update Date" and "Confirmation Update Date", respectively and each prior Credit Derivatives Physical Settlement Matrix and/or Credit Derivatives Confirmation subject to such determination, a "Superseded Matrix" and "Superseded Confirmation", respectively) and so notifies CDS Clearing Members and Sponsored Principals by Circular, such Single Name Contracts shall, as of the close of business on the Matrix Update Date and/or Confirmation Update Date, respectively, become Single Name Contracts referencing the New Matrix as the Relevant Physical Settlement Matrix and/or the New Confirmation as the Standard Single Name Confirmation, respectively, and the List of Eligible Single Name Reference Entities shall be updated accordingly, provided that the Clearing House shall not make any such determination where the New Matrix and/or New Confirmation, when compared with the Existing Matrix and/or Existing Confirmation, respectively, contains any change to a term that would apply to such Single Name Contract. Any CDS Trade Particulars referencing a Superseded Matrix and/or Superseded Confirmation submitted for Clearing as a Single Name Contract shall, upon acceptance for Clearing, give rise to a Single Name Contract referencing the New Matrix and/or New Confirmation, respectively.
- (b) The Clearing House may determine a different Matrix Update Date and/or Confirmation Update Date applicable to individual Single Name Contracts or groups of Single Name Contracts or may determine a Matrix Update Date and/or Confirmation Update Date applicable to all Single Name Contracts referencing a Superseded Matrix and/or Superseded Confirmation, respectively, as it deems appropriate.

11.9    **40.9- Amendments**

- (a) Where CDS Trade Particulars, after the Acceptance Time, would give rise to two CDS Contracts which would be Single Name Contracts but for the specification of an Eligible Single Name Reference Obligation as the "Reference Obligation", then the Clearing House shall be entitled at its discretion to treat such CDS Trade Particulars, at the Acceptance Time, as though they had specified the Single Name Contract Reference Obligation specified for such Eligible Single Name Reference Obligation in the List of Eligible Single Name Reference Entities.
- (b) In addition to the acceptance process described in paragraph 4, the Clearing House's Acceptance Notice to the relevant CDS Clearing Member(s) or Sponsored Principal(s) in relation to the relevant CDS Trade Particulars shall include details of any adjustment that will be made by the Clearing House pursuant to this paragraph. Submission of data in relation to CDS Contracts to Deriv/SERV under paragraph 4.4 shall take account of any such adjustments set out by the Clearing House in the Acceptance Notice.