

403. Initial Margin.

“**Initial Margin**” shall consist of the Margin Categories listed in this Rule (collectively, the “**Initial Margin Categories**”). With respect to each Initial Margin Category, ICE Clear Credit shall determine the Margin Requirement pursuant to one or more methodologies established by ICE Clear Credit from time to time in the ICE Clear Credit Procedures. To protect itself and the other Participants, ICE Clear Credit may deviate from applying the methodologies uniformly to each Participant if ICE Clear Credit determines it appropriate to do so for risk management purposes in accordance with the ICE Clear Credit Procedures. Margin Requirements with respect to an Initial Margin Category shall be expressed as a positive number or as zero, as applicable.

- (a) “**Portfolio Risk Margin**” means the Margin ICE Clear Credit requires related to the size and risk of a Participant’s Open Positions.
- (b) “**Physical Settlement Margin**” means the Margin ICE Clear Credit requires to secure a Participant’s obligations in respect of a CDS Contract that is subject to Physical Settlement.
- (c) “**Super or Special Margin**” means additional Margin ICE Clear Credit may require for any purpose at any time and from time to time in its sole discretion.

The methodology for determining Initial Margin shall incorporate, among other relevant factors, and as more fully set out in the ICE Clear Credit Procedures from time to time, (i) a minimum 5-day time horizon for the liquidation period (for both House Positions and Client-Related Positions) and (ii) one or more measures designed to limit procyclicality, including by avoiding when possible disruptive or big step changes in margin requirements and by establishing transparent and predictable procedures for adjusting margin requirements in response to changing market conditions. At all times, the measures designed to limit procyclicality will demonstrably meet or exceed the requirements of measures designed to limit procyclicality that either: (i) incorporate a ten year historical look-back period for computing Initial Margin; or (ii) assign at least 25% weight to stressed observations in a look-back period beginning on April 1, 2007.

8. GENERAL GUARANTY FUND

801. General Guaranty Fund Contribution.

- (a) (i) Each Participant shall Transfer to ICE Clear Credit, and thereafter maintain so long as it is a Participant, Collateral for deposit in the General Guaranty Fund in the form and in such amounts as may be determined by ICE Clear Credit as provided herein and in accordance with the ICE Clear Credit Procedures as in effect from time to time (“**Required Contribution**”); *provided* that, following the determination by ICE Clear Credit that a Participant is in Default (or the automatic occurrence of a Default, as applicable), (x) ICE Clear Credit shall not be entitled to adjust such Defaulting Participant’s Required Contribution and (y) until such time as ICE Clear Credit has completed the Closing-out Process with respect to such Defaulting Participant, ICE Clear Credit shall not be entitled to adjust any other Participant’s Required Contribution except for periodic adjustments of Participants’ Required Contributions contemplated by the ICE Clear Credit Procedures; *provided, further*, that ICE Clear Credit shall not be entitled to increase a Retiring Participant’s Required Contribution following the first date on which such Retiring Participant no longer has any Open Positions. ICE Clear Credit shall cause appropriate entries to be made in its books and records to reflect the deposit of Collateral, the ICE Clear Credit Priority Contribution and the ICE Clear Credit Pro Rata Contribution into the General Guaranty Fund. ICE Clear Credit shall have the sole right to withdraw cash, securities or other property from, and to authorize the sale or other disposition of any securities or other property held in, the General Guaranty Fund, subject to the limitations imposed in subparagraph (b)(v) of this Rule. A Participant may request, in accordance with the ICE Clear Credit Procedures, that ICE Clear Credit withdraw Collateral from the General Guaranty Fund and return it to the Participant to the extent the Participant’s contributions to the General Guaranty Fund exceed its Required Contribution and any Specific Wrong Way Risk (“**WWR**”) Guaranty Fund Contribution (as defined below) at that time. A Participant may substitute, in accordance with the ICE Clear Credit Procedures, Collateral for an amount of Collateral currently on deposit in the General Guaranty Fund and credited to such Participant having a value, determined in accordance with the ICE Clear Credit Procedures, not to exceed such substitute Collateral. ICE Clear Credit shall pay a Participant interest for any net cash Collateral of such Participant in the General Guaranty Fund, at an interest rate and on a frequency determined from time to time by ICE Clear Credit in the ICE Clear Credit Procedures. The eligible forms of Collateral will be as set forth in Schedule 401 as in effect from time to time. Collateral provided

by Participant may be invested only in accordance with the investment guidelines in the ICE Clear Credit Procedures.

Subject to the foregoing, the Required Contribution for a Participant as of any date of determination shall be the greater of (x) such Participant's proportionate share of the aggregate Participant Loss Exposure, which will be calculated as the two largest Participant Loss Exposures; and (y) \$20,000,000. As used herein, "**Participant Loss Exposure**" means with respect to a Participant, the amount determined by ICE Clear Credit using stress test methodology, calculated on a net exposure basis separately within the House Positions and Client-Related Positions of that Participant, equal to the expected losses to ICE Clear Credit associated with the default of that Participant taking into account both (a) the uncollateralized loss (i.e., the loss after application of Initial Margin and Mark-to-Market Margin) given default and (b) the uncollateralized loss from contracting or widening credit spreads.

ICE Clear Credit shall establish the aggregate amount of the Required Contributions to the General Guaranty Fund such that at a minimum ICE Clear Credit will maintain pre-funded financial resources sufficient to enable it to meet its financial obligations to Participants notwithstanding a default by the two Participants (including any of their affiliated Participants) creating the largest combined loss to ICE Clear Credit in extreme but plausible market conditions, consistent with the requirements of CFTC Rules 39.11 and 39.33.

- (ii) The Required Contribution will be calculated and set for Participants on a monthly basis. In addition, the Required Contribution for each Participant will be recalculated on each ICE Business Day daily and if such calculation would result in an increase of 5% or more, the Required Contribution for such Participant will be reset to the higher level. For purposes of the monthly calculation, the Participant Loss Exposure used in calculating the Required Contribution for any Participant and any date of determination will be the greater of (x) the level determined as of the next preceding ICE Business Day and (y) the average of the levels on each ICE Business Day from and including the last Required Contribution determination to but excluding such next preceding ICE Business Day. The determination by ICE Clear Credit of the Required Contribution shall be binding absent manifest error.
- (iii) In addition to the Required Contribution determined pursuant to Rule 801(a)(i) above, each Specific WWR CDS Participant shall Transfer to ICE Clear Credit a supplemental amount, as determined by ICE Clear Credit, for deposit in the General Guaranty Fund in respect of the