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CRITERIA 1

LCH.CLEARNET LIMITED

FCM REGULATIONS OF THE CLEARING HOUSE

Scope

Save where expressly stated to the contrary in these FCM Regulations or the FCM Procedures, these FCM Regulations govern the clearing of FCM Contracts by FCM Clearing Members through LCH.Clearnet Limited. They do **not** govern any other clearing services provided by LCH.Clearnet Limited, LCH.Clearnet SA or any other affiliates of LCH.Clearnet Group, Ltd, all of which are governed by separate sets of rules.

Definitions

In these FCM Regulations and the FCM Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

- Account Manager Executing Party* - Means an Executing Party that is eligible under the CEA and the CFTC Regulations to execute Unallocated FCM SwapClear Transactions.
- Affiliate* - Means, with respect to an FCM Clearing Member, any entity that controls, is controlled by or is under common control with such FCM Clearing Member, and the account of which, when carried by the FCM Clearing Member, would be considered a Cleared Swaps Proprietary Account pursuant to CFTC Regulation 22.1 (or any such successor or replacement regulation).
- Allocating SwapClear Transaction* - Has the meaning assigned to such term in FCM Regulation 30(p)(iii).
- Allocation Notice* - Has the meaning assigned to such term in FCM Regulation 30(p)(iii).
- Approved Broker* - A person authorized by the Clearing House to participate as a broker in the LCH EnClear OTC Services (as such term is used in the UK General Regulations), including the FCM EnClear Clearing Services as the context may require.
- Assumed Allocation* - Has the meaning assigned to it in FCM Regulation 9A(d)(iii).
- Auction Portfolio* - Has the meaning assigned to it in either (i) the SwapClear DMP Annex of the Default Rules or (ii) the ForexClear DMP Annex of the Default Rules, as applicable.
- Available FCM Buffer* - Means, at any given time, (i) with respect to FCM Buffer held in the FCM Buffer Sub-Account of an FCM Omnibus Swaps Client with LCH that is subject to the Without Client Excess Model, FCM Buffer credited therein that is not Encumbered FCM Buffer (as described in FCM Regulation 9A(c)(ii)(A)), and (ii) with respect to FCM Buffer held in the FCM Buffer Sub-Account of an FCM Omnibus Swaps Client with LCH that is subject to the With Client Excess Model, FCM Buffer credited therein that is not being used by the Clearing House to offset Margin deficits in the relevant FCM Client Sub-Accounts (as described in FCM Regulation 9A(d)(iv)).
- Backload Registration Cycle* - Has the meaning assigned to such term in the FCM Procedures.
- Backloaded Trade* - Has the meaning assigned to such term in the FCM Procedures.

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| <i>Base Currency</i> | - Has the meaning assigned to such term in FCM Regulation 24A(d)(ii). |
| <i>Block IRS Trade</i> | - Means a trade the notional amount of which is at or above the minimum block size established by the CFTC pursuant to CFTC Regulation 43.6 for the interest rate asset class and in effect as of the date of submission of such trade to the Clearing House for registration. |
| <i>Business Category of FCM Contract</i> | - Means a category of one or more Products which the Clearing House treats as separate from other Products for purposes of calculating the amount of cover required to be furnished by an FCM Clearing Member (as set forth in the FCM Procedures) in respect of the FCM Contracts in each such category and, except to the extent otherwise set forth in the FCM Procedures, such separate margin categories consist of: (1) FCM SwapClear Contracts (referred to in the FCM Rulebook as the “ <i>SwapClear Business Category</i> ”), (2) FCM ForexClear Contracts (referred to in the FCM Rulebook as the “ <i>ForexClear Business Category</i> ”), (3) FCM EnClear Contracts (referred to in the FCM Rulebook as the “ <i>EnClear Business Category</i> ”) and (4) FCM Nodal Contracts (referred to in the FCM Rulebook as the “ <i>Nodal Business Category</i> ”). |
| <i>Business Day</i> | - Means, in respect of an FCM Contract (except where specified otherwise in the relevant FCM SwapClear Contract Terms, FCM ForexClear Contract Terms, FCM EnClear Contract Terms or FCM Nodal Contract Terms, as applicable), a day on which the Clearing House is open for business as set forth in the FCM Procedures. |
| <i>Buyer</i> | - Means an FCM Clearing Member (or the Clearing House where the context so requires) who is a buyer under the terms of an FCM Exchange Contract. |
| <i>Carrying FCM Clearing Member</i> | - Means an FCM Clearing Member carrying an account for an FCM Client, and in respect of which the FCM Contracts and Collateral attributed to such account is to be transferred to a Receiving FCM Clearing Member pursuant to FCM Regulation 8 and in accordance with the FCM Procedures. |
| <i>Cash-Settled FCM Exchange Contract</i> | - Means an FCM Exchange Contract which is to be settled by cash-settlement only. |
| <i>CEA</i> | - Means the U.S. Commodity Exchange Act. |
| <i>CFTC</i> | - Means the U.S. Commodity Futures Trading Commission. |
| <i>CFTC Regulations</i> | - Means the rules and regulations promulgated by the CFTC. |
| <i>Cleared Swap</i> | - Means “Cleared Swap” as such term is defined in CFTC Regulation 22.1, which term includes but is not limited to |

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| | Swap Products. |
| <i>Cleared Swaps Account Class</i> | - Means the account class for cleared swaps accounts (as defined in CFTC Regulation 190.01(a)(i) for purposes of Part 190 of the CFTC Regulations and Section 4d(f) of the CEA. |
| <i>Cleared Swaps Customer Account</i> | - Means “Cleared Swaps Customer Account” as such term is defined in CFTC Regulation 22.1. |
| <i>Clearing House</i> | - Means LCH.Clearnet Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom. |
| <i>Closing-out Contract</i> | - Means, for the purposes of these FCM Regulations, an FCM Contract effected by or on behalf of the Clearing House and registered in an FCM Clearing Member’s name, being an FCM Contract on the same terms (except as to price) as an Open Contract in the FCM Clearing Member’s name, save that where the Clearing House has position “X” under the terms of such open FCM Contract (where such FCM Contract consists of positions “X” and “Y”), the Clearing House shall have position “Y” under the terms of such closing-out FCM Contract, and vice-versa. |
| <i>“Commodity” or “commodity”</i> | - Means any “commodity” (as such term is defined in Section 1a(9) of the CEA and CFTC Regulation 1.3(e)) that is the subject matter of an FCM Exchange Contract. |
| <i>Collateral</i> | - Means the cash, securities or other collateral or assets deposited with or to be deposited with (as the context may require) the Clearing House by an FCM Clearing Member or otherwise furnished to an FCM Clearing Member’s Proprietary Account or its FCM Omnibus Client Accounts with LCH for the purpose of margining, guaranteeing and/or securing (as Margin) FCM Contracts for such accounts. The Clearing House will only credit deposited securities or other non-cash collateral or assets as Collateral to the extent such securities or other noncash collateral or assets are acceptable forms of collateral as set forth in the FCM Procedures or as otherwise explicitly permitted by the Clearing House. |
| <i>cover</i> | - Means either Collateral, Margin or both, as the context may require as used in the FCM Rulebook. |
| <i>CVR or Collateral Value Report</i> | - Has the meaning assigned to it in FCM Regulation 9A(d)(ii). |
| <i>defaulter</i> | - Has the meaning assigned to it in rule 4 of the Default Rules. |
| <i>Default Fund Rules</i> | - Means the Clearing House’s Default Fund Rules from time to time in force. |

- Default Rules* - Means the Clearing House's Default Rules from time to time in force pursuant to part II of schedule 21 to the UK Companies Act 1989.
- Delivery Month* - In respect of an FCM Exchange Contract, has the meaning ascribed to it in the Exchange Rules applicable to such FCM Exchange Contract.
- Delivery Notice* - Means a notice in writing, given by or on behalf of a Seller (or Buyer where Exchange Rules so require) pursuant to Exchange Rules, these FCM Regulations and the FCM Procedures, of the Seller's (or Buyer's) intention to make (or take) delivery of a commodity in connection with an FCM Exchange Contract.
- Economic Terms* - Means that part of the FCM SwapClear Contract Terms, the FCM ForexClear Contract Terms, or the FCM EnClear Contract Terms designated as Economic Terms by the Clearing House from time to time.
- Encumbered FCM Buffer* - Has the meaning assigned to it in FCM Regulation 9A(c)(ii)(A).
- Exchange* - Means an organization (whether an exchange, association, company, corporation, limited partnership or otherwise), including a designated contract market (designated as such by the CFTC), responsible for administering a futures, options, or stock market (in its capacity as the administrator of such a market), to which the Clearing House provides FCM Clearing Services.
- Exchange Board* - Means the board of directors or other governing body (whether called a board, a committee or otherwise) of an Exchange.
- Exchange Rules* - Means the rules, regulations, administrative procedures, memorandum and articles of association, charter, certificate of incorporation, by-laws or similar constituent documents which regulate an Exchange and the market administered by it as notified from time to time to the Clearing House and, without prejudice to the generality of the foregoing, any regulations or directions made by its Board and any procedures, practices and administrative requirements of the Exchange.
- Excess Margin* - Means, in respect of (i) an FCM Client Sub-Account (excluding FCM Buffer and Encumbered FCM Buffer), (ii) an FCM Clearing Member's Proprietary Account, or (iii) an FCM Omnibus Futures Client Account with LCH, the amount (if any) by which the Margin attributable to any such account exceeds the Required Margin applicable to the FCM Contracts registered to such account each as determined by the Clearing House in accordance with the FCM Rulebook.
- Executing Party* - Means each person described as a party to an FCM Transaction in the details submitted to the Clearing

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| | House via the relevant FCM Clearing Member and/or via the relevant FCM Approved Trade Source System. |
| <i>Expiry Month</i> | - A month prescribed by Exchange Rules in respect of an FCM Option Contract. |
| <i>FCM</i> | - Means a futures commission merchant, as defined in the CEA and the CFTC Regulations promulgated thereunder, that is registered in such capacity with the CFTC. |
| <i>FCM Approved Trade Source System</i> | - Means a system or facility, such as an exchange, a clearing house, a swap execution facility, a designated contract market, trade affirmation or routing system or other similar venue or system, approved by the Clearing House for submitting or presenting FCM Transactions to the Clearing House. For the avoidance of doubt, the "SwapClear API" is not an FCM Approved Trade Source System. |
| <i>FCM Buffer</i> | - Has the meaning assigned to such term in FCM Regulation 9A(a). |
| <i>FCM Buffer Sub-Account</i> | - Has the meaning assigned to such term in FCM Regulation 9A(a). |
| <i>FCM Clearing Member</i> | - Means an FCM that has been approved by the Clearing House for the clearing of one or more categories of FCM Contracts on behalf of FCM Clients, in accordance with an FCM Clearing Membership Agreement and the FCM Procedures, and pursuant to these FCM Regulations, and as such is a "Clearing Member" for all purposes under the Default Rules, the Default Fund Rules and the FCM Default Fund Agreement, unless otherwise specified in these FCM Regulations. |
| <i>FCM Clearing Membership Agreement</i> | - Means the agreement so designated under which, inter alia, the Clearing House agrees to make available clearing services to an FCM Clearing Member in respect of FCM Contracts together with any ancillary agreements. |
| <i>FCM Clearing Services</i> | - Means the FCM SwapClear Clearing Services, the FCM ForexClear Clearing Services, the FCM EnClear Clearing Services and the FCM Nodal Clearing Services, collectively. |
| <i>FCM Client</i> | - Means a client of an FCM Clearing Member (but not including Affiliates of such FCM Clearing Member) with positions in FCM Contracts on behalf of which the FCM Clearing Member provides FCM Clearing Services and clears FCM Contracts; <u>provided</u> , that any such client is only an FCM Client with respect to its positions in FCM Contracts. |
| <i>FCM Client Business</i> | - Means the provision of FCM Clearing Services by an |

- FCM Clearing Member to its FCM Clients.
- FCM Client Funds* - Means FCM Swaps Client Funds and/or FCM Futures Client Funds, as the context may require.
- FCM Client Segregated Depository Account* - Means an FCM Swaps Client Segregated Depository Account or an FCM Futures Client Segregated Depository Account, as the context may require.
- FCM Client Sub-Account* - Means an individual segregated sub-account on behalf of an individual FCM Client, established on the books of the Clearing House as a sub-account of the relevant FCM Omnibus Swaps Client Account with LCH of an FCM Clearing Member which shall reflect the relevant Margin balance attributable to such sub-account, and the relevant FCM Contracts registered to such sub-account and carried for such FCM Client by its FCM Clearing Member, based on information provided by the applicable FCM Clearing Member and/or an FCM Approved Trade Source System to the Clearing House. Each FCM Client will have an FCM Client Sub-Account in the relevant FCM Omnibus Swaps Client Account with LCH for each Business Category of FCM Contracts in which such FCM Client clears Swap Products.
- FCM Client Sub-Account Balance* - Means, at any given time, the legally segregated value of the Margin balance attributable to an FCM Client Sub-Account of the relevant FCM Client as determined by the Clearing House in accordance with the FCM Rulebook. For the avoidance of doubt, an FCM Client Sub-Account Balance at no time reflects the value of any FCM Buffer (including any Encumbered FCM Buffer) or the value of any Unallocated Excess.
- FCM Contract* - Means an FCM SwapClear Contract, an FCM ForexClear Contract, an FCM EnClear Contract or an FCM Nodal Contract. “*FCM Contracts*” means FCM SwapClear Contracts, FCM ForexClear Contracts, FCM EnClear Contracts and FCM Nodal Contracts, collectively.
- FCM Contract Terms* - Means the FCM SwapClear Contract Terms, the FCM ForexClear Contract Terms, the FCM EnClear Contract Terms and the FCM Nodal Contract Terms, collectively.
- FCM Default Fund Agreement* - Means an agreement in a form prescribed by the Clearing House, entered into between an FCM Clearing Member and the Clearing House relating to the Clearing House’s default fund.
- FCM Eligible US Trading Venue* - Means, in respect of an FCM Clearing Member, an FCM US Trading Venue for which the Clearing House’s records reflect that such FCM Clearing Member has completed the Clearing House’s process for enabling the FCM Clearing Member to be eligible to submit (or have submitted on its behalf) a transaction executed on such

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| | US Trading Venue to the Clearing House for registration. |
| <i>FCM EnClear Clearing Services</i> | - Means the services provided by an FCM Clearing Member in connection with FCM EnClear Contracts cleared on behalf of its FCM Clients or its Affiliates, as the case may be. |
| <i>FCM EnClear Clearing Member</i> | - Means an FCM Clearing Member approved by the Clearing House (in accordance with the FCM Regulations and the FCM Procedures) to clear FCM EnClear Transactions and register FCM EnClear Contracts. |
| <i>FCM EnClear Contract</i> | - Means a contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM EnClear Contract Terms, and which is governed by these FCM Regulations. |
| <i>FCM EnClear Contract Terms</i> | - Means the terms applicable to each FCM EnClear Contract as set out from time to time in the FCM Regulations. |
| <i>FCM EnClear Product Eligibility Criteria</i> | - Means the product criteria set out in paragraph 1.2 of Part B of Schedule C to these FCM Regulations. |
| <i>FCM EnClear Transaction</i> | - Means any transaction entered into between two Executing Parties for purposes of having at least one side of such transaction registered with the Clearing House as an FCM EnClear Contract, and the other side of such transaction registered with the Clearing House as either an FCM EnClear Contract or a Non-FCM EnClear Contract. |
| <i>FCM Exchange Contract</i> | - Means an FCM Contract arising out of a transaction executed on a market administered by an Exchange in accordance with the Exchange Rules of the relevant Exchange. Such FCM Contracts are: FCM Nodal Contracts. |
| <i>FCM Exchange Contract Subject to Delivery Notice</i> | - Means a Physically-Settled FCM Exchange Contract in respect of which a Delivery Notice has been given, and which has not been closed out, settled or invoiced back, in accordance with the FCM Rulebook. |
| <i>FCM Exchange Transaction</i> | - Means a transaction entered on, or subject to, the Exchange Rules of the relevant Exchange of which particulars are to be presented to the Clearing House for registration as (i) an FCM Exchange Contract in the name of the relevant FCM Clearing Member in accordance with the relevant Exchange Rules, and the FCM Regulations and FCM Procedures and (ii) as applicable, as either (A) a second such FCM Exchange Contract or (B) a "Cleared Exchange Contract" with a Non-FCM Clearing Member governed by the UK General Regulations. |

- FCM ForexClear Clearing Member* - Means an FCM Clearing Member approved by the Clearing House (in accordance with the FCM Regulations and the FCM Procedures) to clear FCM ForexClear Transactions and register FCM ForexClear Contracts.
- FCM ForexClear Clearing Services* - Means the services provided by an FCM Clearing Member in connection with FCM ForexClear Contracts cleared on behalf of its FCM Clients or its Affiliates, as the case may be.
- FCM ForexClear Contract* - Means a contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM ForexClear Contract Terms, and which is governed by these FCM Regulations.
- FCM ForexClear Contract Terms* - Means the terms applicable to each FCM ForexClear Contract as set out from time to time in the FCM Regulations.
- FCM ForexClear Product Eligibility Criteria* - Means the product criteria set out in paragraph 2 of Part B of Schedule B to these FCM Regulations.
- FCM ForexClear Transaction* - Means any transaction entered into between two Executing Parties for purposes of having at least one side of such transaction registered with the Clearing House as an FCM ForexClear Contract, and the other side of such transaction registered with the Clearing House as either an FCM ForexClear Contract or a Non-FCM ForexClear Contract.
- FCM Futures Client Funds* - Means all cash, securities, receivables, rights, intangibles and any other collateral or assets held by an FCM Clearing Member (i.e., not furnished to the Clearing House) on behalf of its FCM Clients with respect to Futures Products or other Futures/Options Contracts.
- FCM Futures Client Segregated Depository Account* - Means an omnibus account located in the United States and maintained by an FCM Clearing Member for its FCM Clients with a Permitted Depository (including any applicable "PPS accounts", which are described in the FCM Procedures), which is segregated in accordance with Section 4d(a) of the CEA and the CFTC Regulations, which contains the FCM Futures Client Funds of its FCM Clients held in connection with Futures Products or other Futures/Options Contracts (and, if applicable, the funds of other futures customers of an FCM Clearing Member held in connection with other Futures/Options Contracts).
- FCM Nodal Clearing Member* - Means an FCM Clearing Member approved by the Clearing House (in accordance with the FCM Regulations and the FCM Procedures) to clear FCM Nodal Transactions and register FCM Nodal Contracts.

- FCM Nodal Clearing Services* - Means the services provided by an FCM Clearing Member in connection with FCM Nodal Contracts cleared on behalf of its FCM Clients or its Affiliates, as the case may be.
- FCM Nodal Contract* - Means a contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM Nodal Contract Terms, and which is governed by these FCM Regulations.
- FCM Nodal Contract Terms* - Means the “Nodal Contract Terms” as such term is defined in the UK General Regulations.
- FCM Nodal Transaction* - Means any transaction entered into between two Executing Parties for purposes of having at least one side of such transaction registered with the Clearing House as an FCM Nodal Contract, and the other side of such transaction registered with the Clearing House as either an FCM Nodal Contract or a Non-FCM Nodal Contract.
- FCM Omnibus Client Account with LCH* - Means either an FCM Omnibus Swaps Client Account with LCH or an FCM Omnibus Futures Client Account with LCH.
- FCM Omnibus EnClear Client Account with LCH* - Means an omnibus account located in the United States and maintained on the books of the Clearing House in the name of an FCM Clearing Member for the benefit of its FCM Clients, in which all FCM EnClear Contracts cleared by such FCM Clearing Member on behalf of such FCM Clients, and all associated Collateral and Margin, will be reflected on the books of the Clearing House. Such FCM Omnibus EnClear Client Account with LCH will not have attributed to it any FCM Contracts or Margin other than in connection with FCM EnClear Contracts. Each FCM Omnibus EnClear Client Account with LCH is a book-entry account, the associated Collateral of which is contained in the LCH Swaps Client Segregated Depository Account. The Clearing House will establish FCM Client Sub-Accounts within each FCM Omnibus EnClear Client Account with LCH.
- FCM Omnibus ForexClear Client Account with LCH* - Means an omnibus account located in the United States and maintained on the books of the Clearing House in the name of an FCM Clearing Member for the benefit of its FCM Clients, in which all FCM ForexClear Contracts cleared by such FCM Clearing Member on behalf of such FCM Clients, and all associated Collateral and Margin, will be reflected on the books of the Clearing House. Such FCM Omnibus ForexClear Client Account with LCH will not have attributed to it any FCM Contracts or Margin other than in connection with FCM ForexClear Contracts. Each FCM Omnibus ForexClear Client Account with LCH is a book-entry account, the associated Collateral of which is contained in the LCH Swaps Client Segregated Depository Account. The Clearing House will establish FCM Client Sub-Accounts

- within each FCM Omnibus ForexClear Client Account with LCH.
- FCM Omnibus Futures Client Account with LCH* - Means an FCM Omnibus Nodal Client Account with LCH.
- FCM Omnibus Nodal Client Account with LCH* - Means an omnibus account located in the United States and maintained on the books of the Clearing House in the name of an FCM Clearing Member for the benefit of its FCM Clients, in which all FCM Nodal Contracts cleared by such FCM Clearing Member on behalf of such FCM Clients, and all associated Collateral and Margin, will be reflected on the books of the Clearing House. Such FCM Omnibus Nodal Client Account with LCH will not have attributed to it any FCM Contracts or Margin other than in connection with FCM Nodal Contracts. Each FCM Omnibus Nodal Client Account with LCH is a book-entry account, the associated Collateral of which is held in the LCH Futures Client Segregated Depository Account.
- FCM Omnibus SwapClear Client Account with LCH* - Means an omnibus account located in the United States and maintained on the books of the Clearing House in the name of an FCM Clearing Member for the benefit of its FCM Clients, in which all FCM SwapClear Contracts cleared by such FCM Clearing Member on behalf of such FCM Clients, and all associated Collateral and Margin, will be reflected on the books of the Clearing House. Such FCM Omnibus SwapClear Client Account with LCH will not contain any FCM Contracts or Margin other than in connection with FCM SwapClear Contracts. Each FCM Omnibus SwapClear Client Account with LCH is a book-entry account, the associated Collateral of which is held in the LCH Swaps Client Segregated Depository Account. The Clearing House will establish FCM Client Sub-Accounts within each FCM Omnibus SwapClear Client Account with LCH.
- FCM Omnibus Swaps Client Account with LCH* - Means either an FCM Omnibus ForexClear Client Account with LCH, an FCM Omnibus SwapClear Client Account with LCH or an FCM Omnibus EnClear Client Account with LCH.
- FCM Option Contract* - Means an FCM Exchange Contract which is contract for an Option.
- FCM Procedures* - Means the document containing the working practices and administrative or other requirements of the Clearing House for the purposes of implementing or supplementing these FCM Regulations, or the procedures for application for and regulation of membership of the Clearing House.
- FCM Regulations* - Means these FCM Regulations entitled as such, relating to FCM Contracts and the clearing of FCM Contracts only, from time to time in force.

- FCM Rulebook* - Means the FCM Regulations, the Other Specific Regulations, the FCM Procedures and such other rules of the Clearing House, which are applicable to FCM Clearing Services, as published and amended from time to time.
- FCM SwapClear Clearing Services* - Means the services provided by an FCM Clearing Member in connection with FCM SwapClear Contracts cleared on behalf of its FCM Clients or its Affiliates, as the case may be.
- FCM SwapClear Contract* - Means a contract that is registered for clearing and is entered into by the Clearing House with an FCM Clearing Member on the FCM SwapClear Contract Terms, and which is governed by these FCM Regulations.
- FCM SwapClear Contract Terms* - Means the terms applicable to each FCM SwapClear Contract as set out from time to time in the FCM Regulations.
- FCM SwapClear Product Eligibility Criteria* - Means the product criteria set out in paragraphs 1.1(a), 1.1(b) or 1.1(c) and paragraph 3 of Part B of Schedule A to these FCM Regulations.
- FCM SwapClear Transaction* - Means any transaction the details of which are presented to the Clearing House via an FCM Approved Trade Source System for the purpose of having such transaction registered at the Clearing House as two FCM SwapClear Contracts (or, where a corresponding presentation has been made in respect of the same transaction for registration of a Non-FCM SwapClear Contract, one Non-FCM SwapClear Contract and one FCM SwapClear Contract), regardless of whether (a) such transaction is an existing swap transaction, (b) it was entered into in anticipation of clearing, and (c) it is contingent on clearing.
- FCM Swaps Client Funds* - Means all cash, securities, receivables, rights, intangibles and any other collateral or assets held by an FCM Clearing Member (i.e., not furnished to the Clearing House) on behalf of its FCM Clients with respect to Swap Products or other Cleared Swaps.
- FCM Swaps Client Segregated Depository Account* - Means an omnibus account located in the United States and maintained by an FCM Clearing Member for its FCM Clients with a Permitted Depository (including any applicable "PPS accounts", which are described in the FCM Procedures), which is segregated in accordance with Section 4d(f) of the CEA and the CFTC Regulations, which is a Cleared Swaps Customer Account, and which contains the FCM Swaps Client Funds of its FCM Clients held in connection with Swap Products or other Cleared Swaps (and, if applicable, the funds of other Cleared Swaps customers of an FCM Clearing Member held in connection with other Cleared Swaps).

- FCM Transaction* - Means either an FCM SwapClear Transaction, an FCM ForexClear Transaction, an FCM EnClear Transaction, or an FCM Exchange Transaction (including an FCM Nodal Transaction), as applicable.
- FCM US Trading Venue* - Means a swap execution facility or designated contract market registered as such with the CFTC which the Clearing House has approved for the purposes of having transactions executed thereon submitted to the Clearing House for registration. For the avoidance of doubt, an FCM US Trading Venue need not be an FCM Approved Trade Source System.
- FCM US Trading Venue Transaction* - Means, in respect of an FCM Clearing Member, a transaction recorded in the Clearing House's systems (via applicable messaging from the relevant FCM US Trading Venue, FCM Approved Trade Source System or otherwise) as a transaction that was executed on a swap execution facility or designated contract market that, as at the time of such execution, was an FCM Eligible US Trading Venue in respect of such FCM Clearing Member.
- First EnClear Clearing Member* - Has the meaning assigned to it in FCM Regulation 51(a).
- First Nodal Clearing Member* - Has the meaning assigned to it in FCM Regulation 61(a).
- ForexClear Clearing Member* - Means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member.
- ForexClear Contribution* - Means, in relation to the Default Fund Rules, the meaning assigned to it in rule 17 of the Default Fund Rules.
- ForexClear DMP* - Has the meaning assigned to it in the ForexClear DMP Annex of the Default Rules.
- Futures Account Class* - Means the account class for futures accounts (as defined in CFTC Regulation 190.01(a)(i)) for purposes of Part 190 of the CFTC Regulations and Section 4d(a) of the CEA.
- Futures/Options Contract* - Means the type of contract which is either (i) a contract for the purchase or sale of a commodity for future delivery that is traded on or subject to the rules of an Exchange, (ii) an option on any such contract or (iii) any similar type of contract, and which, in the case of any of the foregoing, is required to be segregated (along with any related margin) pursuant to Section 4d(a) of the CEA if cleared by an FCM for a customer.
- Futures Product* - Means a Product which constitutes a Futures/Options Contract. Such Products are: FCM Nodal Contracts.

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| <i>Hedged Account</i> | - Has the meaning assigned to it in the FCM Procedures. |
| <i>Ineligible FCM ForexClear Contract</i> | - Has the meaning assigned to it in FCM Regulation 40(f)(ii). |
| <i>Ineligible FCM ForexClear Transaction</i> | - Has the meaning assigned to it in FCM Regulation 40(f)(i). |
| <i>Ineligible FCM SwapClear Contract</i> | - Has the meaning assigned to it in FCM Regulation 30(f). |
| <i>Ineligible FCM SwapClear Transaction</i> | - Has the meaning assigned to it in FCM Regulation 30(f). |
| <i>Initial Margin</i> | - Means, with respect to the amount of Margin attributable to a particular account or accounts of an FCM Clearing Member with the Clearing House, the portion of such Margin held in respect of the Clearing House's initial margin requirements (as published from time to time by the Clearing House) in respect of the relevant FCM Contracts attributable to such account or accounts. |
| <i>LCH.Clearnet Group</i> | - Means the group of undertakings consisting of LCH.Clearnet Limited, LCH.Clearnet Group Limited and Banque Centrale de Compensation S.A. trading as LCH.Clearnet SA. (Reference to a "member" of LCH.Clearnet Group within these FCM Regulations is to be construed accordingly). |
| <i>LCH Approved Outsourcing Agent</i> | - Means a person, designated as such by the Clearing House, as may be provided for in the FCM Procedures. |
| <i>LCH EnClear OTC Clearing Member</i> | - Means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member. |
| <i>LCH Futures Client Segregated Depository Account</i> | - Means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of, and in accordance with, the applicable provisions of the CEA and the CFTC Regulations) located in the United States and maintained by the Clearing House for the benefit of FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and the CFTC Regulations, which is part of the Futures Account Class and which contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with Futures Products cleared for such FCM Clients by such FCM Clearing Members. |
| <i>LCH Swaps Client Segregated Depository Account</i> | - Means the omnibus account (which will consist of one or more accounts at one or more Permitted Depositories which are commingled for purposes of, and in accordance with, the applicable provisions of the CEA and the CFTC Regulations) located in the United States and maintained by the Clearing House for the benefit of |

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| | FCM Clients of its FCM Clearing Members with a Permitted Depository, which is segregated in accordance with the CEA and the CFTC Regulations, which is a Cleared Swaps Customer Account that is part of the Cleared Swaps Account Class and which contains the Collateral deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with Swaps Products cleared for such FCM Clients by such FCM Clearing Members. |
| <i>Lot</i> | - Means the standard unit or quantity prescribed by an Exchange, with the approval of the Clearing House, as the trading unit of an FCM Exchange Contract. |
| <i>Margin</i> | - Means, with respect to a particular account or accounts of an FCM Clearing Member with the Clearing House, the Collateral value that is attributable to such account or accounts as margin for the margining of FCM Contracts in such account or accounts, as determined by the Clearing House in accordance with the FCM Rulebook. |
| <i>MCE</i> | - Has the meaning assigned to it in Section 2B.12.3 of the FCM Procedures. |
| <i>MER</i> | - Has the meaning assigned to it in Section 2A.3.3 of the FCM Procedures. |
| <i>Nodal</i> | - Means Nodal Exchange, LLC of 8065 Leesburg Pike, 3 rd Floor, Vienna, VA 22182, United States of America. |
| <i>Nodal Eligible Derivative Product</i> | - Means a derivative product prescribed from time to time by the Clearing House as eligible for the FCM Nodal Clearing Service. |
| <i>Nodal's Rules</i> | - Means the rules, practices, procedures, trading protocols and arrangements of the Nodal Trading Facility as the case may be and as may be prescribed from time to time relating to Nodal Eligible Derivative Products. |
| <i>Nodal Service Clearing Member</i> | - Means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member. |
| <i>Nodal Trading Facility</i> | - Means the facility, trading system or systems operated directly or indirectly by Nodal on which Nodal Eligible Derivative Products may be traded. |
| <i>Non-FCM Clearing Member</i> | - Means either a SwapClear Clearing Member, a ForexClear Clearing Member, an LCH EnClear OTC Clearing Member or a Nodal Service Clearing Member, as applicable. |
| <i>Non-FCM Contract</i> | - Means either a Non-FCM SwapClear Contract, a Non-FCM ForexClear Contract, a Non-FCM EnClear Contract or a Non-FCM Nodal Contract, as applicable. |

- Non-FCM EnClear Contract* - Means an “LCH EnClear OTC Contract” (as such term is defined in the UK General Regulations) and which is governed in accordance with the UK General Regulations.
- Non-FCM ForexClear Contract* - Means a “ForexClear Contract” (as such term is defined in the UK General Regulations) and which is governed in accordance with the UK General Regulations.
- Non-FCM Nodal Contract* - Means a “Nodal Contract” (as such term is defined in the UK General Regulations) and which is governed in accordance with the UK General Regulations.
- Non-FCM SwapClear Contract* - Means a “SwapClear Contract” (as such term is defined in the UK General Regulations) and which is governed in accordance with the UK General Regulations.
- Non-Porting Client* - Has the meaning assigned to it in the FCM Procedures.
- Official Quotation* - Means a price determined by the Clearing House under FCM Regulation 10.
- Omnibus Collateral Value* - Means, at any given time in respect of an FCM Omnibus Swaps Client Account with LCH, the aggregate Margin, as determined by the Clearing House in accordance with the FCM Rulebook, attributable to such FCM Omnibus Swaps Client Account with LCH (and regardless of whether such Margin is attributed to an FCM Client Sub-Account, the FCM Buffer Sub-Account or the Unallocated Excess Sub-Account).
- “Open Contract” or “open contract”* - Means an FCM Contract which has not been closed-out, settled or invoiced back in accordance with the FCM Regulations and the FCM Procedures. The terms “Open Contract” and “open contract” shall not include a Closing-out Contract.
- Option* - Means a right (but not the obligation) pursuant to an FCM Option Contract, to enter into a Cash-Settled FCM Exchange Contract or a Physically-Settled FCM Exchange Contract.
- Other Specific Regulations* - Means the Clearing House’s Default Rules, Default Fund Rules, Settlement Finality Regulations and related Definitions and provisions relating to construction as published and amended by the Clearing House from time to time.
- Permitted Depository* - Means “Permitted Depository” as such term is defined in CFTC Regulations 22.1 and 22.4.
- Physically-Settled FCM Exchange Contract* - Means an FCM Exchange Contract between the Clearing House and an FCM Clearing Member: (i) for the sale and purchase of a commodity that is the result of the exercise of an Option pursuant to these FCM Regulations; or (ii) for the sale and purchase of a commodity for delivery on the date specified in the FCM

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| | Exchange Contract or on the date agreed between the parties. |
| <i>Portfolios</i> | - Has the meaning assigned to it in either (i) the SwapClear DMP Annex of the Default Rules or (ii) the ForexClear DMP Annex of the Default Rules, as applicable. |
| <i>Porting FCM Contracts</i> | - Has the meaning assigned to it in FCM Regulation 8(c). |
| <i>Price</i> | - Means, in the case of an FCM Contract, the price calculated by the Clearing House in accordance with the FCM Regulations and the FCM Procedures. |
| <i>Premium</i> | - The consideration for the selling of an Option payable by the Buyer in accordance with these FCM Regulations and the FCM Procedures. |
| <i>Product</i> | - Means a Swap Product or a Futures Product. |
| <i>Prompt Date</i> | - In respect of an FCM Exchange Contract, has the meaning ascribed to it in the Exchange Rules governing such FCM Exchange Contract. |
| <i>Proprietary Account</i> | - Means the house account with the Clearing House opened in the name of an FCM Clearing Member to which FCM Contracts made by the FCM Clearing Member for its own account or accounts of its Affiliates (but never accounts of its FCM Clients) are registered and to which monies in respect of such FCM Contracts are credited. |
| <i>Rate X and Rate Y</i> | - Means, in relation to an FCM SwapClear Transaction or an FCM SwapClear Contract, the outstanding payment obligations of each party to the transaction, such that Rate X comprises the outstanding payment obligations of one party to the other and Rate Y comprises the outstanding payment obligations of the other party to the first party. |
| <i>Receiving FCM Clearing Member</i> | - Means an FCM Clearing Member receiving the transfer of part or all of the FCM Contracts and Collateral attributable to an FCM Client from a Carrying FCM Clearing Member that previously carried such account, pursuant to FCM Regulation 8 and in accordance with the FCM Procedures. |
| <i>Reference Currency Buyer</i> | - Has the meaning assigned to it in the Clearing House's "General Regulations". |
| <i>Reference Currency Seller</i> | - Has the meaning assigned to it in the Clearing House's "General Regulations". |
| <i>Reference Price</i> | - Means a price (howsoever called) by reference to which an FCM Contract is marked to market or valued in accordance with the FCM Regulations and FCM |

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| | Procedures. |
| <i>Registration Time</i> | - Means, in respect of an FCM Contract, the applicable time at which the Clearing House registers such FCM Contract, as prescribed in the FCM Procedures. |
| <i>Regulatory Body</i> | - Means the Secretary of State, The Financial Services Authority or professional body designated under Part 20 of the Financial Services and Markets Act 2000 or other body given regulatory powers under that Act, the Bank of England, the CFTC or any department, agency, office, court or tribunal of a nation, state, province or any other body or authority which exercises a regulatory or supervisory function under the laws of the United Kingdom or under any foreign law. |
| <i>Required Margin</i> | - Means, with respect to a particular account or accounts of an FCM Clearing Member with the Clearing House, the amount of Initial Margin required by the Clearing House (in accordance with the FCM Rulebook) to be held in such account or accounts from time to time. |
| <i>Risk Neutralisation</i> | - Has the meaning assigned to it in either (i) the SwapClear DMP Annex of the Default Rules or (ii) the ForexClear DMP Annex of the Default Rules, as applicable. |
| <i>Second EnClear Clearing Member</i> | - Has the meaning assigned to it in FCM Regulation 51(a). |
| <i>Second Nodal Clearing Member</i> | - Has the meaning assigned to it in FCM Regulation 61(a). |
| <i>Seller</i> | - Means an FCM Clearing Member (or the Clearing House where the context so requires) who is a seller under the terms of an FCM Exchange Contract. |
| <i>Settlement Finality Regulations</i> | - Means the Clearing House's Settlement Finality Regulations from time to time in force. |
| <i>Settlement Price</i> | - Means, in relation to an FCM Contract, one or more prices determined in accordance with the FCM Regulations or the FCM Procedures. |
| <i>Standard Terms</i> | - Means those parts of the FCM Contract Terms designated as Standard Terms by the Clearing House from time to time. |
| <i>Strike Price</i> | - Means the price specified in an FCM Option Contract which becomes the price of the commodity under an FCM Exchange Contract, upon the exercise of the FCM Option Contract, in accordance with the relevant Exchange Rules, and the FCM Regulations and FCM Procedures. |
| <i>Swap Product</i> | - Means a Product which constitutes a Cleared Swap. Such Products are: (1) FCM SwapClear Contracts, (2) |

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| | FCM ForexClear Contracts and (3) FCM EnClear Contracts. |
| <i>SwapClear Contribution</i> | - Means, in relation to the Default Fund Rules, the meaning assigned to it in rule 17 of the Default Fund Rules. |
| <i>SwapClear Clearing Member</i> | - Means a person who is designated as such by the Clearing House pursuant to the UK General Regulations and who is not an FCM Clearing Member. |
| <i>SwapClear DMP</i> | - Has the meaning assigned to it in the SwapClear DMP Annex of the Default Rules. |
| <i>SwapClear Suspension Sub-Account</i> | - Has the meaning assigned to such term in FCM Regulation 30(p)(ii). |
| <i>SwapClear Tolerance</i> | - Has the meaning assigned to it in Section 2A.3.3 of the FCM Procedures. |
| <i>Termination Amount</i> | - Has the meaning assigned to such term in FCM Regulation 24A(d)(iii). |
| <i>UK General Regulations</i> | - Means the Default Rules, the Default Fund Rules and the Settlement Finality Regulations, and the Clearing House's General Regulations from time to time in force. |
| <i>UK General Procedures</i> | - Means the Clearing House's "Procedures" as such term is defined in the UK General Regulations, which are applicable to the UK General Regulations. |
| <i>Unallocated Excess</i> | - Has the meaning assigned to such term in FCM Regulation 9A(b)(i). |
| <i>Unallocated Excess Sub-Account</i> | - Has the meaning assigned to such term in FCM Regulation 9A(b)(i). |
| <i>Unallocated FCM SwapClear Contract</i> | - Has the meaning assigned to such term in FCM Regulation 30(p)(ii). |
| <i>Unallocated FCM SwapClear Transaction</i> | - Has the meaning assigned to such term in FCM Regulation 30(p)(i). |
| <i>Variation Margin</i> | - Means the amount payable by an FCM Clearing Member to the Clearing House or by the Clearing House to an FCM Clearing Member, as applicable, in respect of, and in the amount of, the Clearing House's variation margin requirements (as published from time to time by the Clearing House) in respect of an FCM Contract and with reference to the change in the NPV of such FCM Contract over a particular period of time. |
| <i>Withdrawal Date</i> | - Means the date upon which the Clearing House determines to withdraw the FCM SwapClear Service, the FCM ForexClear Service or the FCM EnClear Service, as applicable, in accordance with these FCM |

Regulations and the FCM Procedures.

With Client Excess Model - Has the meaning assigned to it in FCM Regulation 9A(d).

Without Client Excess Model - Has the meaning assigned to it in FCM Regulation 9A(c).

In the Rulebook, except as the context may otherwise require:

- (a) Any reference in these FCM Regulations or the FCM Procedures to statutes, laws or regulations (or to specific provisions within them) thereof shall be to such statutes, laws or regulations (or to specific provisions within them) as amended, modified, supplemented or replaced from time to time.
- (b) Any reference to a Regulatory Body includes any successor or replacement Regulatory Body.
- (c) Reference to writing contained in these FCM Regulations or the FCM Procedures shall include typing, printing, lithography, photography or any other mode of representing or reproducing words in a visible form.
- (d) Words importing the singular shall, where the context permits, include the plural and vice-versa.
- (e) The words “include”, “includes” or “including” are to be deemed followed by the words “without limitation”.
- (f) Any reference to time contained in these FCM Regulations or the FCM Procedures shall, unless otherwise stated, be to London time. Times are shown using the twenty four hour clock.
- (g) Any reference in these FCM Regulations or the FCM Procedures to a person or a party (however described) shall include its legal successors or assigns.
- (h) Headings are used herein for ease of reference only.

PART I – REGULATIONS OF GENERAL APPLICABILITY**Regulation 1 Obligations of the Clearing House to each FCM Clearing Member**

- (a) The Clearing House shall perform the obligations referred to in paragraph (b) below so as to ensure the performance of all Open Contracts in accordance with these FCM Regulations. Each FCM Clearing Member is fully liable to the Clearing House for the performance of all obligations arising in connection with the FCM Contracts registered to it, regardless of whether such FCM Contracts are cleared by such FCM Clearing Member (i) as principal for its own account (including in respect of FCM Contracts cleared in connection with FCM Transactions of Affiliates), or as agent (as such term is used in, and as required by, CFTC Regulation 39.12(b)(6)) for its FCM Clients (as set forth in FCM Regulation 3(b)).
- (b) The obligations of the Clearing House to each FCM Clearing Member shall be as a counterpart to an Open Contract registered in the name of an FCM Clearing Member in accordance with these FCM Regulations and the FCM Procedures, to perform its obligations under the terms of such Open Contract as principal to such FCM Clearing Member in accordance with the provisions of these FCM Regulations and the FCM Procedures, but subject to the restrictions on the Clearing House's obligations and liabilities contained in these FCM Regulations.
- (c) The performance by the Clearing House of its obligations referred to in this FCM Regulation 1 shall be subject to the provisions of these FCM Regulations. It is not the intention of the Clearing House or its members to confer any benefit on or give any right to enforce any provisions of this FCM Regulation 1 or any of the other FCM Regulations to any person who is not a member.

Regulation 2 Performance by the Clearing House of its Obligations under the Terms of an Open Contract; Novation

- (a) Performance by the Clearing House. The Clearing House's obligations under the terms of an Open Contract shall be performed in the manner and form and by such day and time as may be prescribed in the rules of an FCM Approved Trade Source System or in the relevant Exchange Rules (where applicable), these FCM Regulations or the FCM Procedures; provided, that where the Economic Terms of an FCM Contract specify a time by which a party thereto shall perform its obligations, the Clearing House shall be deemed to have complied with such Economic Terms if it performs its obligations promptly after such time; provided, further, that where the rules of an FCM Approved Trade Source System or the relevant Exchange Rules specify a time by which the seller or the buyer shall perform its obligations under the terms of an FCM Contract that is an exchange contract, the Clearing House shall be deemed to have complied with the rules of the FCM Approved Trade Source System or the Exchange Rules (as may be the case) if it performs its obligations under the terms of an Open Contract, as seller or buyer, as the case may be, promptly after such time, unless the rules of the FCM Approved Trade Source System or the Exchange Rules (as applicable) expressly provide that performance must be made by the Clearing House by such time.
- (b) Novation. This FCM Regulation 2(b) applies only to FCM Nodal Transactions and FCM Nodal Contracts arising therefrom.
- (i) Upon registration of an FCM Transaction by the Clearing House, the relevant contracts thereunder shall be replaced by novation by two equal and opposite FCM Contracts, one between the first FCM Clearing Member and the Clearing House and another between the second FCM Clearing Member (or Non-FCM Clearing Member, as the case may be) and the Clearing House. For the avoidance of doubt, the two FCM Clearing Members may, in fact, be the same FCM Clearing Member. Each FCM Contract shall be subject to the FCM Regulations including any restrictions on the Clearing House's obligations and liabilities set out in the FCM Regulations (including FCM Regulation 24 and FCM Regulation 26H) and otherwise on the same terms (to the extent applicable) as the FCM Transaction that was replaced by such FCM Contracts (or FCM Contract and Non-FCM Contract, as the case may be). If the provisions in the FCM Rulebook applicable to a specific Product conflict with or modify the terms of this paragraph with respect to such Product, then such provisions shall prevail with respect to such Product.
- (ii) Upon the exercise of an Option by or on behalf of an FCM Clearing Member or, as the case may be, by the Clearing House or upon the deemed exercise of such Option pursuant to these FCM Regulations, the FCM Option Contract shall be replaced by novation by an FCM Contract on the terms specified in the FCM Option Contract at the Strike Price or at some other price in accordance with the terms of such FCM Option Contract.

Regulation 3 FCM Clearing Member Status of the Clearing House and Application of LCH Regulations

- (a) Application for FCM Clearing Member status in the Clearing House shall be made in accordance with the FCM Procedures. An FCM Clearing Member's status in the Clearing House and all FCM Clearing Services shall be governed by these FCM Regulations, the Other Specific Regulations and the FCM Procedures. Additionally, an FCM Clearing Member's status in the Clearing House shall be governed by any FCM Clearing Membership Agreement to which it is for the time being party. FCM Clearing Member status does not provide or entitle an FCM Clearing Member to any other clearing member status with the Clearing House, or to any shareholding membership of LCH.Clearnet Limited or any shareholding or other membership of any other member of the LCH.Clearnet Group or any entitlement to membership of or participation in LCH.Clearnet SA, each of which has separate and distinct membership requirements.
- (b) Notwithstanding any other provision of these FCM Regulations, with respect to FCM Transactions involving an FCM Client or an Affiliate cleared by an FCM Clearing Member as FCM Contracts, such FCM Clearing Member shall act solely as agent of its FCM Clients and Affiliates in connection with the clearing of such FCM Contracts; provided, that each FCM Clearing Member shall remain fully liable for all obligations to the Clearing House arising in connection with such FCM Contracts.
- (c) General Qualification of FCM Clearing Members. An FCM Clearing Member must obtain approval from the Clearing House in order to provide FCM Clearing Services in respect of a Product. A separate approval is required for each Product that an FCM Clearing Member proposes to clear. In order to obtain such approval, and in order to maintain such approval once such approval has been obtained, an FCM Clearing Member must:
- (i) be registered with the CFTC as an FCM;
 - (ii) maintain adjusted net capital, as defined in CFTC Regulation 1.17, of at least \$7,500,000 (seven and a half million United States dollars), or \$50,000,000 (fifty million United States dollars) in the case of FCM Clearing Members that clear either FCM SwapClear Contracts, FCM ForexClear Contracts or FCM Enclear Contracts; provided, that (A) the Clearing House shall be permitted (in its sole and reasonable discretion), including as described in the FCM Procedures, to scale an FCM Clearing Member's required level of net capital in accordance with the level of risk introduced to the Clearing House by such FCM Clearing Member and (B) the Clearing House shall be permitted (in its sole and reasonable discretion) to scale an FCM Clearing Member's level of risk introduced to the Clearing House by such FCM Clearing Member in accordance with its level of net capital (and regardless of whether such FCM Clearing Member has adjusted net capital exceeding \$7,500,000 or \$50,000,000, as applicable); provided, further, that each FCM Clearing Member or FCM Clearing Member applicant must maintain compliance with all regulatory financial requirements (whether relating to capital, equity, risk or otherwise) applicable to it, including without limitation the applicable requirements of CFTC Regulation 1.17 and Part 23 of the CFTC Regulations;

- (iii) maintain compliance with all regulatory financial requirements (whether relating to capital, equity, risk or otherwise) applicable to it, including without limitation the applicable requirements of CFTC Regulation 1.17 and Part 23 of the CFTC Regulations;
- (iv) have and maintain systems and personnel that are, in the judgment of the Clearing House, adequate to enable such FCM Clearing Member or applicant to satisfy its operational responsibilities, in accordance with the FCM Regulations and FCM Procedures and, without limitation, have the connectivity and capability to process the applicable FCM Transactions through an FCM Approved Trade Source System or an Exchange; and
- (v) be in compliance with all applicable provisions of the FCM Rulebook and the FCM Default Fund Agreement, including but not limited to the requirement to contribute to the applicable default funds of the Clearing House in accordance with the FCM Rulebook; and
- (vi) be incorporated or otherwise organized under the laws of a State within the United States;

and, solely in the case of FCM Clearing Members that wish to clear FCM SwapClear Contracts and/or FCM ForexClear Contracts, additionally must:

- (vii) be able to successfully participate or demonstrate that it has: (A) an affiliated Non-FCM Clearing Member (or, alternatively, a non-clearing member Affiliate that clears through the FCM Clearing Member) that can successfully participate; or (B) an LCH Approved Outsourcing Agent that can successfully participate in a “fire drill” run by the Clearing House from time to time in respect of each Product cleared by such FCM Clearing Member. Each such “fire drill” shall involve submitting a bid for a notional portfolio of trades within a specific currency in a specified timeframe. Submission of a bid outside the timeframe specified by the Clearing House or submitting a bid that is unreasonable will constitute a failure of the “fire drill” and the applicant’s FCM Clearing Member application will not be approved;
- (viii) be able to participate or demonstrate that it has: (A) an affiliated Non-FCM Clearing Member (or, alternatively, a non-clearing member Affiliate that clears through the FCM Clearing Member) that can successfully participate; or (B) an LCH Approved Outsourcing Agent that can successfully participate in the Default Management Process operated by the Clearing House;
- (ix) in the event of a default, be able to receive from the Clearing House and process FCM Contracts and Non-FCM Contracts (of the type(s) that it is approved to clear), and any associated hedge trades, in FpML (Financial product Markup Language); and
- (x) have, within its corporate group, at least one banking institution, credit institution, securities firm, investment banking firm or similar entity licensed by the competent authorities of the United States or a member state of the European Union, or the equivalent of a banking institution, credit institution, securities firm, investment banking firm or similar entity licensed by the competent authorities of a country outside the United States and the European Union and which is subject to prudential rules

considered by the Clearing House to be at least as stringent as those applicable to banking institutions, credit institutions, securities firms, investment banking firms or similar entities, as applicable, within the United States or the European Union.

- (d) Each FCM Clearing Member shall at all times continue to comply with and satisfy the qualifications and requirements set forth in FCM Regulation 3(c) and shall promptly notify the Clearing House if it has breached or reasonably expects to breach any such qualifications or requirements.
- (e) Notwithstanding anything else contained in this FCM Regulation 3 or in the FCM Procedures, an applicant to become an FCM Clearing Member shall provide any additional documentation or information that is reasonably requested by the Clearing House in order to verify or substantiate the ability of such FCM Clearing Member applicant to satisfy its obligations under the FCM Rulebook or to satisfy its obligations as an FCM Clearing Member.

Regulation 4 FCM Client Business and FCM Client Account Segregation

- (a) Subject to the provisions of these FCM Regulations, FCM Clearing Services may be provided by an FCM Clearing Member to its FCM Clients on any terms and conditions mutually agreed to by the FCM Clearing Member and the FCM Client; provided, however, that each FCM Clearing Member shall, before providing FCM Clearing Services to any FCM Client, ensure that it has entered into an agreement with that FCM Client, or an Addendum to an existing Agreement with such FCM Client, which, in either case, binds the FCM Client to the applicable provisions of the FCM Rulebook by direct reference to the FCM Rulebook or otherwise, and any such other provisions as shall be agreed from time to time between the Clearing House and FCM Clearing Members, or as may be prescribed by the Clearing House. Upon the registration of an FCM Contract at the applicable Registration Time on behalf of an FCM Client, both the FCM Clearing Member and the applicable FCM Client will be deemed to be bound by the relevant FCM Contract on the terms entered into between the FCM Clearing Member and the Clearing House automatically and without any further action by such FCM Clearing Member or FCM Client, which such terms shall, without limitation, incorporate all applicable terms of the FCM Rulebook and the applicable FCM Contract Terms.
- (b) Book Entry Accounts - Swaps.
- (i) With respect to each FCM Clearing Member, the Clearing House shall establish and maintain an FCM Omnibus Swaps Client Account with LCH on behalf of such FCM Clearing Member's FCM Clients with respect to each Swap Product for which such FCM Clearing Member clears FCM Contracts on behalf of its FCM Clients. FCM Clearing Services in respect of Swap Products may be provided by an FCM Clearing Member to its FCM Clients, and FCM Contracts may be registered by an FCM Clearing Member with the Clearing House on behalf of its FCM Clients only in an FCM Omnibus Swaps Client Account with LCH. Each such FCM Omnibus Swaps Client Account with LCH shall be treated as part of the Cleared Swaps Account Class and shall be considered a Cleared Swaps Customer Account for purposes of the CFTC Regulations. In accordance with CFTC Regulation 22.8, the situs of the FCM Omnibus Swaps Client Account with LCH shall be located in the United States.
- (ii) This paragraph applies to an FCM Clearing Member's FCM Omnibus Swaps Client Accounts with LCH. FCM Omnibus Swaps Client Accounts with LCH shall be maintained and administered in accordance with the CEA and all applicable CFTC Regulations (including but not limited to Part 1, Part 22 and Part 190 of such Regulations, as applicable). In accordance with CFTC Regulation 22.15 (and subject to CFTC Regulation 22.3(d)), the Clearing House shall treat the value of all Collateral received from each FCM Clearing Member on behalf of an identified FCM Client in connection with Swap Products as belonging to each such individual FCM Client, and such amount shall not be used to margin, guarantee, or secure the FCM Contracts or other obligations of the applicable FCM Clearing Member, other FCM Clients or any other person, except as permitted under the FCM Rulebook (and not prohibited by the CEA or CFTC Regulations) or as permitted under Part 22 of the CFTC Regulations; provided, that the Clearing House shall be permitted to physically hold and commingle all Collateral and other cover deposited in any FCM Omnibus Swaps Client Account with LCH in a single physical depository account with a Permitted Depository.

- (iii) (iii) The Clearing House shall establish and maintain on its books and records an FCM Client Sub-Account in the name and on behalf of each FCM Client of an FCM Clearing Member, as a sub-account of each applicable FCM Omnibus Swaps Client Account with LCH maintained for such FCM Clearing Member. The Clearing House shall reflect on its books and records the FCM Contracts and Margin value attributable to each FCM Client Sub-Account; provided, that the books and records of the Clearing House in this regard shall be based solely on the information provided by the FCM Clearing Member, and the Clearing House shall have no obligation to verify any such information or to investigate independently any such information. Each FCM Client Sub-Account shall be considered to be part of the Cleared Swaps Customer Account Class solely for purposes of Part 190 of the CFTC Regulations. The Clearing House shall, in accordance with the provisions of FCM Regulation 7(h), establish and maintain on its books and records an FCM Buffer Sub-Account on behalf of each FCM Clearing Member and its FCM Clients, as a sub-account of each FCM Omnibus SwapClear Client Account with LCH, each FCM Omnibus ForexClear Client Account with LCH and each FCM Omnibus EnClear Client Account with LCH, maintained for each such FCM Clearing Member.
 - (iv) An FCM Clearing Member shall provide the Clearing House with all information required under the FCM Procedures regarding Swap Products, Collateral and other FCM Swaps Client Funds held or furnished by such FCM Clearing Member for each of its FCM Clients and shall instruct the Clearing House as to the Swap Products and Collateral to be reflected in each applicable FCM Client Sub-Account, at such time and in such form as required under the FCM Procedures. In addition, an FCM Clearing Member shall, as soon as reasonably practicable following a request from the Clearing House, provide the Clearing House with any other information which the Clearing House may reasonably require in relation to the FCM Clients of the FCM Clearing Member, or the clearing of Swap Products by such FCM Clearing Member on behalf of its FCM Clients or on its own behalf.
- (c) Book Entry Accounts – Futures.
 - (i) With respect to each FCM Clearing Member, the Clearing House shall establish and maintain an FCM Omnibus Futures Client Account with LCH on behalf of such FCM Clearing Member's FCM Clients with respect to each Futures Product for which such FCM Clearing Member clears FCM Contracts on behalf of its FCM Clients. FCM Clearing Services in respect of Futures Products may be provided by an FCM Clearing Member to its FCM Clients, and FCM Contracts may be registered by an FCM Clearing Member with the Clearing House on behalf of its FCM Clients only in an FCM Omnibus Futures Client Account with LCH. Each such FCM Omnibus Futures Client Account with LCH shall be treated as part of the Futures Account Class for purposes of the CFTC Regulations.
 - (ii) This paragraph applies to an FCM Clearing Member's FCM Omnibus Futures Client Accounts with LCH. FCM Omnibus Futures Client Accounts with LCH shall be maintained and administered in accordance with the CEA and all applicable CFTC Regulations (including but not limited to Part 1 and Part 190 of such Regulations, as applicable). In accordance with CFTC Regulation 1.20(b) (and subject to CFTC

Regulation 1.25), the Clearing House shall treat the value of all Collateral received from each FCM Clearing Member on behalf of its FCM Clients in connection with Futures Products as belonging to such FCM Clients as a class, and such amount shall not be used to margin, guarantee, or secure the FCM Contracts or other obligations of the applicable FCM Clearing Member, FCM Clients of other FCM Clearing Members or any other person, except as permitted under the FCM Rulebook (and not prohibited by the CEA or CFTC Regulations) or as permitted under Part 1 or Part 190 of the CFTC Regulations; provided, that the Clearing House shall be permitted to physically hold and commingle all Collateral and other cover deposited in any FCM Omnibus Futures Client Account with LCH in a single physical depository account with a Permitted Depository.

- (iii) An FCM Clearing Member shall provide the Clearing House with all information required under the FCM Procedures regarding Futures Products, Collateral and other FCM Futures Client Funds held by such FCM Clearing Member for each of its FCM Clients. In addition, an FCM Clearing Member shall, as soon as reasonably practicable following a request from the Clearing House, provide the Clearing House with any other information which the Clearing House may reasonably require in relation to the FCM Clients of the FCM Clearing Member, or the clearing of Futures Products by such FCM Clearing Member on behalf of its FCM Clients or on its own behalf.
 - (iv) Without limitation to FCM Regulation 4(c)(iii), to the extent permitted under CFTC Regulation 39.13(g)(8)(i), each FCM Clearing Member shall report the gross FCM Contracts that are Futures Products of each of its individual FCM Clients to the Clearing House, unless the Clearing House expressly permits an FCM Clearing Member to instead report the sum of the gross positions in Futures Products in each applicable Business Category of FCM Contract of all of its FCM Clients on an omnibus basis to the Clearing House. Unless otherwise notified by FCM Clearing Member circular, receipt of position information generated by an Exchange with respect to FCM Contracts in Futures Products and provided by such Exchange to the Clearing House shall be deemed to satisfy the FCM Clearing Member's obligation to report gross positions. The Clearing House will provide notice by FCM Clearing Member circular of its policies and procedures regarding the collection of reports described above, to the extent not already specified in the FCM Procedures, including any changes to such policies and procedures from time to time.
- (d) Depository Accounts – Swaps.
- (i) Each FCM Clearing Member shall establish and maintain one or more FCM Swaps Client Segregated Depository Accounts on behalf of its FCM Clients, in accordance with applicable provisions of the CEA and the CFTC Regulations, including but not limited to Part 1, Part 22 and Part 190 of such Regulations, and as further set forth in this FCM Regulation 4. Each FCM Swaps Client Segregated Depository Account shall be maintained with a Permitted Depository in accordance with the CEA and the CFTC Regulations. The FCM Clearing Member may physically commingle FCM Swaps Client Funds of all of its FCM Clients (provided that such assets are deposited or held in connection with Cleared Swaps) relating to Swap Products in a single FCM Swaps Client

Segregated Depository Account established and maintained in accordance with CFTC Regulations. No FCM Clearing Member shall physically commingle FCM Futures Client Funds in its FCM Swaps Client Segregated Depository Account. Each FCM Swaps Client Segregated Depository Account maintained by each FCM Clearing Member shall be treated as part of the Cleared Swaps Account Class and shall be considered a Cleared Swaps Customer Account for the purposes of the CFTC Regulations.

- (ii) The Clearing House shall establish and maintain an LCH Swaps Client Segregated Depository Account for all Swap Products on behalf of the FCM Clients, in accordance with applicable provisions of the CEA and the CFTC Regulations, as required, including but not limited to Part 1, Part 22 and Part 190 of such Regulations. Such LCH Swaps Client Segregated Depository Account shall be maintained with Permitted Depositories in accordance with the CEA and the CFTC Regulations, and the Clearing House may physically commingle all Collateral furnished on behalf of FCM Clients with respect to Swap Products in the LCH Swaps Client Segregated Depository Accounts in accordance with the CFTC Regulations. Such LCH Swaps Client Segregated Depository Account shall be maintained by the Clearing House separately from any and all assets of the FCM Clearing Members or assets of the Clearing House, and shall contain no assets other than Collateral furnished by FCM Clearing Members in connection with the clearing of Swap Products on behalf of their FCM Clients. Such LCH Swaps Client Segregated Depository Account maintained by the Clearing House shall be treated as part of the Cleared Swaps Account Class and shall be considered a Cleared Swaps Customer Account for the purposes of the CFTC Regulations.
- (e) Depository Accounts – Futures.
- (i) Each FCM Clearing Member shall establish and maintain one or more FCM Futures Client Segregated Depository Accounts on behalf of its FCM Clients, in accordance with applicable provisions of the CEA and the CFTC Regulations, including but not limited to Part 1 and Part 190 of such Regulations, and as further set forth in this FCM Regulation 4. Each FCM Futures Client Segregated Depository Account shall be maintained with a Permitted Depository in accordance with the CEA and the CFTC Regulations. The FCM Clearing Member may physically commingle FCM Futures Client Funds of all of its FCM Clients (provided that such assets are deposited or held in connection with Futures Products) relating to Futures Products in a single FCM Futures Client Segregated Depository Account established and maintained in accordance with CFTC Regulations. No FCM Clearing Member shall physically commingle FCM Swap Client Funds in its FCM Futures Client Segregated Depository Account. Each FCM Futures Client Segregated Depository Account maintained by each FCM Clearing Member shall be considered a Futures Customer Account for the purposes of the CFTC Regulations.
 - (ii) The Clearing House shall establish and maintain an LCH Futures Client Segregated Depository Account for all Futures Products on behalf of the FCM Clients, in accordance with applicable provisions of the CEA and the CFTC Regulations, as required, including but not limited to Part 1 and Part 190 of such Regulations. Such LCH Futures Client Segregated

Depository Account shall be maintained with Permitted Depositories in accordance with the CEA and the CFTC Regulations, and the Clearing House may physically commingle all Collateral furnished on behalf of FCM Clients in connection with Futures Products in the LCH Futures Client Segregated Depository Accounts in accordance with the CFTC Regulations. Such LCH Futures Client Segregated Depository Account shall be maintained by the Clearing House separately from any and all assets of the FCM Clearing Members or assets of the Clearing House, and shall contain no assets other than Collateral furnished by FCM Clearing Members in connection with the clearing of Futures Products on behalf of their FCM Clients. Such LCH Futures Segregated Depository Account maintained by the Clearing House shall be treated as part of the Futures Account Class for the purposes of the CFTC Regulations.

- (f) Notice of Deficiency in FCM Client Segregated Depository Accounts. Whenever an FCM Clearing Member knows or should know that the aggregate amount of funds on deposit in one of its FCM Client Segregated Depository Accounts is less than the total amount of such funds required by the CEA, CFTC Regulations and/or the FCM Rulebook to be on deposit, the FCM Clearing Member must report such deficiency immediately by telephone notice, confirmed immediately in writing by facsimile notice, to the Clearing House and the principal office of the CFTC in Washington, DC, to the attention of the Director and the Chief Accountant of the Division of Clearing and Intermediary Oversight, and, if the FCM Clearing Member is a securities broker or dealer, to the Securities and Exchange Commission, in accordance with 17 C.F.R. § 240.17a-11.
- (g) Segregation of FCM Swap Client Funds.
- (i) This paragraph (g) applies to any account that reflects Swap Products cleared by an FCM Clearing Member on behalf of its FCM Clients and/or that reflects funds related thereto.
- (ii) With respect to FCM Client Funds deposited in connection with FCM Transactions and FCM Contracts in Swap Products:
- (A) all such FCM Swaps Client Funds shall be separately accounted for and segregated by the relevant FCM Clearing Member as belonging to FCM Clients and shall be held in its FCM Swaps Client Segregated Depository Account in accordance with Section 4d(f) of the CEA and the CFTC Regulations, including Part 22 of such Regulations;
- (B) all such FCM Swaps Client Funds must be held by the applicable Clearing Member or deposited with a Permitted Depository, and such FCM Swaps Client Funds shall be deposited under an account name which complies with the requirements of CFTC Regulation 22.6 and shows that they are segregated as required by the FCM Rulebook and Part 22 of the CFTC Regulations; and
- (C) each FCM Clearing Member shall obtain and retain in its files for the period provided in CFTC Regulation 1.31 a written acknowledgment, in accordance with CFTC Regulations 22.5, 1.20 or 1.26 (as applicable) from such Permitted Depository that it was informed that such FCM Swaps Client Funds

deposited in the FCM Swaps Client Segregated Depository Accounts maintained by such Permitted Depository for the FCM Clearing Member are those of FCM Clients and are being held in accordance with the provisions of the CEA, CFTC Regulations and the FCM Rulebook.

- (iii) All Collateral held or maintained by the Clearing House to purchase, margin, guarantee, secure or settle Swap Products of the FCM Clearing Member's FCM Clients and all money accruing to such FCM Clients as the result of trades, contracts or transactions so carried shall be separately accounted for and segregated as belonging to such FCM Clients, and held in the applicable LCH Swaps Client Segregated Depository Account, in accordance with Section 4d(f) of the CEA and the CFTC Regulations, and the Clearing House shall not hold, use or dispose of such Collateral except as belonging to such FCM Clients. Without limitation, all such Collateral shall be reflected in the appropriate FCM Omnibus Swaps Client Account with LCH. All such Collateral deposited by the Clearing House with a Permitted Depository shall be deposited under an account name which complies with the requirements of CFTC Regulation 22.6 and shows that such Collateral is segregated as required by the CEA, the CFTC Regulations and the FCM Rulebook. The Clearing House shall obtain and retain in its files for the period provided by CFTC Regulation 1.31, a written acknowledgment, in accordance with CFTC Regulations 22.5, 1.20 or 1.26 (as applicable), from such Permitted Depository that it was informed that the Collateral deposited in any LCH Swaps Client Segregated Depository Accounts maintained by LCH in connection with Swap Products are those of FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA, the CFTC Regulations and the FCM Rulebook.
- (iv) Each FCM Clearing Member shall treat and deal with FCM Swaps Client Funds as belonging to such FCM Client on whose behalf such FCM Client Funds are deposited. All FCM Client Funds held in connection with Swap Products or other Cleared Swaps shall be separately accounted for, and shall not be commingled with the money, securities or property of an FCM Clearing Member or of any other person, or be used to secure or guarantee the trades, contracts or transactions, or to secure or extend the credit, of any person other than the one for whom the same are held; provided, that all FCM Swaps Client Funds may be physically commingled (although separately accounted for in accordance with these FCM Regulations), subject to and in accordance with the CEA, the CFTC Regulations and the FCM Rulebook; provided, further, that FCM Client Funds may be invested in accordance with FCM Regulation 4(n) and CFTC Regulation 1.25.
- (v) In no event may FCM Swaps Client Funds (deposited or held in connection with FCM Transactions resulting in, and FCM Contracts that are, Swap Products) be held or commingled and deposited with (A) FCM Futures Client Funds; (B) money, securities or property representing the foreign futures or foreign options secured amount held in accordance with CFTC Regulation 30.7; or (C) any other money securities or property required to be segregated and separately accounted for under Section 4d of the CEA.

- (vi) The Clearing House is required to maintain an FCM Omnibus Swaps Client Account with LCH for each FCM Clearing Member in respect of each Business Category of FCM Contract consisting of Swap Products in which such FCM Clearing Member is approved by the Clearing House to clear such Business Category of FCM Contract; provided, that an FCM Clearing Member is permitted to physically commingle all FCM Swaps Client Funds in a single FCM Swaps Client Segregated Depository Account.
- (vii) In accordance with CFTC Regulation 22.15 (and subject to CFTC Regulation 22.3(d)), the Clearing House shall treat the Margin attributable to an FCM Client in connection with Swap Products as belonging to each such individual FCM Client, and such amount shall be credited to such FCM Client's applicable FCM Client Sub-Account as provided in the FCM Rulebook, and shall not be used to margin, guarantee, or secure the FCM Contracts or other obligations of the applicable FCM Clearing Member, other FCM Clients or any other person, except as permitted under the FCM Rulebook (and not prohibited by the CEA or CFTC Regulations) or as permitted under Part 22 of the CFTC Regulations. For the avoidance of doubt, and notwithstanding anything to the contrary in the FCM Rulebook, the Clearing House is under no obligation to deal directly with any FCM Client (under the terms of the FCM Rulebook or otherwise) and the Clearing House may deal exclusively with the FCM Clearing Members, and the Clearing House shall have no obligations to any FCM Client under the FCM Rulebook.
- (h) Segregation of FCM Futures Client Funds.
 - (i) This paragraph (h) applies to any account that reflects Futures Products cleared by an FCM Clearing Member on behalf of its FCM Clients and/or that reflects funds related thereto.
 - (ii) With respect to FCM Futures Client Funds deposited in connection with FCM Transactions and FCM Contracts in Futures Products:
 - (A) all such FCM Futures Client Funds shall be separately accounted for and segregated by the relevant FCM Clearing Member as belonging to FCM Clients and shall be held in its FCM Futures Client Segregated Depository Account in accordance with Sections 4d(a) of the CEA and the CFTC Regulations, including Part 1 of such Regulations;
 - (B) all such FCM Futures Client Funds must be held by the applicable FCM Clearing Member or deposited with a Permitted Depository, and such FCM Futures Client Funds shall be deposited under an account name which complies with the requirements of CFTC Regulation 1.20 and indicates that they are segregated as required by the FCM Rulebook and Part 1 of the CFTC Regulations; and
 - (C) each FCM Clearing Member shall obtain and retain in its files for the period provided in CFTC Regulation 1.31 a written acknowledgment, in accordance with CFTC Regulations 1.20 or 1.26 (as applicable) from such Permitted Depository that it was informed that such FCM Futures Client Funds deposited

in the FCM Futures Client Segregated Depository Accounts maintained by such Permitted Depository for the FCM Clearing Member are those of FCM Clients and are being held in accordance with the provisions of the CEA, CFTC Regulations and the FCM Rulebook.

- (iii) All Collateral held or maintained by the Clearing House to purchase, margin, guarantee, secure or settle Futures Products of the FCM Clearing Member's FCM Clients and all money accruing to such FCM Clients as the result of trades, contracts or transactions so carried shall be separately accounted for and segregated as belonging to such FCM Clients, and held in the applicable LCH Futures Client Segregated Depository Account, in accordance with Sections 4d(a) of the CEA and the CFTC Regulations, and the Clearing House shall not hold, use or dispose of such Collateral except as belonging to such FCM Clients. Without limitation, the value of all such Collateral shall be reflected in the appropriate FCM Omnibus Futures Client Account with LCH. All such Collateral deposited by the Clearing House with a Permitted Depository, shall be deposited under an account name which complies with the requirements of CFTC Regulation 1.20 and shows that such Collateral is segregated as required by the CEA, the CFTC Regulations and the FCM Rulebook. The Clearing House shall obtain and retain in its files for the period provided by CFTC Regulation 1.31, a written acknowledgment, in accordance with CFTC Regulations 1.20 or 1.26 (as applicable), from such Permitted Depository that it was informed that the Collateral deposited in any LCH Futures Client Segregated Depository Accounts maintained by LCH in connection with Futures Products are those of FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA, the CFTC Regulations and the FCM Rulebook.
- (iv) Each FCM Clearing Member shall treat and deal with FCM Futures Client Funds as belonging to such FCM Client on whose behalf such FCM Client Funds are deposited. All FCM Client Funds held in connection with Futures Products or other Futures/Options Contracts shall be separately accounted for, and shall not be commingled with the money, securities or property of an FCM Clearing Member or of any other person, or be used to secure or guarantee the trades, contracts or transactions, or to secure or extend the credit, of any person other than the one for whom the same are held; provided, that all FCM Futures Client Funds may be physically commingled (although separately accounted for in accordance with these FCM Regulations), subject to and in accordance with the CEA, the CFTC Regulations and the FCM Rulebook; provided, further, that FCM Futures Client Funds may be invested in accordance with FCM Regulation 4(n) and CFTC Regulation 1.25.
- (v) In no event may FCM Futures Client Funds (deposited or held in connection with FCM Transactions resulting in, and FCM Contracts that are, Futures Products) be held or commingled and deposited with (A) FCM Swaps Client Funds; (B) money, securities or property representing the foreign futures or foreign options secured amount held in accordance with CFTC Regulation 30.7; or (C) any other money securities or property required to be segregated and separately accounted for under Section 4d of the CEA.

- (vi) The Clearing House is required to maintain an FCM Omnibus Futures Client Account with LCH for each FCM Clearing Member in respect of each Business Category of FCM Contract consisting of Futures Products in which such FCM Clearing Member is approved by the Clearing House to clear such Business Category of FCM Contract; provided, that an FCM Clearing Member is permitted to physically commingle all FCM Futures Client Funds in a single FCM Futures Client Segregated Depository Account.
- (i) Care of Money and Securities Accruing to FCM Clients.
 - (i) All money received directly or indirectly by, and all money and securities accruing to, an FCM Clearing Member from the Clearing House or from any FCM Clearing Member or from any other person incident to or resulting from any FCM Contract cleared by such FCM Clearing Member on behalf of any FCM Client shall be considered as accruing to such FCM Client within the meaning of the FCM Rulebook. Such money and securities shall be treated and dealt with as belonging to such FCM Client in accordance with the provisions of the CEA, CFTC Regulations and the FCM Rulebook.
 - (ii) With respect to Swap Products, the value of money and securities accruing in connection with Swap Products in an FCM Omnibus Swaps Client Account with LCH attributable to an individual FCM Client shall be separately credited to the relevant FCM Client Sub-Account of such FCM Client.
 - (iii) With respect to Futures Products, the value of money and equities accruing in connection with Futures Products in an FCM Omnibus Futures Client Account with LCH need not be separately credited by the Clearing House to individual accounts therein but may be treated and dealt with as belonging undivided to all such FCM Clients having positions in Futures Products through the FCM Clearing Member which if closed would result in a credit to such FCM Clients.
- (j) Use of FCM Swaps Client Funds Restricted.
 - (i) No FCM Clearing Member shall use, or permit the use of, FCM Swaps Client Funds to purchase, margin, or settle the trades, contracts or transactions of, or to secure or extend the credit of, any person other than its FCM Clients. FCM Swaps Client Funds held in an FCM Swaps Client Segregated Depository Account shall not be used to carry trades or positions other than in connection with (A) Swap Products or (B) other Cleared Swaps.
 - (ii) FCM Client Funds held in an FCM Swaps Client Segregated Depository Account that are deposited by a specific FCM Client shall not be used to purchase, margin or settle any Swap Product, Cleared Swap or other trade or contract of, or to secure or extend the credit of, any person other than such FCM Client.
- (k) Use of FCM Futures Client Funds Restricted.
 - (i) No FCM Clearing Member shall use, or permit the use of, FCM Futures Client Funds to purchase, margin, or settle the trades, contracts or

transactions of, or to secure or extend the credit of, any person other than its FCM Clients. FCM Futures Client Funds held in an FCM Futures Client Segregated Depository Account shall not be used to carry trades or positions other than in connection with (A) Futures Products or (B) other Futures/Options Contracts.

- (ii) FCM Client Funds held in an FCM Futures Client Segregated Depository Account that are deposited by a specific FCM Client shall not be used to purchase, margin or settle any Futures Product, Futures/Options Contracts or other trade or contract of, or to secure or extend the credit of, any person other than such FCM Client.
- (l) Interest of FCM Clearing Members in FCM Client Funds; Additions and Withdrawals. FCM Regulation 4(g) and FCM Regulation 4(h), which prohibit the commingling of any FCM Client Funds with the funds or assets of an FCM Clearing Member, shall not be construed to prevent an FCM Clearing Member from having a residual financial interest in FCM Client Funds, segregated as required under Section 4d the CEA, the CFTC Regulations and the FCM Rulebook and set apart for the benefit of FCM Clients; nor shall such provisions be construed to prevent an FCM Clearing Member from adding to FCM Client Funds in an FCM Client Segregated Depository Account such amount or amounts of money, from its own funds or unencumbered securities from its own inventory of the type permitted under FCM Regulation 4(n), as it may deem necessary to ensure that such FCM Client Segregated Depository Account holds at all times, at a minimum, an amount equal to the amount required by the CEA, CFTC Regulations and the FCM Rulebook. The books and records of an FCM Clearing Member shall at all times accurately reflect its interest in the segregated FCM Client Funds. An FCM Clearing Member may draw upon FCM Client Funds in the relevant FCM Client Segregated Depository Account to its own order, to the extent of its actual interest therein, including the withdrawal of securities held in such FCM Client Segregated Depository Account; provided, that any such withdrawals do not result in any such account holding less in segregated FCM Client Funds than such account is required to contain at such time.
- (m) Funds Held in FCM Client Segregated Depository Accounts; Exclusions Therefrom. Money held in an FCM Swaps Client Segregated Depository Account or an FCM Futures Client Segregated Depository Account by an FCM Clearing Member shall not include (i) money invested in obligations or stocks of any clearing organization or in memberships in or obligations of any contract market or (ii) money held by any clearing organization which may be used for a purpose other than to purchase, margin, guarantee, secure, transfer, adjust, or settle the FCM Contracts of the FCM Clients of such FCM Clearing Member.
- (n) Investments of FCM Client Funds. An FCM Clearing Member may invest FCM Client Funds and the Clearing House may invest Collateral held on behalf of FCM Clients as permitted by and in accordance with the terms and conditions set forth in CFTC Regulation 1.25.
- (o) Deposit of Instruments Purchased with FCM Client Funds.
 - (i) Each FCM Clearing Member that invests FCM Client Funds in instruments permitted under FCM Regulation 4(n) shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients, to the extent required under the CEA and the CFTC Regulations. Such instruments, when deposited with a

Permitted Depository, shall be deposited under an account name which clearly shows that they belong to FCM Clients and are segregated as required by the CEA, CFTC Regulations and the FCM Rulebook. Each FCM Clearing Member, upon opening an FCM Swaps Client Segregated Depository Account or FCM Futures Client Segregated Depository Account, as the case may be, shall obtain and retain in its files an acknowledgment from such Permitted Depository that it was informed that the instruments belong to FCM Clients and are being held in accordance with the CEA and CFTC Regulations. Such acknowledgment shall be retained in accordance with CFTC Regulation 1.31. Such Permitted Depository shall allow inspection of the records of such assets at any reasonable time by representatives of the Clearing House.

- (ii) When it invests money belonging or accruing to FCM Clients of its FCM Clearing Members in instruments permitted under FCM Regulation 4(n), the Clearing House shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients; provided, that any such instruments may be held in commingled accounts other on behalf of all applicable FCM Clients of all FCM Clearing Members, at one or more Permitted Depositories. Such instruments, when deposited with Permitted Depository, shall be deposited under an account name which will clearly show that they belong to FCM Clients and are segregated as required by the CEA, CFTC Regulations and the FCM Rulebook. Upon opening any such account, the Clearing House shall obtain and retain in its files a written acknowledgment from such Permitted Depository that it was informed that the instruments belong to FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA and CFTC Regulations. Such acknowledgment shall be retained in accordance with CFTC Regulation 1.31. Such Permitted Depository shall allow inspection of such instruments at any reasonable time by representatives of the Clearing House.
- (p) Record of Investments.
- (i) Each FCM Clearing Member that invests FCM Client Funds shall keep a record showing the following:
 - (A) The date on which such investments were made;
 - (B) The name of the person through whom such investments were made;
 - (C) The amount of money or current market value of securities so invested;
 - (D) A description of the instruments in which such investments were made, including the CUSIP or ISIN numbers;
 - (E) The identity of the depositories or other places where such instruments are held;
 - (F) The date on which such investments were liquidated or otherwise disposed of and the amount of money or current market value of securities received of such disposition, if any;

- (G) The name of the person to or through whom such investments were disposed of; and
 - (H) Daily valuation for each instrument and readily available documentation supporting the daily valuation for each instrument. Such supporting documentation must be sufficient to enable auditors to verify the valuations and the accuracy of any information from external sources used in those valuations.
- (ii) When the Clearing House receives documents from its FCM Clearing Members representing or evidencing investment of FCM Client Funds, the Clearing House shall keep a record showing separately for each clearing member the following:
- (A) The date on which such documents were received from the clearing member;
 - (B) A description of such documents, including the CUSIP or ISIN numbers; and
 - (C) The date on which such documents were returned to the clearing member or the details of disposition by other means.
- (iii) Such records shall be retained in accordance with CFTC Regulation 1.31. No such investments shall be made except in instruments permitted under FCM Regulation 4(n).
- (q) Valuation of Instruments Purchased with FCM Client Funds. FCM Clearing Members who invest FCM Client Funds in instruments permitted under FCM Regulation 4(n) shall include such instruments in the records and reports for their FCM Client Segregated Depository Accounts at values which at no time exceed their then current market value, determined as of the close of the market on the date for which such computation is made.
- (r) Increment or Interest Resulting from Investment of FCM Client Funds. The investment of FCM Client Funds in instruments permitted under FCM Regulation 4(n) shall not prevent the FCM Clearing Member or the Clearing House so investing such funds from receiving and retaining as its own any increment or interest resulting therefrom.
- (s) FCM Swaps Client Segregated Depository Accounts; Daily Computation and Record.
- (i) Each FCM Clearing Member must compute as of the close of the previous Business Day:
 - (A) the aggregate amount of FCM Swaps Client Funds on deposit in its FCM Swaps Client Segregated Depository Accounts on behalf of FCM Clients, including the amount attributable to each individual FCM Client;
 - (B) the amount of such FCM Client Funds required by the CEA, CFTC Regulations and the FCM Rulebook to be on deposit in its FCM Swaps Client Segregated Depository Accounts on

- behalf of such FCM Clients, including the amount attributable to each individual FCM Client; and
- (C) the amount of the FCM Clearing Member's residual interest in such FCM Client Funds.
- (ii) In computing the aggregate amount of funds required to be in its FCM Swaps Client Segregated Depository Accounts, an FCM Clearing Member may offset any net deficit in a particular FCM Client's account against the then current market value of readily marketable securities, less applicable percentage deductions (*i.e.*, "securities haircuts") as set forth in Rule 15c3-1(c)(2)(vi) of the Securities and Exchange Commission (17 CFR § 241.15c3-1(c)(2)(vi)), held for the same customer's account. The FCM Clearing Member must maintain a security interest in the securities, including a written authorization to liquidate the securities at the FCM Clearing Member's discretion, and must segregate the securities in a safekeeping account with a Permitted Depository. For purposes of this section, a security will be considered readily marketable if it is traded on a "ready market" as defined in Rule 15c3-1(c)(11)(i) of the Securities and Exchange Commission (17 CFR § 240.15c3-1(c)(11)(i)).
- (iii) The daily computations required by this FCM Regulation 4 must be completed by the FCM Clearing Member prior to 12:00 hours (London time) on the next Business Day and must be kept, together with all supporting data, in accordance with the requirements of CFTC Regulation 1.31.
- (t) FCM Futures Client Segregated Depository Accounts: Daily Computation and Record.
- (i) Each FCM Clearing Member must compute as of the close of the previous Business Day:
- (A) the aggregate amount of FCM Futures Client Funds on deposit in its FCM Futures Client Segregated Depository Accounts on behalf of FCM Clients;
- (B) the amount of such FCM Futures Client Funds required by the CEA, CFTC Regulations and the FCM Rulebook to be on deposit in its FCM Futures Client Segregated Depository Accounts on behalf of such FCM Clients; and
- (C) the amount of the FCM Clearing Member's residual interest in such FCM Futures Client Funds.
- (ii) In computing the aggregate amount of FCM Futures Client Funds required to be in its FCM Futures Client Segregated Depository Accounts, an FCM Clearing Member may offset any net deficit in a particular FCM Client's account against the then current market value of readily marketable securities, less applicable percentage deductions (*i.e.*, "securities haircuts") as set forth in Rule 15c3-1(c)(2)(vi) of the Securities and Exchange Commission (17 CFR § 241.15c3-1(c)(2)(vi)), held for the same customer's account. The FCM Clearing Member must maintain a security interest in the securities, including a written authorization to liquidate the securities at the FCM Clearing Member's discretion, and

must segregate the securities in a safekeeping account with a Permitted Depository. For purposes of this section, a security will be considered readily marketable if it is traded on a “ready market” as defined in Rule 15c3–1(c)(11)(i) of the Securities and Exchange Commission (17 CFR § 240.15c3–1(c)(11)(i)).

- (iii) The daily computations required by this FCM Regulation 4 must be completed by the FCM Clearing Member prior to 12:00 hours (London time) on the next Business Day and must be kept, together with all supporting data, in accordance with the requirements of CFTC Regulation 1.31.
- (u) Classification of Customer Property by an FCM Clearing Member. In accordance with CFTC Regulation 1.36(a), each FCM Clearing Member shall maintain, as provided in CFTC Regulation 1.31, a record of all securities and property received from FCM Clients in lieu of money to margin, purchase, guarantee or settle the cleared FCM Contracts of such FCM Clients. Such record shall show separately for each FCM Client:
 - (i) a description of the securities or property received;
 - (ii) the name and address of such FCM Client;
 - (iii) the dates when the securities or property were received;
 - (iv) the identity of the Permitted Depositories or other places where such securities or property are segregated;
 - (v) the dates of deposits and withdrawals from such Permitted Depositories; and
 - (vi) and the dates of return of such securities or property to such FCM Client, or other disposition thereof, together with the facts and circumstances of such other disposition.

In the event an FCM Clearing Member deposits with the Clearing House, directly or with a Permitted Depository acting as custodian for the Clearing House, securities or property which belong to a particular FCM Client, such FCM Clearing Member shall obtain written acknowledgment from the Clearing House that the Clearing House was informed that such securities or property belong to FCM Clients of such FCM Clearing Member. Such acknowledgment shall be retained as provided in § 1.31.

- (v) Classification of Customer Property by the Clearing House. In accordance with CFTC Regulation 1.36(b), the Clearing House, in respect to the receipt from FCM Clearing Member of securities or property belonging to particular FCM Clients of such FCM Clearing Member in lieu of money to margin, purchase, guarantee, or secure FCM Contracts cleared on behalf of such FCM Clients, or receives notice that any such securities or property have been received by a Permitted Depository acting as custodian for the Clearing House, shall maintain, as provided in CFTC Regulation 1.31, a record which will show separately for each FCM Clearing Member:
 - (i) the dates when such securities or property were received;

- (ii) the identity of the Permitted Depositories or other places where such securities or property are segregated; and
 - (iii) the dates such securities or property were returned to the relevant FCM Clearing Member, or otherwise disposed of, together with the facts and circumstances of such other disposition including the authorization therefor.
- (w) CFTC Regulations. Without limitation of any other provisions of the FCM Rulebook, FCM Clearing Members shall at all times comply in all respects with the applicable provisions of Part 1, Part 22 and Part 190 of the CFTC Regulations, as well as any other applicable CFTC Regulations, including as provided in FCM Regulation 4(x).
- (x) Change in Law or Regulations. The Clearing House shall enforce the rules set forth in this FCM Regulation 4 (and set forth in these FCM Regulations generally) at all times in accordance with and subject to the CEA and the CFTC Regulations. In the event that a change in law or in the CFTC Regulations occurs but has not yet been reflected appropriately in the FCM Rulebook, the CFTC Regulations (to the extent compliance therewith has become mandatory under CFTC Regulations) and applicable law will prevail, the provisions of this FCM Rulebook shall be deemed to be modified accordingly and the Clearing House will enforce these FCM Regulations in accordance with the CFTC Regulations and applicable law.

Regulation 5 Proprietary Accounts and Trading

- (a) If and to the extent permitted in the FCM Procedures, FCM Clearing Members shall be permitted to enter into and clear FCM Contracts for their own account or accounts of their Affiliates, in each case through their Proprietary Accounts. An FCM Clearing Member wishing to provide FCM Clearing Services to Affiliates shall enter into an agreement with each such Affiliate, or an Addendum to an existing agreement which, in either case, binds the Affiliate to the applicable provisions of the FCM Rulebook by direct reference to the FCM Rulebook or otherwise, and any such other provisions as shall be agreed from time to time between the FCM Clearing Member and the Affiliate, or as may be prescribed by the Clearing House. An FCM Clearing Member providing FCM Clearing Services to its Affiliates shall notify the Clearing House of any such Affiliates and the Products cleared for such Affiliates.
- (b) This paragraph applies to an FCM Clearing Member's Proprietary Accounts. In the event that more than one Proprietary Account is opened in respect of an FCM Clearing Member, the Clearing House shall have the right to combine or consolidate the balances on any or all of the FCM Clearing Member's Proprietary Accounts, treat all such accounts as a single account and set off any amount or amounts standing from time to time to the credit of any one or more of such accounts in or towards payment or satisfaction of all or any of the FCM Clearing Member's liabilities to the Clearing House on any one or more of such accounts, or in or towards payment or satisfaction of any other obligations of the FCM Clearing Member to the Clearing House, including but not limited to, obligations arising in connection with FCM Client Business.

Regulation 6 **Certain General Provisions Applicable to Accounts**

- (a) Each FCM Clearing Member shall maintain appropriate books and records identifying all pertinent information regarding its FCM Clients and any Affiliates for which it provides FCM Clearing Services and regarding trades made on its own behalf through its Proprietary Account, the FCM Contracts cleared for such FCM Clients, Affiliates, or on its own behalf, and the Collateral and Margin balance in respect of such cleared FCM Contracts, subject to the provisions of the following paragraph (e). Without limitation of the foregoing, each FCM Clearing Member shall ensure that its books and records accurately reflect at all times the FCM Contracts and the value of the Collateral attributed to each FCM Omnibus Client Account with LCH and to each FCM Client Sub-Account therein (where applicable) for the relevant FCM Clients.
- (b) No FCM Clearing Member may withdraw any amount from any of its FCM Omnibus Client Accounts with LCH or its Proprietary Account if such withdrawal would cause the account's Margin balance to be less than the Required Margin then attributable to such FCM Omnibus Client Account with LCH or to such Proprietary Account, as applicable, as determined by the Clearing House in accordance with the provisions of the FCM Rulebook; provided, that, the Clearing House may prohibit an FCM Clearing Member from withdrawing any amount from any of its Proprietary Account(s) if the FCM Client Sub-Account Balance in any of its FCM Client Sub-Accounts would be less than the Required Margin then attributable to any such FCM Client Sub-Account and there is an insufficient amount of FCM Buffer (within the applicable FCM Omnibus Swaps Client Account with LCH) available to offset any such deficiencies.
- (c) Accounts shall be opened between each FCM Clearing Member and the Clearing House in accordance with the FCM Procedures. An FCM Clearing Member shall be responsible to the Clearing House for all obligations owed to the Clearing House in respect of every account opened in respect of such FCM Clearing Member.
- (d) Amounts standing to the credit of an FCM Clearing Member's account relating to Contributions made under the Default Fund Rules may be applied as provided for in the Default Fund Rules.
- (e) Any rights of set-off, combination of accounts or appropriation which the Clearing House may have under these FCM Regulations or otherwise shall apply whether or not accounts are denominated in the same currency.
- (f) Interest calculated on a basis determined from time to time by the Clearing House in accordance with the FCM Procedures may at the Clearing House's discretion (but subject to the provisions of the Default Fund Rules) be paid, or, in the case of negative interest rates, be charged, on amounts standing to the credit of any of the FCM Clearing Member's accounts.
- (g) Debit balances due to the Clearing House on any account opened in respect of an FCM Clearing Member are payable by such FCM Clearing Member on demand and interest may at the Clearing House's discretion be charged on debit balances remaining unpaid (whether or not demand for payment is made) on a basis and at a rate determined from time to time by the Clearing House in accordance with the FCM Procedures.

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- (h) Subject to the provisions of the Default Fund Rules, the Clearing House may at its absolute discretion alter the basis of calculating interest rates and such alteration shall be effective in respect of all current and future business on the date notified to FCM Clearing Members in accordance with the FCM Procedures.
- (i) If an FCM Clearing Member specifies a Termination Date under FCM Regulation 24A, the FCM Clearing Member shall be entitled to set off any or all amounts (whether present or future, liquidated or unliquidated, actual or contingent) due as between the Clearing House and the FCM Clearing Member; provided, that in accordance with these FCM Regulations, including FCM Regulation 4, an FCM Clearing Member's obligations to the Clearing House (other than solely in respect of the obligations of its FCM Clients) may never be set off with amounts in FCM Client Segregated Depository Accounts.
- (j) Where a payment has been made to the Clearing House by an FCM Clearing Member through the relevant account(s), that payment will only be credited to the account of the applicable FCM Clearing Member with the Clearing House if it (i) is paid into an account of the Clearing House with an institution which is solvent, (ii) that institution has performed its concentration function (being the transfer of net funds from the institution to a central account in the name of the Clearing House) and (iii) that institution has made any relevant payments to other FCM Clearing Members on the date when the payment was due to be received by the Clearing House.
- (k) An FCM Clearing Member shall designate the account of the FCM Clearing Member in which a prospective FCM Contract shall be registered in the manner and form and by the time prescribed by the FCM Procedures. If the FCM Clearing Member fails to so designate an account, the Clearing House may, at its discretion and in accordance with the FCM Procedures, determine in which account of the FCM Clearing Member the FCM Contract shall be entered.

Regulation 7 Trading Information

The Clearing House shall make available to an FCM Clearing Member in the manner and by the time prescribed by the FCM Procedures, such details of original contracts presented for registration in the name of that FCM Clearing Member, Open Contracts registered in that FCM Clearing Member's name, and Margin furnished by that FCM Clearing Member as may be prescribed in the FCM Procedures.

Regulation 8 Transfer

- (a) Other than in the event that an FCM Clearing Member is a defaulter, Open Contracts in such FCM Clearing Member's name shall not be allocated or transferred except as provided in this FCM Regulation 8. The FCM Procedures shall specify the Products that can be transferred in accordance with this FCM Regulation 8 and the applicable forms or other documentation requirements of the Clearing House required in connection with such transfers.
- (b) Transfer of Entire FCM Client Portfolio. Upon the instruction or at the request of an FCM Client, via a Receiving FCM Clearing Member (as set out in the FCM Procedures), to transfer that FCM Client's entire portfolio (and not less than an entire portfolio) of a Product held in the relevant FCM Client Sub-Account or FCM Omnibus Futures Client Account with LCH from a Carrying FCM Clearing Member, the Clearing House shall transfer: (x) the relevant FCM Client Sub-Account and all of the FCM Contracts of such Product entered into by the Carrying FCM Clearing Member on behalf of such FCM Client (or in the case of Futures Products, all of the relevant FCM Contracts registered to the applicable FCM Omnibus Futures Client Account with LCH), as identified to the Clearing House by the Carrying FCM Clearing Member, the Clearing House being entitled to rely conclusively on the instructions of the Carrying FCM Clearing Member with respect to the FCM Contracts to be transferred (such transfer to occur by novation of such FCM Contracts rather than by closeout and rebooking of new FCM Contracts); and (y) upon request, if any, of the Receiving FCM Clearing Member on behalf of the relevant FCM Client, all Collateral furnished to the Clearing House by a Carrying FCM Clearing Member and attributable to the relevant FCM Client Sub-Account or FCM Omnibus Futures Client Account with LCH in respect of the FCM Contracts to be transferred to a Receiving FCM Clearing Member as designated by the FCM Client and as set out in the FCM Procedures (the Clearing House being entitled to rely conclusively on the instructions of the Carrying FCM Clearing Member with respect to such Collateral); provided, that:
- (i) such FCM Client has not become insolvent (such FCM Client to be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying FCM Clearing Member in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House);
 - (ii) neither the Carrying FCM Clearing Member nor the Receiving FCM Clearing Member is a defaulter;
 - (iii) the Receiving FCM Clearing Member has consented to such transfer of the FCM Contracts to be ported and the Collateral to be transferred;
 - (iv) the Clearing House considers that the Receiving FCM Clearing Member has furnished sufficient Margin in order to enable the transfer; and
 - (v) the FCM Client has satisfied (such satisfaction to be presumed by the Clearing House unless evidenced to the contrary by the Carrying FCM Clearing Member in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House) all outstanding obligations that are due and payable to the Carrying FCM Clearing Member and its Affiliates, including any increased margin due and payable that may result from the proposed transfer, unless the Carrying FCM Clearing Member otherwise consents.

For purposes of (v) above, with respect to obligations owed to Affiliates of the Carrying FCM Clearing Member by an FCM Client, "obligations" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the FCM Contracts being transferred or the FCM Client's related collateral.

Upon request from the Clearing House, and in order to facilitate a transfer pursuant to this FCM Regulation 8(b) that includes the transfer of Collateral, the Carrying FCM Clearing Member shall notify the Clearing House of the Collateral which is attributable to the transferring FCM Client and, along with the Receiving FCM Clearing Member, shall take such actions and provide such information in connection with the transfer as may be required under the FCM Procedures. In the event that the Carrying FCM Clearing Member fails to notify the Clearing House of the Collateral that is attributable to the relevant FCM Client, the Clearing House shall transfer such Collateral as it deems appropriate and as set out in the FCM Procedures.

- (c) Transfer of Portion of FCM Client Portfolio. Upon the instruction or at the request of an FCM Client via a Receiving FCM Clearing Member (as set out in the FCM Procedures) to transfer a portion of that FCM Client's portfolio of FCM Contracts held in the relevant FCM Client Sub-Account or FCM Omnibus Futures Client Account with LCH from a Carrying FCM Clearing Member, (the "*Porting FCM Contracts*"), the Clearing House shall transfer (such transfer to occur by novation of such Porting FCM Contracts rather than by closeout and rebooking of new FCM Contracts) the Porting FCM Contracts entered into by the Carrying FCM Clearing Member on behalf of such FCM Client to a Receiving FCM Clearing Member, designated by the FCM Client as set out in the FCM Procedures; provided, that:
- (i) such FCM Client has not become insolvent (such FCM Client to be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying FCM Clearing Member in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House);
 - (ii) neither the Carrying FCM Clearing Member nor the Receiving FCM Clearing Member is a defaulter;
 - (iii) the Receiving FCM Clearing Member has consented to such transfer;
 - (iv) the Receiving FCM Clearing Member has furnished sufficient Margin to the Clearing House in respect of its current FCM Contracts and the Porting FCM Contracts in order to enable the transfer;
 - (v) the FCM Client has satisfied (such satisfaction to be presumed by the Clearing House unless evidenced to the contrary by the Carrying FCM Clearing Member in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House) all outstanding obligations that are due and payable to the Carrying FCM Clearing Member and its Affiliates, including any increased margin due and payable that may result from the proposed transfer, unless the Carrying FCM Clearing Member otherwise consents; and
 - (vi) in the event that the transfer will lead to an increased Margin requirement from the Carrying FCM Clearing Member to the Clearing House, the

Carrying FCM Clearing Member has furnished sufficient Margin to the Clearing House in respect of such requirement.

For purposes of (v) above, with respect to obligations owed to Affiliates of the Carrying FCM Clearing Member by an FCM Client, "obligations" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the FCM Contracts being transferred or the FCM Client's related collateral.

- (d) (i) By notifying the Clearing House of a request to accept a transfer of FCM Contracts of an FCM Client, and the related Collateral if applicable, pursuant to FCM Regulation 8(b) or 8(c), the Receiving FCM Clearing Member shall be deemed to have represented to the Clearing House that all of the conditions set forth herein and in the FCM Procedures to the transfer of the account of the FCM Client have been satisfied. Upon receipt of such transfer instructions, and provided that it does not determine, in its sole discretion, that the transfer cannot be effected under these FCM Regulations or the FCM Procedures, the Clearing House shall transfer the FCM Contract(s) into the name of the Receiving FCM Clearing Member as agent for the relevant FCM Client.
- (ii) In the case where a transfer pursuant to FCM Regulation 8(b) will include the transfer of the related Collateral in addition to the transfer of FCM Contracts:
- (A) Upon completion of the transfer, the Collateral furnished to the Clearing House by the Carrying FCM Clearing Member and held by the Clearing House in respect of the FCM Contracts that are being transferred shall, without limitation, be deemed to have been delivered by the Receiving FCM Clearing Member to the Clearing House and subject to the security interest granted by the Receiving FCM Clearing Member pursuant to FCM Regulation 9(m). Furthermore, and for the avoidance of doubt, the Carrying FCM Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Collateral transferred.
- (B) The transfer of the FCM Contracts and related Collateral shall be deemed to occur simultaneously, and the transfer of the FCM Contracts shall be conditioned on the transfer of the related Collateral, and vice versa.
- (C) If the transfer of all such FCM Contracts and related Collateral is not completed for any reason, then any actual transfer of Collateral or FCM Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of Collateral or FCM Contracts that has occurred shall be immediately unwound.
- (e) Except as may be permitted by paragraph (g) below, expressly permitted by other parts of the FCM Rulebook or as may otherwise be expressly permitted by the Clearing House in writing, rights under an Open Contract shall not be capable of assignment by an FCM Clearing Member. Any such purported assignment by an FCM Clearing Member, or any purported transfer that is not in compliance with this FCM Regulation 8, shall be void.

- (f) If an FCM Clearing Member is a defaulter, the Clearing House shall take such actions, subject to and in accordance with the Default Rules, and as may be required by the CEA, CFTC Regulations and applicable bankruptcy laws regarding the liquidation or transfer of FCM Contracts carried by such FCM Clearing Member on behalf of its FCM Clients. If possible under such applicable laws and regulations and the Default Rules, the Clearing House shall undertake to dispose of open FCM Contracts that are Swaps Products held by FCM Clients of the defaulter in accordance with the instructions of such FCM Clients, either by liquidating such FCM Contracts or by transferring such FCM Contracts to the FCM Clearing Member designated by such FCM Clients; provided, that the Clearing House shall at all times act in accordance with the Default Rules, the requirements of the CEA, CFTC Regulations and applicable bankruptcy laws regarding the liquidation or transfer of FCM Contracts; provided, further, that the Clearing House shall have no responsibility or liability whatsoever for any action taken or not taken with respect to the accounts and FCM Contracts of FCM Clients of the defaulter in accordance with such laws or regulations or the directions of any Regulatory Body or bankruptcy trustee. In the event that the Clearing House does not receive instructions from FCM Clients in a timely manner, or the Clearing House for any reason deems it necessary or appropriate for its protection, or the protection of market participants, the Clearing House may take any action with respect to the Open Contracts of FCM Clients of the defaulter that it determines to be appropriate in its sole discretion, which may include (i) as part of the SwapClear DMP, including an FCM SwapClear Contract in respect of FCM Client Business in an Auction Portfolio if determined to be appropriate by the Clearing House, provided, that the relevant Auction Portfolio does not include any type of positions of the defaulting FCM Clearing Member other than FCM SwapClear Contracts in respect of FCM Client Business, and/or (ii) as part of the ForexClear DMP, including an FCM ForexClear Contract in respect of FCM Client Business in an Auction Portfolio if determined to be appropriate by the Clearing House, provided, that the relevant Auction Portfolio does not include any type of positions of the defaulting FCM Clearing Member other than FCM ForexClear Contracts in respect of FCM Client Business. Risk Neutralisation in relation to such FCM SwapClear Contracts or ForexClear Contracts, as applicable, and the auction process in relation to an Auction Portfolio of such FCM SwapClear Contracts, or FCM ForexClear Contracts, as applicable, shall be conducted in accordance with the provisions of the SwapClear DMP Annex or the ForexClear DMP Annex, respectively.
- (g) If and to the extent permitted under applicable law and the FCM Procedures, and if applicable under relevant Exchange Rules or the rules of an FCM Approved Trade Source System, an FCM Clearing Member may, in accordance with the FCM Procedures, transfer Open Contracts between its Proprietary Account and the FCM Client Sub-Account(s) of each of its FCM Clients (or in the case of Futures Products, its applicable FCM Omnibus Futures Client Account with LCH), and vice versa, upon an FCM Client default or otherwise as permitted under and subject to applicable provisions of the CEA and CFTC Regulations regarding segregation of assets.
- (h) Notwithstanding anything to the contrary in these FCM Regulations, in making any transfer of one or more FCM Contracts (and if applicable the related Collateral) pursuant to this FCM Regulation 8, the Clearing House shall be authorized and entitled to rely conclusively on the instructions of and information provided by the relevant FCM Clearing Member(s), which shall be solely responsible for all such instructions and information, including ensuring that the transfer is properly authorized, the transfer is being made from the appropriate FCM Client Sub-

Account or FCM Omnibus Futures Client Account with LCH, and that the appropriate account, FCM Contracts and Collateral have been identified, and the Clearing House shall have no responsibility or liability therefor.

- (i) Futures Products. Transfers of FCM Contracts that are Futures Products made pursuant to this FCM Regulation 8, other than in connection with an FCM Clearing Member default or FCM Client default to an FCM Clearing Member, shall only be permitted where: (i) the transferred FCM Contracts will be beneficially owned by the same FCM Client following the transfer; or (ii) an error has been made in the registration of an FCM Contract and the error is discovered and the transfer is completed within three Business Days (or any such longer period that the Clearing House may agree to in its sole discretion) after the submission of the corresponding FCM Transaction for registration, provided, that the Exchange cooperates in effecting such transfer.

Regulation 9 Margin and Collateral Generally; Other Obligations

- (a) The Clearing House may in accordance with the FCM Procedures require an FCM Clearing Member to furnish it with Margin, and to keep the Clearing House furnished with sufficient Margin at all times, in an amount determined by the Clearing House in accordance with these FCM Regulations and the FCM Procedures, as security for the performance by such FCM Clearing Member of its obligations to the Clearing House in respect of all FCM Contracts from time to time to be registered in its name as Open Contracts pursuant to these FCM Regulations. The obligation upon an FCM Clearing Member to furnish Margin to the Clearing House pursuant to this paragraph shall be in addition to any other obligation of the FCM Clearing Member to furnish Margin to the Clearing House pursuant to these FCM Regulations. For the avoidance of doubt, margining requirements and policies may vary among each Business Category of FCM Contract and among each Product therein.
- (b) If insufficient monies are standing to the credit of an FCM Clearing Member's account, or if any Collateral deposited by an FCM Clearing Member as Margin is determined by the Clearing House in accordance with the FCM Procedures to be insufficient, such Margin as the Clearing House requires an FCM Clearing Member to furnish to it pursuant to paragraph (a) above, FCM Regulation 30 or FCM Regulation 40 or any other FCM Regulation shall be furnished by the FCM Clearing Member in such form and manner and by such time or times as may be prescribed by the FCM Procedures.
- (c) (i) The Clearing House shall be entitled to assume that all Collateral furnished by an FCM Clearing Member to the Clearing House pursuant to these FCM Regulations or under the terms of any agreement made with the FCM Clearing Member are the sole legal and beneficial property of the FCM Clearing Member or are furnished or deposited for the purposes of these FCM Regulations with the legal and beneficial owner's unconditional consent and with the authority granted to the FCM Clearing Member to repledge such property to the Clearing House. An FCM Clearing Member may not furnish Collateral to the Clearing House otherwise than in conformance with this paragraph. It shall be accepted by every person (including FCM Clients) subject to or dealing on the terms of these FCM Regulations that an FCM Clearing Member has such person's unconditional consent to furnish to the Clearing House any securities or other assets of such person in the FCM Clearing Member's possession as Collateral for purposes of the FCM Rulebook.
- (ii) Each FCM Clearing Member represents and warrants to the Clearing House as at each date on which such FCM Clearing Member furnishes Collateral to the Clearing House pursuant to these FCM Regulations (A) that such FCM Clearing Member is the sole legal and beneficial owner of such Collateral or, as the case may be, such Collateral is so furnished with the legal and beneficial owner's unconditional consent and with the authority granted to the FCM Clearing Member to repledge such property to the Clearing House, and (B) that the provision to the Clearing House of such Collateral pursuant to these FCM Regulations will not constitute or result in a breach of any trust, agreement or undertaking whatsoever.
- (iii) The Clearing House may, in its absolute discretion and at any time, require an FCM Clearing Member to furnish other securities or assets to the Clearing House in substitution of any Collateral furnished to the Clearing House pursuant to this FCM Regulation 9.

- (d) Notwithstanding paragraph (c) above, the Clearing House shall be entitled at its absolute discretion, without assigning any reason and without prior notice to an FCM Clearing Member, to modify the amount of Initial Margin applicable to an FCM Contract or to call for larger or additional amounts of Margin for Initial Margin to be furnished to it by an FCM Clearing Member, either before registration of a contract or at any time after registration. Any Margin called by the Clearing House pursuant to this paragraph shall be furnished by the FCM Clearing Member on demand and in such form as the Clearing House may require.
- (e) The Clearing House shall be entitled at any time to demand immediate furnishing of Margin from an FCM Clearing Member in an amount deemed necessary by the Clearing House without reference to Official Quotations or Reference Prices in respect of any Open Contract in the FCM Clearing Member's name, if, in the opinion of the Clearing House, the furnishing of such Margin by the FCM Clearing Member is necessary in the circumstances then prevailing which may be affecting or may in the Clearing House's opinion be likely to affect market conditions or the FCM Clearing Member's performance of its obligations under the terms of such FCM Contracts or under the terms of any original or confirmed contract to which the FCM Clearing Member is party. In this paragraph, "immediate provision" means payment, deposit or delivery to the Clearing House within one hour of demand.
- (f) The Clearing House shall be entitled to make an accommodation charge at a rate determined by the Clearing House and specified in the FCM Procedures, in respect of any security furnished to it as Collateral in a form prescribed by the FCM Procedures. Any alteration in the basis of calculating the rates of accommodation charge shall become effective in respect of all current and future business by the time specified in the FCM Procedures.
- (g) Without prejudice to the requirements of paragraph (c) above or any other applicable requirements contained in the FCM Rulebook, the Clearing House may at its absolute discretion accept Collateral in an agreed amount and in a form other than those specified in the FCM Procedures, subject always to the Clearing House's prior assessment as to the appropriateness of such form of Collateral in accordance with its standard risk management procedures, the requirements of applicable law and with any special arrangements which the Clearing House may prescribe in each case (including as to valuation and haircut). The Clearing House may at its discretion make an accommodation charge at a special rate.
- (h) If, in the sole discretion of the Clearing House, any Collateral which has been furnished to it by an FCM Clearing Member pursuant to these FCM Regulations is no longer either of sufficient value or otherwise acceptable to the Clearing House, the Clearing House shall be entitled to demand further provision of Margin from such FCM Clearing Member. Such Collateral shall be furnished by such FCM Clearing Member on demand in a form prescribed by the FCM Procedures; provided, that at any time the Clearing House shall be entitled to require the FCM Clearing Member to furnish it with Collateral in a specified form and to demand that the FCM Clearing Member replace the whole or part of any Collateral furnished by an FCM Clearing Member pursuant to these FCM Regulations with Collateral in the form of cash.
- (i) Without prejudice to the requirements of paragraph (c) above or any other applicable requirements contained in the FCM Rulebook, and subject to FCM Regulation 9A and the settlement of any other obligations of an FCM Clearing Member to the Clearing House, upon the close-out or termination of an FCM

Contract in accordance with the FCM Rulebook, the Clearing House shall return all (or the applicable portion of) Initial Margin attributable to such FCM Contract to the respective FCM Clearing Member to the extent that such Initial Margin has become Excess Margin following the close-out or termination of the relevant FCM Contract, provided, that such FCM Clearing Member is not a defaulter.

- (j) If the Clearing House takes any step under the Default Rules in relation to an FCM Clearing Member, any sum (including the price due to be paid by the Clearing House in respect of the delivery of any property or currency by or on behalf of the FCM Clearing Member) standing to the credit of any of the FCM Clearing Member's accounts shall be treated as Margin; provided, that notwithstanding anything to the contrary in these FCM Regulations, under no circumstances (except as may be required to comply with applicable law or any order or instruction of a Regulatory Body or court) will any Margin maintained in any FCM Omnibus Swaps Client Account with LCH be applied to satisfy proprietary obligations of the FCM Clearing Member or any other obligations not related to such FCM Clearing Member's FCM Client Business in such Business Category of FCM Contract (except that where an FCM Client is in default with respect to the Margin required by the Clearing House in respect of its FCM Contracts, any Excess Margin attributable to such FCM Client in respect of any Business Category of FCM Contract may be applied to offset such FCM Client's Margin shortfall in respect of any other Business Category of FCM Contract).
- (k) Each FCM Clearing Member and, to the extent applicable, such FCM Clearing Member's guarantor in accordance with FCM Regulation 3(c), shall be obligated to perform all of its respective obligations (including to pay or deliver all amounts due) as required pursuant to the FCM Regulations, the Default Rules and the Default Fund Rules, as applicable. Each FCM Clearing Member and, to the extent applicable, such FCM Clearing Member's guarantor in accordance FCM Regulation 3(c), shall be entitled to the return of any amounts due to them (after all obligations to the Clearing House have been satisfied) pursuant to the FCM Regulations, the Default Rules and the Default Fund Rules, as applicable.
- (l) Unless the Clearing House otherwise agrees in writing, Collateral furnished to the Clearing House in the form of cash shall not be capable of assignment by any person. Any purported assignment by an FCM Clearing Member (whether by way of security or otherwise) of Collateral in the form of cash shall be void. An FCM Clearing Member shall not otherwise encumber (or seek to encumber) any Collateral in the form of cash.
- (m) Creation of Security Interest. Each FCM Clearing Member hereby grants the Clearing House a first priority security interest in and a first priority and unencumbered first lien upon any and all Collateral, Margin, cash, securities, receivables, rights and intangibles and any other collateral or assets deposited with or transferred to the Clearing House, or otherwise held by the Clearing House (including all property deposited in or attributable to the default funds of the Clearing House, a Proprietary Account, an FCM Omnibus Client Account with LCH or any LCH Client Segregated Depository Account, or any amounts owing to an FCM Clearing Member in the default funds of the Clearing House or a Proprietary Account), including all substitutions for and proceeds of, any such property, in connection with any FCM Contracts cleared for such FCM Clearing Member, its Affiliates or its FCM Clients, as security for unconditional payment and satisfaction of the obligations and liabilities of the FCM Clearing Member to the Clearing House. The FCM Clearing Member agrees to take any and all actions, including but not limited to the execution of any and all documents, requested by the

Clearing House in order to perfect, maintain or enforce the security interest granted to the Clearing House hereunder. The Clearing House may exercise any and all rights available to it with respect to the security interest granted hereunder, in accordance with the FCM Regulations and applicable laws. Notwithstanding the foregoing, in no event shall the Clearing House's security interest in the property and assets attributable to an FCM Clearing Member's FCM Omnibus Client Account with LCH be exercised to satisfy any obligations or liabilities of (i) such FCM Clearing Member other than in connection with obligations or liabilities relating to such FCM Clearing Member's FCM Omnibus Client Accounts with LCH; or (ii) an FCM Client with an FCM Client Sub-Account by application of Margin attributable to the FCM Client Sub-Account of another FCM Client.

- (n) Each FCM Clearing Member shall ensure that with respect to an FCM Transaction results in the registration of an FCM Contract on behalf of an FCM Contract that is of a "non-hedging nature" (as such term is used in Part 39 the CFTC Regulations), it shall collect or remain furnished with additional FCM Client Funds from the relevant FCM Client in respect of such non-hedging FCM Contract in an amount which shall be no less than the minimum percentage as required by the Clearing House and as notified to the relevant FCM Clearing Member from time to time, as further specified in the FCM Procedures.
- (o) Each FCM Clearing Member shall ensure that no FCM Client withdraws FCM Client Funds from an FCM Client Segregated Depository Account unless the "net liquidating value" (as such term is used in Part 39 of the CFTC Regulations) plus the FCM Client Funds attributable to such FCM Client remaining in such FCM Client Segregated Depository Account after such withdrawal is sufficient to meet the level of Required Margin, as calculated by the Clearing House in respect of all FCM Contracts entered into on behalf of that FCM Client.
- (p) Gross and Net Margining Requirements – FCM Client Positions.
 - (i) *Swap Products.* FCM Clients and FCM Contract positions established for FCM Clients in each Business Category of FCM Contract consisting of Swap Products shall be subject to gross margin requirements on all such positions within each such Business Category of FCM Contract, on an FCM Client by FCM Client basis. Each individual FCM Client's position in any such single Business Category of FCM Contract shall be margined on a net basis, and such margining shall only be netted within that single Business Category of FCM Contract and shall *not* be netted across multiple Business Categories of FCM Contract where such FCM Client has positions in multiple Business Categories of FCM Contract. Each FCM Clearing Member shall require its FCM Clients to satisfy such requirements as applicable.
 - (ii) *Futures Products.* FCM Clients and FCM Contract positions established for FCM Clients in each Business Category of FCM Contract consisting of Futures Products shall be subject to gross margin requirements on all such positions within each such Business Category of FCM Contract, on an FCM Client by FCM Client basis. Each individual FCM Client's position in any such single Business Category of FCM Contract shall be margined on a net basis, and such margining shall only be netted within that single Business Category of FCM Contract and shall *not* be netted across multiple Business Categories of FCM Contract where such FCM Client has positions in multiple Business Categories of FCM Contract. Each FCM Clearing Member shall require its FCM Clients to satisfy such

requirements as applicable. In relation to this FCM Regulation 9(p)(ii), each FCM Clearing Member which clears Futures Products on behalf of FCM Clients shall make reports pursuant to FCM Regulation 4(c)(iv).

- (q) Net Margining of Proprietary Accounts. FCM Contract positions established in an FCM Clearing Member's Proprietary Account shall be subject to net margin requirements with respect to the relevant Business Category of FCM Contract, such that an FCM Clearing Member shall be required to deposit a net margin amount with the Clearing House in connection with all of the FCM Contracts registered in the relevant Proprietary Account for the relevant Business Category of FCM Contract.
- (r) Required Margin Increase in an FCM Client Sub-Account. Certain provisions regarding the satisfaction by FCM Clearing Members of their obligations with respect to increases in Required Margin applicable to an FCM Client Sub-Account under both the Without Client Excess Model and the With Client Excess Model are set forth in FCM Regulation 9A(e) and FCM Regulation 9A(f), respectively.
- (s) Required Margin Increase in an FCM Omnibus Futures Client Account with LCH. If the Required Margin applicable to the FCM Contracts registered to an FCM Omnibus Futures Client Account with LCH is increased by the Clearing House and such increase cannot be immediately satisfied by Excess Margin in such FCM Omnibus Futures Client Account with LCH, the obligation of the FCM Clearing Member to satisfy such deficit shall be discharged by:
- (i) the applicable FCM Clearing Member furnishing additional Margin to the Clearing House in respect of the applicable FCM Omnibus Futures Client Account with LCH; and
 - (ii) if the obligation of the FCM Clearing Member to satisfy the deficit has not been fully discharged pursuant to clause (i) above, by other means (if any) available to the Clearing House in accordance with the FCM Rulebook.
- (t) Required Margin Increase in a Proprietary Account. Where the amount of Required Margin applicable to the FCM Contracts of an FCM Clearing Member's Proprietary Account is increased by the Clearing House, the obligation of the applicable FCM Clearing Member to furnish additional Margin to the Clearing House to satisfy such increased Required Margin shall be discharged by:
- (i) if and to the extent that there is Excess Margin available in the FCM Clearing Member's Proprietary Account, deduction by the Clearing House of amounts from such Excess Margin;
 - (ii) the FCM Clearing Member furnishing additional Margin to the Clearing House in respect of such Proprietary Account; and
 - (iii) if the obligation of the FCM Clearing Member to satisfy the Required Margin has not been fully discharged pursuant to clauses (i) and (ii) above, by other means (if any) available to the Clearing House in accordance with the FCM Rulebook.
- (u) Excess Margin in FCM Client Accounts.

- (i) *Swap Products.* Certain provisions regarding Excess Margin in FCM Omnibus Swaps Client Accounts with LCH and the FCM Client Sub-Accounts therein (under both the Without Client Excess Model and the With Client Excess Model) are set forth in FCM Regulation 9A.
- (ii) *Futures Products.* An FCM Clearing Member is permitted to maintain Excess Margin with the Clearing House in respect of its FCM Omnibus Futures Client Accounts with LCH. Excess Margin held in an FCM Omnibus Futures Client Account with LCH of an FCM Clearing Member shall be treated as belonging to the FCM Clients of the FCM Clearing Member to the extent such FCM Clients have FCM Contracts attributed to such FCM Omnibus Futures Client Account with LCH. An FCM Clearing Member may withdraw Excess Margin from an FCM Omnibus Futures Client Account with LCH subject to FCM Regulation 6(b) (and in accordance with any other applicable provisions of the FCM Rulebook). Even where an FCM Clearing Member has not requested the return of its Excess Margin held in an FCM Omnibus Futures Client Account with LCH, the Clearing House may, in its discretion, elect at any time to return any such Excess Margin to the applicable FCM Clearing Member. Upon withdrawal or return of Excess Margin from an FCM Omnibus Futures Client Account with LCH, the treatment of any residual interest the FCM Clearing Member may have in such withdrawn collateral will be subject to and governed by FCM Regulation 4(l) and the relevant CFTC Regulations. For the avoidance of doubt, Excess Margin in an FCM Omnibus Futures Client Account with LCH shall not be applied to satisfy obligations of the relevant FCM Clearing Member in its proprietary capacity.
- (v) Excess Margin in Proprietary Accounts. An FCM Clearing Member is permitted to maintain Excess Margin with the Clearing House in respect of its Proprietary Accounts. An FCM Clearing Member that is not a Defaulter may request the return of any such Excess Margin at any time, and upon such request the Clearing House shall return such Excess Margin, except the Clearing House may determine not to return such Excess Margin where an unsatisfied margin call is outstanding in respect of one or more of such FCM Clearing Member's FCM Omnibus Client Accounts with LCH, including in respect of any FCM Client Sub-Account therein. Even where an FCM Clearing Member has not requested the return of its Excess Margin held in a Proprietary Account, the Clearing House may, in its discretion, elect at any time to return any such Excess Margin to the applicable FCM Clearing Member.

Regulation 9A Margining of Swap Product Client Accounts: Certain Additional Provisions; Without Client Excess Model; With Client Excess Model

The contents of this FCM Regulation 9A apply only with respect to the clearing and margining of Swap Products.

- (a) FCM Buffer. An FCM Clearing Member is permitted to furnish Collateral that is the property of such FCM Clearing Member (and not of its FCM Clients) to the Clearing House to be attributed to any of its FCM Omnibus Swaps Client Accounts with LCH as excess Margin for the benefit of all of its FCM Clients with positions registered or to be registered in such account, and the value of such Collateral as determined by the Clearing House in accordance with the FCM Rulebook (such value, the “**FCM Buffer**”) shall be recorded by the Clearing House as attributable to such FCM Clearing Member (for the benefit of its FCM Clients) in a sub-account of the applicable FCM Omnibus Swaps Client Account with LCH designated as an FCM Buffer sub-account (each such sub-account, with respect to each FCM Clearing Member, an “**FCM Buffer Sub-Account**”). The use and application of FCM Buffer in the With Client Excess Model and the Without Client Excess Model is further discussed below in paragraphs (c) and (d), respectively, and in the FCM Procedures.
- (b) Unallocated Excess.
- (i) Any Margin attributable to an FCM Omnibus Swaps Client Account with LCH that is not allocated to an FCM Client Sub-Account or the FCM Buffer Sub-Account therein (such Margin, “**Unallocated Excess**”) shall be credited by the Clearing House to the Unallocated Excess sub-account (the “**Unallocated Excess Sub-Account**”) of such FCM Omnibus Swaps Client Account with LCH. The Clearing House shall hold Unallocated Excess for the benefit of the FCM Clients corresponding to such FCM Omnibus Swaps Client Account with LCH as a class (the identities and amounts of which shall be recorded by such FCM Clearing Member and not the Clearing House in accordance with this FCM Regulation 9A and other applicable provisions of the FCM Rulebook), segregated in accordance with the CEA and CFTC Regulations, including Part 22 of the CFTC Regulations. The Clearing House shall treat and record the Unallocated Excess in respect of an FCM Omnibus Swaps Client Account with LCH on an unallocated basis, and the Clearing House shall not attribute any portions of such Unallocated Excess to the individual FCM Clients of such FCM Clearing Member (although the Unallocated Excess shall be held for the benefit of the applicable FCM Clients as a class (in accordance with Part 22 of the CFTC Regulations), the records of which are kept by the applicable FCM Clearing Member).
- (ii) Each FCM Clearing Member that maintains Unallocated Excess in any of its Unallocated Excess Sub-Accounts on behalf of its applicable FCM Clients shall ensure that its books and records accurately reflect at all times the FCM Client or FCM Clients to which such Unallocated Excess is attributable and the amount attributable to each such FCM Client.
- (iii) Subject to paragraph (v) below, the Clearing House shall not be permitted to, and shall not, at any time (x) apply any Unallocated Excess to the FCM Clearing Member’s Proprietary Account, or (y) except in accordance

with an instruction (provided in accordance with the FCM Rulebook) by the applicable FCM Clearing Member, apply Unallocated Excess to an FCM Client Sub-Account or to the FCM Buffer Sub-Account.

- (iv) Upon the request of an FCM Clearing Member (including as a result of a standing instruction of an FCM Clearing Member) in accordance with the FCM Procedures, the Clearing House will return Unallocated Excess to an FCM Clearing Member. The FCM Clearing Member shall be deemed to represent to the Clearing House, upon making any such request, that any such request complies with the CFTC Regulations and that the returned Unallocated Excess will remain segregated as required under the CFTC Regulations and the FCM Rulebook.
 - (v) Upon the default of an FCM Clearing Member, any Unallocated Excess in such FCM Clearing Member's Unallocated Excess Sub-Accounts shall be held by the Clearing House for the benefit of the applicable FCM Clients in accordance with Part 190 of the CFTC Regulations and applicable law, and the Clearing House shall not be permitted to apply any such Unallocated Excess to the obligations of the FCM Clearing Member to the Clearing House (on behalf of its FCM Clients or otherwise) except to the extent required by applicable law and/or directed by the applicable bankruptcy trustee or Regulatory Body in accordance with applicable law.
 - (vi) Certain additional procedures relating to Unallocated Excess differ based on whether the FCM Omnibus Swaps Client Accounts with LCH to which such Unallocated Excess corresponds is subject to the Without Client Excess Model or the With Client Excess Model, as such models are described in FCM Regulation 9A(c) and FCM Regulation 9A(d) (and in other applicable provisions of the FCM Rulebook).
- (c) Without Client Excess Model. The provisions of this FCM Regulation 9A(c) describe certain components of the Clearing House's model for margining, in accordance with Part 22 of the CFTC Regulations, FCM Omnibus Swaps Client Accounts with LCH in a manner which prohibits the maintenance of Excess Margin in FCM Client Sub-Accounts on a day-to-day basis (such model is referred to in the FCM Rulebook as the "**Without Client Excess Model**"). An alternative model which permits such Excess Margin to be maintained (the With Client Excess Model) is described in FCM Regulation 9A(d). The Without Client Excess Model is the default model that shall apply to an FCM Clearing Member's FCM Omnibus Swaps Client Accounts with LCH, and such model shall apply to all such accounts except where an FCM Clearing Member, to the extent permitted by the FCM Procedures, applies to and is approved by the Clearing House to have one or more of its FCM Omnibus Swaps Client Accounts with LCH treated in accordance with the alternative model (the With Client Excess Model described in FCM Regulation 9A(d)).

The provisions of this FCM Regulation 9A(c) apply only to FCM Omnibus Swaps Client Accounts with LCH that are subject to the Without Client Excess Model.

- (i) Restriction on Excess Margin in FCM Client Sub-Accounts on a Day-to-Day Basis. Excess Margin is not permitted to be maintained in any FCM Client Sub-Account on a day-to-day basis. However, an FCM Client's FCM Client Sub-Account is permitted to maintain Excess Margin on an intraday basis. Any Excess Margin attributable to an FCM Client Sub-Account of an FCM Client that exists in such sub-account following a

daily close of the FCM Clearing Services shall be transferred by the Clearing House into the corresponding Unallocated Excess Sub-Account on the morning of the following Business Day (and as such, such Excess Margin shall become Unallocated Excess); provided, that all sums due from the relevant FCM Clearing Member at such time in respect of the applicable FCM Omnibus Swaps Client Account with LCH have been paid to the Clearing House. If at any time an FCM Clearing Member furnishes Margin to the Clearing House on behalf of an FCM Client in an amount which would cause such FCM Client's FCM Client Sub-Account to contain Excess Margin, the Clearing House shall be permitted to reject the deposit of any such Excess Margin or to immediately transfer any such Excess Margin back to the FCM Clearing Member.

(ii) Application of FCM Buffer.

- (A) The Clearing House shall be permitted to apply any portion of an FCM Clearing Member's FCM Buffer (any portion of FCM Buffer when applied, "**Encumbered FCM Buffer**") to any FCM Client Sub-Account held by such FCM Clearing Member in the same FCM Omnibus Swaps Client Account with LCH (in which such FCM Buffer is held) which is in or would become in default.
- (B) At no time shall the Clearing House apply FCM Buffer in an amount that, in respect of an FCM Client, would cause the sum of the FCM Client's FCM Client Sub-Account Balance and the Encumbered FCM Buffer applicable to such FCM Client's FCM Client Sub-Account at such time (if any) to exceed the amount of Required Margin applicable to such FCM Client Sub-Account. In the event that any such excess exists (e.g., due to a decrease in Required Margin, the crediting of additional Margin attributable to such FCM Client, or other reasons) with respect to an FCM Client Sub-Account, the Clearing House shall reduce the amount of Encumbered FCM Buffer applicable to such FCM Client in an amount sufficient to remove any such excess, and any such reduced portion of Encumbered FCM Buffer shall again constitute only FCM Buffer (and shall no longer be considered Encumbered FCM Buffer).
- (C) Any Encumbered FCM Buffer that is applied to an FCM Client Sub-Account on a Business Day and remains applied to such sub-account at the opening of the relevant FCM Clearing Service on the following Business Day (as necessary to satisfy the applicable Required Margin) shall, at such time, be deemed to become part of such FCM Client's FCM Client Sub-Account Balance and shall thereafter no longer constitute Encumbered FCM Buffer or FCM Buffer.
- (D) An FCM Clearing Member that is not a defaulter may request the return of any of its FCM Buffer that is not Encumbered FCM Buffer at any time in accordance with the FCM Procedures, and upon such request the Clearing House shall return such FCM Buffer.

- (E) In the event that an FCM Clearing Member furnishes Collateral to be applied to its FCM Omnibus Swaps Client Account with LCH but does not notify the Clearing House as to whether the Margin in respect of such Collateral should be considered Unallocated FCM Collateral or FCM Buffer, and has not notified the Clearing House that the collateral is attributable to individual FCM Clients, the Clearing House shall treat such Margin as furnished as FCM Buffer and credit it to the FCM Clearing Member's FCM Buffer Sub-Account.
- (iii) Unallocated Excess.
- (A) An FCM Clearing Member is permitted to furnish Collateral on behalf of its FCM Clients to be applied as Margin directly to the relevant Unallocated Excess Sub-Account, upon its instruction and with the prior written approval of the Clearing House in accordance with the FCM Procedures, and the relevant Margin so furnished shall become Unallocated Excess.
- (B) An FCM Clearing Member may provide an instruction (provided in accordance with the FCM Rulebook) to the Clearing House directing it to apply all or a portion of its Unallocated Excess to an FCM Client Sub-Account within the corresponding FCM Omnibus Swaps Client Account with LCH.
- (d) With Client Excess Model. The provisions of this FCM Regulation 9A(d) describe certain components of the Clearing House's model for margining, in accordance with Part 22 of the CFTC Regulations, FCM Omnibus Swaps Client Accounts with LCH in a manner which provides for the maintenance of Excess Margin in FCM Client Sub-Accounts on a day-to-day basis (such model is referred to in the FCM Rulebook as the "**With Client Excess Model**"). FCM Clearing Members may, to the extent provided in the FCM Procedures, apply for the Clearing House's approval to have one or more of its FCM Omnibus Swaps Client Accounts with LCH treated in accordance with the With Client Excess Model. Any FCM Omnibus Swaps Client Account with LCH for which no such approval of the Clearing House has been obtained shall be margined in accordance with the Without Client Excess Model (described in FCM Regulation 9A(c)).

The provisions of this FCM Regulation 9A(d) apply only to FCM Omnibus Swaps Client Accounts with LCH that are subject to the With Client Excess Model.

- (i) Excess Margin in FCM Client Sub-Accounts. An FCM Clearing Member is permitted to maintain Excess Margin with the Clearing House in respect of its FCM Client Sub-Accounts, in accordance with the provisions of the FCM Rulebook.
- (ii) Collateral Value Reports (CVRs). For each FCM Omnibus Swaps Client Account with LCH maintained by an FCM Clearing Member treated in accordance with the With Client Excess Model, an FCM Clearing Member shall provide to the Clearing House, at least once on each Business Day, a "Collateral Value Report" (a "**CVR**" or "**Collateral Value Report**") that is compliant (as determined by the Clearing House in accordance with the FCM Procedures) and that instructs the Clearing House as to the appropriate allocation of the Omnibus Collateral Value attributable to each such FCM Omnibus Swaps Client Accounts with

LCH among (A) each FCM Client Sub-Account therein and (B) the FCM Buffer Sub-Account therein. FCM Clearing Members are required to produce and submit CVRs in accordance with Part 22 of the CFTC Regulations and any other applicable law, and such CVRs must be compliant with the Clearing House's policies regarding CVRs as set forth in the FCM Procedures and as may be set forth, from time to time, in other written materials of the Clearing House made available to FCM Clearing Members. Each FCM Clearing Member shall be fully responsible for all information contained in its CVRs and the Clearing House shall be entitled to rely fully on such information and has no obligation to conduct its own investigation (although it may do so) with respect to such information. The Clearing House shall update its applicable records in accordance with the most recently submitted compliant CVR corresponding to an FCM Omnibus Swaps Client Account with LCH, and the most recent compliant CVR with respect thereto shall supersede any prior CVRs. A CVR will not be compliant if its allocation of the Omnibus Collateral Value would trigger a margin call. Additionally, a CVR may not be used to satisfy a margin call and a CVR that reallocates the Omnibus Collateral Value so as to satisfy a margin call shall not be compliant.

- (iii) Assumed Allocation. When an FCM Clearing Member furnishes Margin to an FCM Omnibus Swaps Client Account with LCH for the purposes of satisfying a margin call issued by the Clearing House, such Margin shall be automatically allocated (such allocation, the "**Assumed Allocation**") by the Clearing House (A) among each of the FCM Client Sub-Accounts therein having at such time an FCM Client Sub-Account Balance shortfall (in respect of the amount of Required Margin then applicable to each such sub-account) and (B) such allocation shall be made on a pro rata basis based on the amount of shortfall in each such sub-account. An FCM Clearing Member is not permitted to deliver a CVR simultaneously with its deposit of Collateral in satisfaction of a margin call so as to avoid the Assumed Allocation. However, an FCM Clearing Member may subsequently deliver a CVR allocating the entire Omnibus Collateral Value in the applicable account and any prior Assumed Allocation shall not limit the ability of subsequently delivered CVRs to allocate the Omnibus Collateral Value in the normal manner as provided in the FCM Rulebook.
- (iv) Application of FCM Buffer. The Clearing House will look to FCM Buffer to offset any FCM Client Sub-Account Balance deficits (on an aggregate basis) in the corresponding FCM Omnibus Swaps Client Account with LCH, and will not issue a margin call to an FCM Clearing Member in respect of the amounts of any such deficits to the extent such amounts could be offset by FCM Buffer. An FCM Clearing Member that is not a defaulter may request the return of any of its FCM Buffer that is not, at such time, being used by the Clearing House in such manner to offset any such FCM Client Sub-Account Balance deficits.
- (v) Unallocated Excess.
- (A) An FCM Clearing Member is permitted to furnish Collateral on behalf of its FCM Clients to be applied as Margin directly to the relevant Unallocated Excess Sub-Account as set forth in the FCM Procedures. Any Margin furnished by an FCM Clearing

Member in respect of an FCM Omnibus Swaps Client Account with LCH that is (1) not furnished in satisfaction of an outstanding margin call and (2) not accompanied by a new and compliant CVR, shall be automatically deemed to be furnished as Unallocated Excess and shall be credited to the applicable Unallocated Excess Sub-Account.

- (B) An FCM Clearing Member may deliver a CVR to the Clearing House which has the effect of allocating all or a portion of the applicable Unallocated Excess into FCM Client Sub-Accounts and/or the FCM Buffer Sub-Account in the same FCM Omnibus Swaps Client Account with LCH; provided, that such a CVR delivery may not be used for purposes of allocating Unallocated Excess in order to satisfy a margin call.

- (e) Required Margin Increase in an FCM Client Sub-Account Subject to the Without Client Excess Model. If the Required Margin applicable to the FCM Contracts registered to an FCM Client's FCM Client Sub-Account subject to the Without Client Excess Model is increased by the Clearing House and such increase cannot be immediately satisfied by Excess Margin in the corresponding FCM Client Sub-Account Balance, the FCM Client Sub-Account Balance shortfall will be satisfied in whole or in part (as applicable) by (x) the application of any Available FCM Buffer (*i.e.*, FCM Buffer that is not Encumbered FCM Buffer and that is credited to the FCM Buffer Sub-Account within the applicable FCM Omnibus Swaps Client Account with LCH) and (y) any credit extended by the Clearing House (in the Clearing House's sole discretion), including any SwapClear Tolerance or MCE if applicable.

If the FCM Client Sub-Account Balance shortfall referred to above cannot be fully satisfied with Available FCM Buffer and/or Clearing House credit as set forth above, the obligation of the FCM Clearing Member to satisfy such deficit shall be discharged by:

- (A) the applicable FCM Clearing Member furnishing additional Margin to the Clearing House on behalf of the applicable FCM Client; and/or
- (B) if the obligation of the FCM Clearing Member to satisfy the FCM Client Sub-Account Balance deficit has not been fully discharged pursuant to clause (A) above, by other means (if any) available to the Clearing House in accordance with the FCM Rulebook.

- (f) Required Margin Increase in an FCM Client Sub-Account Subject to the With Client Excess Model. If the Required Margin applicable to the FCM Contracts registered to an FCM Client's FCM Client Sub-Account subject to the With Client Excess Model is increased by the Clearing House and such increase cannot be immediately satisfied by Excess Margin in the corresponding FCM Client Sub-Account Balance, the FCM Client Sub-Account Balance shortfall will be satisfied in whole or in part (as applicable) by (x) any Available FCM Buffer that is credited to the FCM Buffer Sub-Account within the applicable FCM Omnibus Swaps Client Account with LCH and (y) any credit extended by the Clearing House (in the Clearing House's sole discretion), including any SwapClear Tolerance or MCE if applicable.

If the FCM Client Sub-Account Balance shortfall referred to above cannot be fully satisfied with Available FCM Buffer and/or Clearing House credit as set forth above, the obligation of the FCM Clearing Member to satisfy such deficit shall be discharged by.

- (A) the applicable FCM Clearing Member furnishing additional Margin to the Clearing House in respect of the applicable FCM Omnibus Swaps Client Account with LCH (which shall be allocated in accordance with the Assumed Allocation); and/or
- (B) if the obligation of the FCM Clearing Member to satisfy the FCM Client Sub-Account Balance deficit has not been fully discharged pursuant to clause (A) above, by other means (if any) available to the Clearing House in accordance with the FCM Rulebook.

Regulation 10 Official Quotations and Reference Price; Settlement and Revaluation

- (a) The Clearing House may determine Official Quotations and Reference Prices for the purposes of these FCM Regulations and the FCM Procedures in such manner and at such times as may be prescribed in the FCM Procedures. Except as prescribed in the FCM Procedures, an Official Quotation or Reference Price is binding on an FCM Clearing Member and may in no circumstances be called in question.
- (b) For the avoidance of doubt, the Clearing House is not responsible for and does not warrant the accuracy of any Settlement Price determined by a third party or any Reference Price.
- (c) Settlement and Revaluation. With respect to settlement and revaluation procedures, the settlement and revaluation procedures for each Product shall be set forth in the chapter of the FCM Rulebook applicable to such Product and/or in the relevant section of the FCM Procedures.

Regulation 11 Market Disorders, Impossibility of Performance, Trade Emergency

- (a) Paragraph (c) of this FCM Regulation 11 shall not apply to FCM Option Contracts.
- (b) In relation to FCM Exchange Contracts, if an Exchange Board, after consultation with the Clearing House, or the Clearing House, if it deems it impracticable to consult with the Exchange Board with respect to sub-paragraph (i) below only, or if the Clearing House, in relation to FCM Contracts which are not FCM Exchange Contracts, determines that one of the following conditions is satisfied, namely:
- (i) a state of war exists or is imminent or threatened or civil unrest or terrorist or other criminal action has occurred or is imminent or threatened, and is likely to affect or has affected the normal course of business, including, but not limited to, performance under an FCM Contract; or
 - (ii) the government of any nation, state or territory or any institution or agency thereof has proclaimed or given notice of its intention to exercise, vary or revoke controls which appear likely to affect the normal course of business, including, but not limited to, performance under an FCM Contract; or
 - (iii) the EU or any international organization, or any institution or agency thereof, has introduced, varied, terminated or allowed to lapse any provision so as to be likely to affect the normal course of business, including, but not limited to, performance under an FCM Contract; or has given notice of its intention to do so or appears to be about to do so;

then:

- (iv) in respect of such FCM Contracts which are not FCM Exchange Contracts as specified by the Clearing House, and notified to the affected FCM Clearing Members, the Clearing House shall be entitled to invoice back such FCM Contracts in accordance with FCM Regulation 13 and the FCM Procedures at a price determined by the Clearing House or to require such FCM Clearing Members to comply with any directions issued by the Clearing House regarding the performance of, or any other direction in respect of, such FCM Contracts; and
- (v) such FCM Exchange Contracts for such Delivery Months, Prompt Dates or other delivery periods as the Exchange Board in consultation with the Clearing House or (where the Clearing House so determines without consultation with the Exchange Board) as the Clearing House shall specify (which may include FCM Exchange Contracts under which Delivery Notice or a notice or some other prescribed form of exercise has been given) shall, (unless the relevant Exchange Rules otherwise provide) upon the Exchange Board's (or the Clearing House's, as the case may be) formal announcement that such condition is satisfied, be invoiced back in accordance with FCM Regulation 13 and the FCM Procedures at a price determined by the Exchange Board (or the Clearing House as the case may be). In the event that a price fails to be determined by the Clearing House it shall, adopt the settlement price which in the opinion of the Clearing House was last determined or announced by the Exchange Board pursuant to Exchange Rules.

Accounts shall be made up by the Clearing House in accordance with the FCM Procedures for each FCM Clearing Member who is a party to FCM Contracts invoiced back pursuant to this paragraph. Settlement of such accounts shall be due immediately and settlement thereof shall be made forthwith in discharge of such FCM Contracts invoiced back notwithstanding any further change of circumstances.

- (c) If, in the opinion of the Clearing House after consultation with the relevant Exchange Board, a Seller's complete performance of an FCM Exchange Contract becomes impossible for any reason whatsoever (except in such circumstances as are set out in paragraph (b) above), the affected FCM Exchange Contract may at the Clearing House's option thereupon be closed by invoicing back at a price determined by the Exchange Board, and such price shall be binding on all affected parties. Accounts shall be made up by the Clearing House in accordance with the FCM Procedures.
- (d) If an Exchange determines in accordance with its Exchange Rules that an excessive position or unwarranted speculation or any other undesirable situation or practice is developing or has developed which is affecting or capable of affecting a market in a commodity, the Clearing House may take such action as is requested of it by such Exchange in respect of one or more FCM Exchange Contracts for such commodity in an FCM Clearing Member's name as may be provided by Exchange Rules, or as may be agreed between the Exchange and the Clearing House.

Any formal announcement made under this FCM Regulation shall be made by notice posted by the Exchange or the Clearing House (or by other means as determined by the Clearing House) or as prescribed by the FCM Procedures.

Regulation 12 Force Majeure

- (a) Neither the Clearing House (nor any other member of the LCH.Clearnet Group) nor an FCM Clearing Member shall be liable for any failure, hindrance or delay in performance in whole or in part of its obligations under the terms of these FCM Regulations or of any FCM Contract if such failure, hindrance or delay arises out of events or circumstances beyond its control. Such events or circumstances may include, but are not limited to, acts of God or the public enemy, acts of a civil or military authority other than the acts referred in FCM Regulation 11(a)(i), (ii) or (iii) above, terrorist or other criminal action, sabotage, civil unrest, embargoes, blockades, fire, flood, earthquake, tornado, tsunami, other natural disasters, explosion, epidemics or plagues, labor dispute, unavailability or restriction of computer or data processing facilities, energy supplies, settlement systems or of bank transfer systems or wires, failures of software or communications systems, and any other causes beyond the parties reasonable control including, without prejudice to the foregoing, any causes specified in Exchange Rules or the rules of an FCM Approved Trade Source System.
- (b) On the happening of any one or more of the events or circumstances referred to in paragraph (a) above, which shall immediately be notified by the party prevented, hindered or delayed from performing any of the obligations referred to in paragraph (a) above to the other:
- (i) in respect of affected FCM Exchange Contracts or FCM Contracts subject to the rules of an FCM Approved Trade Source System, the Clearing House shall be entitled at the time prescribed in the relevant Exchange Rules or the rules of a relevant FCM Approved Trade Source System or if no such time is prescribed at any time after receipt of such notice, to invoice back in accordance with FCM Regulation 13, some or all such FCM Exchange Contracts or such FCM Contracts in the FCM Clearing Member's name at a price determined by the relevant Exchange or FCM Approved Trade Source System, or where Exchange Rules or the rules of an FCM Approved Trade Source System permit, to take such other action as it deems necessary or desirable in respect of some or all such FCM Exchange Contracts or FCM Contracts in the FCM Clearing Member's name or require the FCM Clearing Member to take such action as the Clearing House may direct in respect of the same; and
 - (ii) in respect of affected FCM Contracts that are not FCM Exchange Contracts or subject to the rules of an FCM Approved Trade Source System, the Clearing House shall be entitled to require any of the affected FCM Contracts to be performed in accordance with directions issued by the Clearing House or invoiced back in accordance with FCM Regulation 13, or shall be entitled to require the FCM Clearing Member to take such action as the Clearing House may direct in respect of such FCM Contracts.

Regulation 13 Invoicing Back

- (a) Invoicing back of an FCM Clearing Member's FCM Contracts pursuant to FCM Regulation 11, FCM Regulation 12, the Default Rules (in the case of FCM Exchange Contracts), or otherwise, shall be carried out by the Clearing House effecting and registering pursuant to the FCM Procedures opposite contracts between itself and the FCM Clearing Member at the price referred to in the relevant FCM Regulation or, where applicable, in paragraph (d) below, and thereupon settling such FCM Contracts against such opposite contracts.
- (b) The Clearing House shall, in addition to carrying out the procedures referred to in paragraph (a) above, register opposite contracts between itself and such other FCM Clearing Members as the Clearing House may select in its absolute discretion in proportion to the net position of FCM Contracts in their names for the same commodity and Delivery Month or Prompt Date as the FCM Contracts invoiced back under paragraph (a) above to the nearest whole number of Lots, or in the case of FCM Option Contracts on the terms of the relevant underlying contracts specified in the FCM Procedures (if applicable), for the same Expiry Month and Strike Price as the FCM Contracts invoiced back under paragraph (a) above, or in the case of FCM Contracts that are not FCM Exchange Contracts on the same FCM Contract Terms as the FCM Contracts invoiced back under paragraph (a) above, and thereupon settling such FCM Contracts against such opposite contracts.
- (c) Where Open Contracts are invoiced back pursuant to FCM Regulation 11 or FCM Regulation 12 the Clearing House shall make up the accounts of any FCM Clearing Member affected by such invoicing back in accordance with FCM Regulation 11 or FCM Regulation 12, as applicable. Where an FCM Contract is invoiced back under the Default Rules, the account of such other FCM Clearing Member as may be affected under paragraph (b) above shall be made up in accordance with that paragraph.
- (d) Opposite FCM Contracts effected and registered by the Clearing House pursuant to paragraph (a) and (b) above shall, subject to FCM Regulation 11, be at a price determined by the Clearing House, and shall be binding as a final settlement upon the parties affected by invoicing back or, in the case of Exchange Contracts, at a price or (where applicable) Premium fixed or determined by the relevant Exchange Board. This paragraph shall be without prejudice to any further liability of the defaulting FCM Clearing Member to the Clearing House or to any additional rights which the Clearing House may have against the defaulting FCM Clearing Member whether under these FCM Regulations, at law or otherwise.
- (e) In this FCM Regulation 13:
- (i) "net position" means: (A) in respect of FCM Contracts in a Product for which there are Economic Terms (as set forth in the definition of "Economic Terms" in these FCM Regulations), one or more of such FCM Contracts against which the FCM Clearing Member in whose name they are registered has no matching FCM Contracts on the same Economic Terms and (B) in respect of FCM Contracts in all other Products not specified in (A) above, one or more such FCM Contracts against which the FCM Clearing Member in whose name they are registered has no matching FCM Contracts for the same Delivery Month, Expiry Month or Prompt Date; and

- (ii) “opposite contract” means an FCM Contract on the same terms (except as to price), as the FCM Contract to be invoiced back in accordance with this FCM Regulation 13, but where an FCM Clearing Member has position “X” in respect of an FCM Contract to be invoiced back (where such FCM Contract consists of positions “X” and “Y”), such FCM Clearing Member shall have position “Y” in respect of the opposite contract and vice versa.

Regulation 14 Currency Conversion

For the purpose of exercising any rights under these FCM Regulations, the Clearing House shall be entitled in its discretion to convert monies standing to the debit or credit of an FCM Clearing Member's accounts (including FCM Client Segregated Depository Accounts and FCM Omnibus Client Accounts with LCH) into such other currency or currencies as it thinks fit, such conversion to be effected at such reasonable rate or rates of exchange as the Clearing House may determine in accordance with the FCM Procedures.

Regulation 15 Disclosure

- (a) The Clearing House shall have authority to supply any information whatsoever concerning an FCM Clearing Member and its trading to (a) any Regulatory Body which is entitled to receive or request any such details or information, (b) LCH.Clearnet Group Limited, (c) LCH.Clearnet SA or (d) any other person or body to which the Clearing House is, in its reasonable opinion, legally required to disclose the same.

- (b) The Clearing House shall also be entitled to supply any information whatsoever concerning an FCM Clearing Member to any person (and the Clearing House will solicit an undertaking from any such person that such person will keep such information confidential) who has provided or may be contemplating entering into arrangements to provide the Clearing House directly or indirectly with stand-by or other finance, insurance cover, guarantee or other financial backing, which the Clearing House has been requested or is legally required to disclose to assist such person in relation to the provision of, or continued provision of, such finance, insurance cover, guarantee or financial backing.

Regulation 16 Fees and Other Charges

- (a) The Clearing House shall be entitled to levy fees in respect of such matters and at such rates as may from time to time be prescribed. Such fees shall be payable by such FCM Clearing Members, by such times, and in such manner as may be prescribed by the FCM Procedures.
- (b) Accommodation charges made by the Clearing House pursuant to FCM Regulation 8(d) shall be payable to the Clearing House by such FCM Clearing Members, in such manner and by such times as may be prescribed by the FCM Procedures.
- (c) Any changes to be made to the fees and charges payable pursuant to paragraphs (a) and (b) above shall take effect, as prescribed by the FCM Procedures.

Regulation 17 **Records**

An FCM Clearing Member shall not be entitled to the return of any particulars, notices or any other documentation presented to the Clearing House pursuant to FCM Regulation 7, FCM Regulation 8 and FCM Regulation 31.

Regulation 18 **FCM Procedures**

The FCM Procedures shall take effect and shall be binding on FCM Clearing Members as if they formed part of these FCM Regulations save that, in the event of any conflict between the provisions of these FCM Regulations and the FCM Procedures, the provisions of these FCM Regulations shall prevail.

Regulation 19 Alteration of FCM Regulations and the FCM Procedures

- (a) Unless the FCM Clearing Membership Agreement or these FCM Regulations otherwise specifically provide in relation to any proposed amendment or extension, the Clearing House may from time to time, by notice delivered to FCM Clearing Members, amend or extend these FCM Regulations and such amendment or extension may be made with immediate effect or with such deferred effect as the Clearing House shall determine. Any amendment or extension to these FCM Regulations may take effect so as to apply to FCM Contracts registered in an FCM Clearing Member's name at the time such amendment or extension comes into effect if the Clearing House so determines.
- (b) Unless the FCM Clearing Membership Agreement or these FCM Regulations or the FCM Procedures otherwise specifically provide in relation to any proposed amendment or extension, the Clearing House may from time to time amend or extend the FCM Procedures by notice to such FCM Clearing Members as may be affected.
- (c) The accidental omission to give notice under this FCM Regulation 19 to, or the non-receipt of notice under this FCM Regulation 19 by, any FCM Clearing Member shall not invalidate the amendment or extension with which the notice is concerned.

Regulation 20 **Interpretation of these FCM Regulations**

- (a) In the event of inconsistency between the provisions of these FCM Regulations and the rules or regulations or other contractual provisions of any trading platform or other undertaking the provisions of these FCM Regulations shall prevail.

- (b) The headings to these FCM Regulations are for convenience only and shall not affect their interpretation.

Regulation 21 Waiver

No failure by the Clearing House to exercise, nor any delay on its part in exercising, any of its rights (in whole or in part) under these FCM Regulations shall operate as a waiver of the Clearing House's rights or remedies upon that or any subsequent occasion, nor shall any single or partial exercise of any right or remedy prevent any further exercise thereof or any other right or remedy.

Regulation 22 **Validity of FCM Regulations and Action**

If at any time any provision of these FCM Regulations becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these FCM Regulations nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

Regulation 23 Governing Law and Jurisdiction

- (a) These FCM Regulations, the FCM Procedures and each FCM Contract shall be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts of laws principles, and IN ACCORDANCE WITH the laws of the United States of America, including the CEA and applicable bankruptcy and insolvency laws.
- (b) The Other Specific Regulations shall be governed by and construed in accordance with the laws of England and Wales.
- (c) The Clearing House and every FCM Clearing Member hereby irrevocably agree for the benefit of the Clearing House that (i) the courts of the State of New York, Borough of Manhattan in the United States of America, (ii) the United States District Court for the Southern District of New York, or (iii) the courts of England and Wales shall have exclusive jurisdiction to hear and determine any claim or matter arising from or in relation to any FCM Contract, these FCM Regulations, the FCM Procedures or to the Other Specific Regulations (in the case of the Other Specific Regulations, only with respect to a claim or matter arising from or in relation to an FCM Contract, FCM Clearing Services or these FCM Regulations), and each FCM Clearing Member irrevocably submits to such jurisdiction and waives any objection which it might otherwise have to such courts being a convenient and appropriate forum, save that this submission to the exclusive jurisdiction of the courts of the State of New York, Borough of Manhattan in the United States of America, the United States District Court for the Southern District of New York or the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the taking of action in any other jurisdiction, whether concurrently or not.
- (d) The Clearing House and each FCM Clearing Member hereby irrevocably waives any right to a trial by jury in any litigation directly or indirectly arising out of or relating to any FCM Contract, the FCM Procedures, the Other Specific Regulations or to these FCM Regulations.
- (e) Each FCM Clearing Member irrevocably waives, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgment) and execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and irrevocably agrees that it will not claim any such immunity in any proceedings.

Regulation 24 Exclusion of Liability

- (a) Neither the Clearing House nor any other member of the LCH.Clearnet Group shall have any liability to an FCM Clearing Member or any other person in respect of any dispute arising from or in relation to any FCM Contract, including but not limited to, any dispute as to the validity or otherwise of such FCM Contract, the terms of such FCM Contract or whether any alleged agreement or arrangement constitutes an FCM Contract.
- (b) Without prejudice to the provisions of FCM Regulation 1 and FCM Regulation 24(d), neither the Clearing House nor any other member of the LCH.Clearnet Group shall be liable whatsoever to any FCM Clearing Member, or to any other person in contract, tort (including negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of ANY NATURE whatsoever suffered or incurred as a result of: any suspension of clearing services, whether for a temporary period or otherwise, a step taken by the Clearing House under FCM Regulations 11, 12, 30 or 40(f) or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House or the relevant approved agent; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the Clearing House of its discretion under the FCM Regulations, or any decision by the Clearing House not to exercise any such discretion.
- (c) Without prejudice to FCM Regulation 24(b) and FCM Regulation 24(d), unless otherwise expressly provided in the FCM Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH.Clearnet Group shall be liable under any circumstances (including as a result of any negligence by the Clearing House, or any other member of the LCH.Clearnet Group Limited, or their respective officers, employees, agents or representatives) to any FCM Clearing Member or any other Executing Party for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such FCM Clearing Member or other Executing Party and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH.Clearnet Group Limited, or their respective officers, employees, agents or representatives.
- (d) Nothing in this FCM Regulation 24 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or willful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and for any fraud or willful default on the part of the Clearing House.
- (e) Without prejudice to the provisions of FCM Regulation 1 and FCM Regulation 24(d) neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any FCM Clearing Member or to any other person (including any FCM Client) in contract, tort (including negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by an FCM Clearing Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology.

Regulation 24A Netting

- (a) If at any time the Clearing House fails to make a payment to an FCM Clearing Member, other than a defaulter, under an FCM Contract for a period of 30 days from the date when the obligation to pay fell due, then that FCM Clearing Member may exercise its rights under paragraph (c) below.
- (b) If at any time the Clearing House commences a voluntary case or other procedure seeking or proposing liquidation, administration, receivership, voluntary arrangement or a scheme of arrangement, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or if any of the foregoing cases or procedures is commenced in relation to the Clearing House by any other person which results in liquidation or winding up of the Clearing House, or if the Clearing House takes corporate action to authorize any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger), then an FCM Clearing Member, other than a defaulter, may exercise the right given to it under paragraph (c) below.
- (c) An FCM Clearing Member entitled to exercise rights under this paragraph may, at any time while any of the circumstances referred to in paragraph (a) or (b) above giving rise to such rights continue, by notice in writing to the Clearing House, specify a Termination Date for the termination and liquidation of all FCM Contracts to which it is a party in accordance with paragraph (d) below.
- (d) Upon the occurrence of a Termination Date:
- (i) neither the Clearing House nor the FCM Clearing Member shall be obliged to make any further payments under any FCM Contract between them which would, but for this FCM Regulation 24A, have fallen due for performance on or after the Termination Date, and any obligations to make further payments which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;
 - (ii) the FCM Clearing Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine (discounting if appropriate) in respect of each FCM Contract its total loss or, as the case may be, gain, in each case expressed in the lawful currency of the United States or the currency of the relevant FCM Contract where agreed by the Clearing House and the FCM Clearing Member (the "*Base Currency*"), (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this agreement, of each payment which would otherwise have been required to be made under such FCM Contract; and
 - (iii) the FCM Clearing Member shall treat each loss to it, determined as above, as a positive amount and each gain by it, so determined, as a negative amount and, subject to paragraph (iv) below, shall aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "*Termination Amount*").

- (iv) Where an FCM Clearing Member has a Proprietary Account and one or more FCM Omnibus Client Accounts with LCH:
 - (A) the FCM Clearing Member shall determine two or three net amounts under paragraph (d)(iii); (1) if applicable, one net amount in respect of gains and losses arising on FCM Contracts registered to each of the FCM Clearing Member's FCM Omnibus Swaps Client Accounts with LCH,, (2) if applicable, one net amount in respect of gains and losses arising on FCM Contracts registered to each of the FCM Clearing Member's FCM Omnibus Futures Client Accounts with LCH, and (3) a net amount in respect of gains and losses arising on FCM Contracts registered to the FCM Clearing Member's Proprietary Account; and
 - (B) the two or three net amounts determined under paragraph (iv)(1) above shall constitute Termination Amounts.
- (v) If a Termination Amount determined pursuant to paragraph (d)(iv) above is a positive amount, the Clearing House shall pay it to the FCM Clearing Member and if any such Termination Amount is a negative amount, the FCM Clearing Member shall pay it to the Clearing House, in either case in accordance with paragraph (vi). The FCM Clearing Member shall notify the Clearing House of each such Termination Amount, and by which party it is payable, immediately after the calculation thereof.
- (vi) A Termination Amount shall, subject to FCM Regulation 24B, be paid in the Base Currency by the close of business on the Business Day following notification pursuant to paragraph (v) above (converted as required by applicable law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Clearing House). Any Termination Amount which is not paid on such day shall bear interest, at the average rate at which overnight deposits in the currency of such payment are offered by major banks in the London interbank market as of 11:00 hours (London time) (or, if no such rate is available, at such reasonable rate as the FCM Clearing Member may select) plus 1% per annum, for each day for which any such sum remains unpaid.
- (vii) For the purposes of any calculation required to be made under this FCM Regulation 24A, the FCM Clearing Member may convert amounts denominated in any other currency into the Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.

The FCM Clearing Member's rights under this FCM Regulation 24A shall be in addition to, and not in limitation or exclusion of, any other rights which the FCM Clearing Member may have (whether by agreement, operation of law or otherwise, including its rights under FCM Regulation 6(i)).

Regulation 24B Distribution of Assets

- (a) Where (after the netting and set-off provided for in FCM Regulation 24A and FCM Regulation 6(i)) the Clearing House has insufficient assets available to it to pay all Termination Amounts (determined in accordance with FCM Regulation 24A and General Regulation 39A (under the UK General Regulations)) in full, the claims of the Clearing Members shall be met first to those Clearing Members who are FCM Clearing Members and SwapClear Clearing Members and/or ForexClear Clearing Members in an amount equal to the outstanding SwapClear Contributions of such FCM Clearing Members and SwapClear Clearing Members and/or the outstanding ForexClear Contributions of such FCM Clearing Members and ForexClear Clearing Members (as applicable) and, thereafter, pro rata to each Clearing Member's respective claim (and in respect of FCM Clearing Members and SwapClear Clearing Members who have received an amount relating to their outstanding SwapClear Contributions, their respective claims shall be reduced by such amounts so received; and in respect of FCM Clearing Members and ForexClear Clearing Members who have received an amount relating to their outstanding ForexClear Contributions, their respective claims shall be reduced by such amounts so received). To the extent the Clearing House does not have sufficient assets available to it to pay each FCM Clearing Member and SwapClear Clearing Member and/or ForexClear Clearing Member the amount equal to its outstanding SwapClear Contribution and/or its outstanding ForexClear Contribution (as applicable), the Clearing House shall distribute the assets available to it to each such FCM Clearing Member and SwapClear Clearing Member and/or ForexClear Clearing Member (as applicable) in an amount equal to the proportion that the outstanding SwapClear Contribution of the relevant FCM Clearing Member or SwapClear Clearing Member and/or the outstanding ForexClear Contribution of the relevant FCM Clearing Member or ForexClear Clearing Members bears to the aggregate of: (i) the sum of the outstanding SwapClear Contributions of all relevant FCM Clearing Members and SwapClear Clearing Members and (ii) the sum of the outstanding ForexClear Contributions of all relevant FCM Clearing Members and ForexClear Clearing Members.
- (b) Notwithstanding anything to the contrary in these FCM Regulations or the FCM Rulebook, this FCM Regulation 24B shall be governed by and construed in accordance with the governing law provided for in paragraph (a) of General Regulation 38 (under the UK General Regulations).
- (c) For the purposes of this FCM Regulation 24B, the term "Clearing Member" shall include FCM Clearing Members and all other Clearing Members (as defined in the UK General Regulations) of the Clearing House.

Regulation 25 Acknowledgements and Agreements of FCM Clients and Affiliates

Each FCM Client and Affiliate, by participating in FCM Transactions and entering FCM Contracts through its respective FCM Clearing Member(s), shall be deemed to understand, acknowledge and agree that:

- (a) the services provided by the Clearing House with regard to the FCM Clearing Services will be subject to and governed by the FCM Rulebook between the Clearing House and the FCM Clearing Member;
- (b) the FCM Regulations shall govern the registration of FCM Contracts and all transactions between an FCM Client or Affiliate and its FCM Clearing Member resulting in the registration of FCM Contracts, and at the time of registration of an FCM Contract the FCM Client or Affiliate on whose behalf it was registered will be deemed to be bound by the relevant FCM Contract on the terms entered into between the FCM Clearing Member and the Clearing House (including, without limitation, all applicable terms of the FCM Regulations and the schedules thereto) automatically and without any further action by such FCM Client or Affiliate or by its FCM Clearing Member, and such FCM Client or Affiliate agrees to be bound by the applicable provisions of the FCM Regulations and by the terms of the applicable FCM Contracts in all respects;
- (c) the provisions of FCM Regulation 24 (Exclusion of Liability) shall apply to each FCM Client and Affiliate *mutatis mutandis* as though entered into by each FCM Client and Affiliate directly with the Clearing House;
- (d) the Clearing House shall be under no obligation to deal directly with any FCM Client or Affiliate, and the Clearing House may deal exclusively with the FCM Clearing Members;
- (e) the Clearing House shall have no obligations to any FCM Client or Affiliate with respect to any FCM Contract held by the relevant FCM Clearing Member on behalf of such FCM Client or Affiliate, including to any repayment or redelivery obligations;
- (f) no FCM Client or Affiliate shall have any right to receive from the Clearing House, or any right to assert a claim against the Clearing House with respect to, nor shall the Clearing House be liable to any FCM Client or Affiliate for, any payment or delivery obligation in connection with any FCM Contract held by the relevant Clearing Member on behalf of such FCM Client or Affiliate and the Clearing House shall make any such payments or redeliveries solely to the FCM Clearing Member;
- (g) upon the default of an FCM Client's or Affiliate's FCM Clearing Member, if the Clearing House is required to do so by any Regulatory Body or applicable laws or regulations, or determines in its discretion that it is necessary for its protection, the Clearing House may close out and terminate the FCM Client's or Affiliate's FCM Contracts entered into by such FCM Clearing Member, subject to applicable law, regardless of whether such FCM Client or Affiliate had itself defaulted, and in certain circumstances the Clearing House will not transfer or otherwise re-establish such positions;
- (h) the Clearing House will not hold any assets transferred to it on behalf of any individual FCM Client or an Affiliate;

- (i) where an FCM Clearing Member provides an FCM Client's or Affiliate's securities or other assets to the Clearing House as collateral, such securities and other assets shall be held by the Clearing House in accordance with the FCM Rulebook and applicable law, and FCM Clients and Affiliates shall not be entitled to assert any equitable or other claim to any such securities or assets in circumstances where the assertion of such a claim would delay or inhibit (x) the disposal by the Clearing House of such securities or assets and/or (y) the application of the proceeds of sale of such securities or assets, in each case in accordance with the provisions of the FCM Rulebook and applicable law; and

- (j) each FCM Client and Affiliate provides its respective FCM Clearing Member(s) with its unconditional consent for such FCM Clearing Member(s) to furnish or deposit to or with the Clearing House any FCM Client Funds of such FCM Client or Affiliate in the FCM Clearing Member's possession, and to repledge such property to the Clearing House, as Collateral for the purposes of clearing FCM Contracts entered on behalf of the FCM Client or Affiliate.

Regulation 26 **FCM Exchange Contracts**

FCM Regulations 26A through 26K apply to FCM Exchange Contracts. Such FCM Regulations shall be referred to as the “**Exchange Contract Rules**”.

Regulation 26A Exercise of Options

- (a) An Option may, subject to paragraph (d) below, be exercised, or deemed to be exercised, or abandoned in accordance with paragraph (b) or (c) below on the day and by the time prescribed by Exchange Rules, or if there is no such prescribed day or time, by the day and time specified in the FCM Procedures. If any prescribed day is not a Business Day, an Option may be exercised, deemed to be exercised, or abandoned on such day as may be prescribed by the relevant Exchange Rules, or if no such day is so prescribed, on the next Business Day.
- (b) Subject to Exchange Rules, an Option may be exercised by notice in writing or in such other form as may be prescribed by Exchange Rules or the FCM Procedures and in the manner prescribed by the FCM Procedures, and, if not so exercised by the day and time referred to in paragraph (a) above, the Option shall either expire or, if Exchange Rules so provide, be deemed to have been exercised in accordance with Exchange Rules or, where relevant, the FCM Procedures. The Clearing House shall not be liable to any FCM Client if the relevant FCM Clearing Member fails to provide proper notice to the Clearing House and an Option expires or is deemed to be exercised in contradiction to such FCM Client's instructions to the FCM Clearing Member.
- (c) Subject to Exchange Rules, an Option may be abandoned by notice in writing or in such other form as may be prescribed by Exchange Rules or the FCM Procedures and in the manner prescribed by the FCM Procedures, and, if not so abandoned by the day and time referred to in paragraph (a) above, the Option shall be deemed to have been exercised in accordance with the Exchange Rules or, where relevant, the FCM Procedures.
- (d) If permitted under Exchange Rules or, where relevant, the FCM Procedures, an Option may be exercised or abandoned by or on behalf of an FCM Clearing Member prior to the day and time referred to in paragraph (a) above in accordance with Exchange Rules or, where relevant, the FCM Procedures.
- (e) The Clearing House shall be entitled to rely and act upon any form of exercise or abandonment made in accordance with paragraphs (b), (c) or (d) above, or in accordance with the FCM Procedures, as applicable, without making any inquiry, investigation or check as to whether it complies with the Exchange Rules or as to the authority of any person purporting to exercise or abandon an Option on behalf of an FCM Clearing Member; provided, that the Clearing House may, in its sole discretion, reject any notice of exercise or abandonment (or exercise or abandonment made in such other prescribed form, as the case may be) if, in the sole discretion of the Clearing House, it does not appear to comply with Exchange Rules or the FCM Procedures notwithstanding that the Clearing House may, as Buyer, have passed on such notice or other prescribed form of exercise or abandonment to a Seller.
- (f) Subject to paragraph (e) above, no notice (or other form) of exercise or abandonment once received (and not rejected) by the Clearing House may be cancelled or withdrawn.
- (g) Where the Clearing House is a Buyer under the terms of an FCM Option Contract, the Clearing House may exercise or abandon such FCM Option Contract in accordance with Exchange Rules or the FCM Procedures and in accordance with FCM Regulation 2.
- (h) Upon the exercise or deemed exercise of an Option pursuant to this FCM Regulation 26A, FCM Regulation 2(b)(ii) shall come into effect.

Regulation 26B Physically-Settled FCM Exchange Contract Arising upon the Exercise of an Option

- (a) Subject to these FCM Regulations, Physically-Settled FCM Exchange Contracts shall be fulfilled in accordance with Exchange Rules. No Physically-Settled FCM Exchange Contract shall be for a unit or quantity smaller than one Lot and the amount or quantity to be delivered shall be one Lot or multiples thereof (or such other amount or quantity as may be specified in Exchange Rules from time to time).
- (b) Where a Physically-Settled FCM Exchange Contract, is registered pursuant to FCM Regulation 26A(h) upon the exercise or deemed exercise of an Option, the Buyer under the terms of the Physically-Settled FCM Exchange Contract shall give to the Clearing House such information as may be prescribed by Exchange Rules or, where relevant, the FCM Procedures by the time and in the manner specified in Exchange Rules or the FCM Procedures. The Clearing House as Buyer under the terms of a Physically-Settled FCM Exchange Contract shall, in accordance with FCM Regulation 2, give to the Seller under the terms of such Physically-Settled FCM Exchange Contract, such information as may be prescribed by Exchange Rules or the FCM Procedures.
- (c) The Seller under the terms of a Physically-Settled FCM Exchange Contract shall deliver the commodity to the Clearing House as Buyer in such manner and at such time as may be prescribed in Exchange Rules or, where relevant, the FCM Procedures, and the Clearing House as Seller under the terms of a Physically-Settled FCM Exchange Contract shall, in accordance with FCM Regulation 2, deliver the commodity the subject of such Physically-Settled FCM Exchange Contract to an FCM Clearing Member (or Non-FCM Clearing Member, as the case may be) who is a Buyer under the terms of such Physically-Settled FCM Exchange Contract.
- (d) The Buyer shall pay the price and such other amounts to the Clearing House as may be required by Exchange Rules or, where relevant, the FCM Procedures in the form and manner and by the time prescribed in Exchange Rules or the FCM Procedures, and the Clearing House shall, in accordance with FCM Regulation 2, pay the Seller its price and such other amounts as may be required by Exchange Rules or, where relevant, the FCM Procedures.
- (e) Notwithstanding paragraphs (c) and (d) above, the Clearing House may, in its absolute discretion and in accordance with the FCM Procedures:
- (i) direct an FCM Clearing Member who is a Seller under a Physically-Settled FCM Exchange Contract to deliver the commodity underlying such Physically-Settled FCM Exchange Contract to such other FCM Clearing Member (or Non-FCM Clearing Member, if applicable), being a Buyer under a Physically-Settled FCM Exchange Contract, as the Clearing House may appoint; and
 - (ii) direct an FCM Clearing Member who is a Buyer under a Physically-Settled FCM Exchange Contract to pay the price and any other amounts payable pursuant to such Physically-Settled FCM Exchange Contract to such other FCM Clearing Member (or Non-FCM Clearing Member, if applicable), being a Seller under a Physically-Settled FCM Exchange Contract, as the Clearing House may appoint;

and delivery or payment in accordance with such direction shall constitute the due performance of such obligations of such Buyer or Seller as the case may be towards the Clearing House. Each FCM Clearing Member agrees that it will accept delivery of a

commodity or payment of the price, as the case may be, from an FCM Clearing Member (or Non-FCM Clearing Member, if applicable) as directed in accordance with (i) or (ii) above, in satisfaction of the obligations owed to it by the Clearing House to deliver the commodity or make payment of the price and such other amounts under the terms of a Physically-Settled FCM Exchange Contract.

- (f) If an invoice is not ready when payment becomes due pursuant to this FCM Regulation 26B, payment shall be made and received on account.
- (g) For the avoidance of doubt, the Clearing House shall have no obligation to, and shall not, deal with or accept instructions from an FCM Client (or any person other than the relevant FCM Clearing Member) with respect to an FCM Option Contract or a Physically-Settled FCM Exchange Contract. The Clearing House shall only accept notices, instructions, written confirmations and other related documents required under this FCM Regulation 26B from an FCM Clearing Member who clears FCM Exchange Contracts.

Regulation 26C Margining of FCM Exchange Contracts

All FCM Exchange Contracts shall be subject to margining requirements pursuant to and as prescribed in FCM Regulation 9, the FCM Procedures and, if applicable, the relevant Exchange Rules.

Regulation 26D Obligation to Make and Accept Delivery Notice under FCM Exchange Contracts

- (a) Subject to these FCM Regulations, FCM Exchange Contracts shall be fulfilled in accordance with Exchange Rules or the FCM Procedures. No FCM Exchange Contract shall be for a unit or quantity smaller one Lot and the amount or quantity delivered shall be for one Lot or multiples thereof (or such other amount or quantity as may be specified in Exchange Rules from time to time). Where the terms of an FCM Exchange Contract so permit, the Clearing House may give directions to one or more FCM Clearing Members concerning the performance of such FCM Exchange Contract and in such case each such FCM Clearing Member shall be bound by and shall comply with any such direction.
- (b) Paragraphs (c) to (l) of this FCM Regulation 26D shall apply only to Physically-Settled FCM Exchange Contracts for which a Delivery Notice is required.
- (c) An FCM Clearing Member, as Seller in respect of a Physically-Settled FCM Exchange Contract, shall give a Delivery Notice to the Clearing House as Buyer, together with such other documents as may be required by Exchange Rules or the FCM Procedures by the time specified in Exchange Rules or the FCM Procedures in respect of a Physically-Settled FCM Exchange Contract for a particular Delivery Month or Prompt Date, and in the form and manner prescribed by Exchange Rules or the FCM Procedures. The Clearing House, as Seller in respect of a Physically-Settled FCM Exchange Contract, shall in accordance with FCM Regulation 2 give a Delivery Notice to the Buyer under the terms of such Physically-Settled FCM Exchange Contract, together with such other documents as may be required by Exchange Rules or the FCM Procedures.
- (d) A Seller or Buyer shall give to the Clearing House such additional documents or information required by Exchange Rules to be given in respect of an FCM Exchange Contract Subject to Delivery Notice by the time prescribed by Exchange Rules and in the form and manner specified therein or in the FCM Procedures. The Clearing House as Seller (or Buyer) under the terms of an FCM Exchange Contract Subject to Delivery Notice shall in accordance with FCM Regulation 2 give such additional documents or information to the Buyer (or Seller) under the terms of such FCM Exchange Contract Subject to Delivery Notice.
- (e) The Clearing House shall be under no obligation to review a Delivery Notice or any other related documents received from an FCM Clearing Member pursuant to paragraph (c) or (d) above. The passing on by the Clearing House of such Delivery Notice or such documents received from a Seller (or Buyer as the case may be) pursuant to the terms of an FCM Exchange Contract Subject to Delivery Notice, to a Buyer (or Seller as the case may be) pursuant to the terms of an FCM Exchange Contract Subject to Delivery Notice, shall not constitute acceptance by the Clearing House of such Delivery Notice or such documents, and if the FCM Clearing Member to whom it passed on such Delivery Notice or such documents rejects the same where permitted by Exchange Rules, the Clearing House shall be entitled to reject the

same as against the FCM Clearing Member from whom it received such Delivery Notice or such documents.

- (f) Every Buyer (other than the Clearing House) that has a Physically-Settled FCM Exchange Contract in its name for the current delivery period or Prompt Date shall be bound to accept in fulfillment of the Clearing House's obligations as Seller under paragraph (d) any Delivery Notice or other documents complying with Exchange Rules which is given to it by the Clearing House in accordance with FCM Regulation 2.
- (g) Subject to paragraph (e), no Delivery Notice may be withdrawn or substituted by the Seller once such Delivery Notice is received by the Buyer except with the consent of such Buyer or otherwise in accordance with Exchange Rules.
- (h) Where permitted by Exchange Rules, a Delivery Notice together with such other documents as may be required by Exchange Rules or the FCM Procedures may be given to the Clearing House by or on behalf of a Seller in respect of an FCM Exchange Transaction to which the Seller is party, such Delivery Notice to be given to the Clearing House together with such particulars of the FCM Exchange Transaction as may be required by the Clearing House, including if required, the name of the Buyer in respect of such FCM Exchange Transaction, by the time specified in Exchange Rules or the FCM Procedures. Registration of such FCM Exchange Transaction as an FCM Exchange Contract in the name of the Seller shall be effected as prescribed by the FCM Procedures.
- (i) The Clearing House may give a Delivery Notice, together with such other documents as may be required by Exchange Rules or the FCM Procedures, to a Buyer in respect of an FCM Exchange Transaction to which the Buyer is party. Such particulars of the FCM Exchange Transaction as the Clearing House may require, shall be furnished by or on behalf of the Buyer to the Clearing House in accordance with Exchange Rules or the FCM Procedures. Registration of such FCM Exchange Transaction in the name of the Buyer shall be effected as prescribed by the FCM Procedures.
- (j) The Clearing House may give a Delivery Notice and documents received from a Seller pursuant to paragraph (h) above to a Buyer in respect of an FCM Exchange Transaction to which the Buyer is party, and shall do so as agent for the Seller. The furnishing of particulars and the registration of such FCM Exchange Transaction in the name of a Buyer shall be effected as provided in paragraph (i) above. Upon registration of an FCM Exchange Transaction pursuant to paragraph (h), the giving of the Delivery Notice and documents by the Clearing House to the Buyer pursuant to this paragraph shall be deemed to have been given and accepted by such parties in fulfillment of their obligations under paragraphs (c) and (f) above.
- (k) In implementing this FCM Regulation 26D, the Clearing House may effect and register such FCM Exchange Contracts in an FCM Clearing Member's name as may be prescribed in the FCM Procedures at a price determined by the Clearing House in accordance with the FCM Procedures.

- (l) If the relevant Exchange Rules require a Buyer to give a Delivery Notice and a Seller to receive a Delivery Notice in respect of an FCM Exchange Contract, any reference in this FCM Regulation 26D and in FCM Regulation 26F to a Seller giving a Delivery Notice shall be construed as being a reference to a Buyer giving a Delivery Notice and a reference to a Buyer receiving a Delivery Notice shall be construed as being a reference to a Seller receiving a Delivery Notice.

Regulation 26E Physically-Settled FCM Exchange Contracts not Requiring Delivery Notice

- (a) This FCM Regulation 26E shall only apply with respect to Physically-Settled FCM Exchange Contracts for which a Delivery Notice is not required.
- (b) The obligations of an FCM Clearing Member under a Physically-Settled FCM Exchange Contract shall be performed in accordance with the terms of such Physically-Settled FCM Exchange Contract and in the manner and by the time prescribed by Exchange Rules, these FCM Regulations and the FCM Procedures. The Clearing House shall fulfill its obligations as Seller or Buyer, as the case may be, under the terms of any Physically-Settled FCM Exchange Contract in accordance with FCM Regulation 2 and the FCM Procedures.
- (c) Where the terms of an FCM Exchange Contract so permit, the Clearing House may give directions to one or more FCM Clearing Members concerning the performance of such FCM Exchange Contract and in such case each such FCM Clearing Member shall be bound by and shall comply with any such direction.

Regulation 26F FCM Exchange Contracts Subject to Delivery Notice

- (a) Without prejudice to the provisions of FCM Regulation 26G, under an FCM Exchange Contract Subject to Delivery Notice or a Physically-Settled FCM Exchange Contract:
- (i) the Buyer shall be obliged to pay his buying price to the Clearing House as Seller in the manner and by the time prescribed by Exchange Rules or the FCM Procedures;
 - (ii) the Clearing House as Buyer shall be obliged to pay the Seller his selling price in the manner and by the time prescribed by FCM Regulation 2;
 - (iii) subject to Exchange Rules any compensation, adjusting payment, or other allowance payable by or to either the Buyer or Seller under the terms of the FCM Exchange Contract shall be paid to or by the Clearing House;
- (b) Every Delivery Notice and accompanying documents (except documents which, in accordance with Exchange Rules a Buyer is obliged to take up and pay for) given by the Clearing House as Seller to a Buyer pursuant to FCM Regulation 26D(c) shall for the purposes of these FCM Regulations be deemed to comply with Exchange Rules unless the Buyer notifies the Clearing House, by 10:00 hours (London time) on the Business Day following the day on which the Delivery Notice and accompanying documents were given to him by the Clearing House in accordance with Exchange Rules or the FCM Procedures, that the Delivery Notice and accompanying documents do not so comply, and the Clearing House shall be entitled after receiving such notice, promptly thereafter and notwithstanding that it may do so after 10:00 hours (London time) on such Business Day, to notify the Seller to it under the terms of an FCM Exchange Contract from whom it received such Delivery Notice and accompanying documents that such Delivery Notice and accompanying documents do not so comply.
- (c) Notwithstanding that FCM Exchange Contracts may have been settled otherwise under the FCM Rulebook (for example, an FCM Nodal Contract under FCM Regulation 63) and not pursuant to a Delivery Notice, a Seller may, with the consent of the Clearing House and by the time specified in the FCM Procedures, give the Clearing House a Delivery Notice in respect of any such FCM Exchange Contract so settled. Upon receipt of such Delivery Notice, the Clearing House shall (unless the FCM Procedures otherwise permit) effect on the FCM Clearing Member's behalf re-opening contracts (that is, a sale by the FCM Clearing Member to the Clearing House and a purchase by the FCM Clearing Member from the Clearing House of one Lot, each on the same terms (including delivery) as the settled FCM Exchange Contract except as to price) and register such re-opening contracts as FCM Exchange Contracts in the FCM Clearing Member's name, the re-opening contracts to be effected at a price determined by the Clearing House or the Exchange as prescribed by the FCM Procedures. The submission of a Delivery Notice in accordance with the FCM Procedures shall constitute confirmation of any such re-opening contracts and the Seller's Delivery Notice (or Buyer's as the case may be) shall be deemed to have

been made pursuant to its sale (or purchase) under the respective re-opening contract.

- (d) Notwithstanding that an FCM Exchange Contract may have been settled otherwise under the FCM Rulebook (for example, an FCM Nodal Contract under FCM Regulation 63) and not pursuant to a Delivery Notice, the Clearing House may in accordance with the FCM Procedures give a Delivery Notice to a Buyer under FCM Regulation 26D as if the FCM Exchange Contract were still open and on so doing the Clearing House shall effect on the FCM Clearing Member's behalf re-opening contracts (defined as in paragraph (c) above and to be effected as there described) and register such re-opening contracts as FCM Exchange Contracts in the FCM Clearing Member's name. The receipt by the Buyer of such Delivery Notice shall constitute confirmation of the re-opening contract and shall be deemed to occur pursuant to the FCM Clearing Member's purchase under the respective re-opening contract.
- (e) In implementing this FCM Regulation 26F, the Clearing House may effect and register such FCM Exchange Contracts in an FCM Clearing Member's name as it may deem necessary for the purposes hereof or as may be prescribed in the FCM Procedures and at a price determined by the Clearing House in accordance with the FCM Procedures.

Regulation 26G Arrangements for Delivery and Payment of Price (Physically-Settled FCM Exchange Contracts)

- (a) In respect of its obligations under the terms of any Physically-Settled FCM Exchange Contract as Seller to deliver a commodity to the Buyer or as Buyer to pay the price and any other payments required to be made under the terms of such Physically-Settled FCM Exchange Contract to the Seller, the Clearing House may in its absolute discretion in accordance with the FCM Procedures:
- (i) direct an FCM Clearing Member who is a Seller under a Physically-Settled FCM Exchange Contract to deliver the commodity the subject matter of such contract to such other FCM Clearing Member (or Non-FCM Clearing Member, if applicable), being a Buyer under a Physically-Settled FCM Exchange Contract as the Clearing House may appoint, and
 - (ii) direct an FCM Clearing Member who is a Buyer under a Physically-Settled FCM Exchange Contract to pay the price and any other amounts payable pursuant to such Physically-Settled FCM Exchange Contract to such other FCM Clearing Member (or Non-FCM Clearing Member, if applicable), being a Seller under a Physically-Settled FCM Exchange Contract as the Clearing House may appoint;

and delivery or payment in accordance with such direction shall constitute the due performance of such obligations of such Buyer or Seller, as the case may be towards, the Clearing House. Each FCM Clearing Member agrees that it will accept delivery of a commodity or, as the case may be, payment of the price, and such other amounts from another FCM Clearing Member (or Non-FCM Clearing Member, if applicable) in accordance with such direction in satisfaction of the obligations owed to it by the Clearing House to make payment of the price or such other amounts or to deliver the commodity under the terms of a Physically-Settled FCM Exchange Contract.

- (b) If an invoice is not ready when payment becomes due, payment shall be made and received on account.
- (c) An FCM Clearing Member may, from time to time, agree in writing with the Clearing House in respect of such FCM Exchange Contracts (as are prescribed in the FCM Procedures) that the FCM Clearing Member shall pay to or receive from the Clearing House in accordance with the FCM Procedures a net amount in respect of the FCM Clearing Member's obligations to make or take delivery (as the case may be) of a commodity where such commodity is a currency and to make or receive payment (as the case may be) of the buying or selling price.
- (d) If a Buyer where permitted by Exchange Rules, rejects the commodity delivered to it pursuant to the Clearing House's obligations to make delivery of the commodity under the terms of an FCM Exchange Contract Subject to Delivery Notice, the Clearing House shall be entitled to reject the same as against the Seller from whom it took delivery of the same under the terms of an FCM Exchange Contract Subject to Delivery Notice, and the Clearing House shall not be deemed to have accepted a

commodity delivered to it by a Seller which it delivers on to a Buyer until such Buyer has accepted the commodity.

Regulation 26H Restrictions on Clearing House's Obligations and Liability

- (a) This FCM Regulation 26H shall apply to Physically-Settled FCM Exchange Contracts (including FCM Exchange Contracts Subject to Delivery Notice) and shall not apply to any Cash-Settled FCM Exchange Contracts or FCM Option Contracts.
- (b) The Clearing House (or any other member of the LCH.Clearnet Group) shall not be liable in respect of a claim made against it in respect of a Physically-Settled FCM Exchange Contract by an FCM Clearing Member concerning:
- (i) a Delivery Notice given by the Clearing House; or
 - (ii) any documents accompanying a Delivery Notice as required by Exchange Rules or the FCM Procedures; or
 - (iii) the performance by the Clearing House of its obligations under an FCM Exchange Contract to make delivery of a commodity or to pay the price; or
 - (iv) any other dispute or matter arising under the terms of such FCM Exchange Contract;

unless the conditions set out in paragraphs (c), (d) and (e) below are satisfied.

- (c) The FCM Clearing Member shall (without prejudice to his taking any other steps which may be required of or open to him under the relevant Exchange Rules or the FCM Procedures) give written notice and particulars of his claim to the Clearing House not later than 17:00 hours (London time) (such time to be of the essence) on the seventh Business Day following the day on which, in accordance with the relevant Exchange Rules or the FCM Procedures, documents must be taken up and paid for by the Buyer (whether or not a Buyer fulfils such obligation), or if there are no such documents, not later than 17.00 hours (London time)(such time to be of the essence) on the seventh Business Day following the last day on which the Buyer, in accordance with the relevant Exchange Rules or the FCM Procedures, must take delivery of the commodity (whether or not the Buyer fulfils such obligation).
- (d) Where the relevant Exchange Rules provide for arbitration, the FCM Clearing Member shall refer all disputes referred to in paragraph (b) above in respect of the FCM Exchange Contract to arbitration under the relevant Exchange Rules, and shall give to the Clearing House notice of such referral pursuant to Exchange Rules and details of any award made.
- (e) The FCM Clearing Member shall promptly provide the Clearing House with such further particulars of its claim, as the Clearing House may from time to time require in writing.

Regulation 26I Arbitration: FCM Exchange Contracts

- (a) In this FCM Regulation 26I, “**Relevant Rules**” means the relevant Exchange Rules.
- (b) A dispute arising from or in relation to any FCM Exchange Contract or in relation to these FCM Regulations relating to the clearing of FCM Exchange Contracts shall, unless resolved between the Clearing House and the FCM Clearing Member, be referred to arbitration under the Relevant Rules and arbitration shall be conducted in accordance with such Relevant Rules. The Clearing House shall be entitled to call upon an FCM Clearing Member who is a Buyer and an FCM Clearing Member who is a Seller, under the terms of such FCM Exchange Contracts which have been matched by the Clearing House and in respect of which reference to arbitration has been made under the same Relevant Rules, to conduct the arbitration between them under such Relevant Rules as applicable.
- (c) In the event that the Clearing House elects to arbitrate between a Seller and a Buyer pursuant to FCM Regulation 26I(b) above and the Relevant Rules, the following procedures shall apply:
- (i) the Clearing House shall give notice of such election to the Buyer, the Seller and the relevant Exchange, in accordance with such Relevant Rules;
 - (ii) the Seller shall, at its own expense have the conduct of the Clearing House’s case against the Buyer, and the Buyer shall, at its own expense have the conduct of the Clearing House’s claim against the Seller, in either case, subject to the provisions of this FCM Regulation 26I;
 - (iii) copies of all pleadings, correspondence and documents shall be given to the Clearing House and the Clearing House shall be entitled to submit any additional arguments to the arbitrators in support of its own case, in which case it shall supply copies of such submissions to the Seller and the Buyer;
 - (iv) the arbitrators shall have the power to call upon the Clearing House to disclose documents relating to the arbitration which are in its custody, power or possession to the same extent as if it were a direct party to the arbitration; and
 - (v) the arbitrators shall issue two awards, one between the Seller and the Clearing House and one between the Buyer and the Clearing House which shall determine the rights of each of the Seller and the Buyer against the Clearing House and vice versa.
- (d) If the Clearing House is found liable to one of the parties to the arbitration (“the first party”) in respect of a breach of an FCM Exchange Contract and the other party to the arbitration (“the second party”) is found liable to the Clearing House in respect of such breach of an FCM Exchange Contract, which has been matched by the Clearing House as referred to in paragraph (a) above, the liability of the Clearing House to the first party shall be deemed to be a foreseeable consequence of the breach by the

second party and the Clearing House shall be entitled to be indemnified in respect of such liability by the second party.

- (e) The Clearing House shall be bound by an arbitration award made against it in pursuance of an, arbitration whether it participates directly in the arbitration or not.
- (f) No person may refer to arbitration under Exchange Rules any dispute arising from or in connection with the Default Rules or any step taken or proposed to be taken under the Default Rules.

Regulation 26J Cover in Event of a Claim

If notice of claim and notice of intention to refer a dispute to arbitration is given to the Clearing House pursuant to Exchange Rules or FCM Regulations 26H and 26I in respect of an FCM Exchange Contract, any or all cover standing to the credit of the accounts of an FCM Clearing Member who is party to one or more FCM Exchange Contracts under dispute (whether such cover is held with respect to an FCM Exchange Contract under dispute or otherwise) may be retained by the Clearing House. The Clearing House may at any time and from time to time call for payment by such FCM Clearing Member of additional cover, in such amount as it may deem appropriate in respect of such FCM Exchange Contract(s), to be held by the Clearing House under these FCM Regulations until the claim is finally disposed of. The amount of such cover to be furnished by the FCM Clearing Member to the Clearing House shall be assessed by reference to such circumstances as the Clearing House in its discretion deems relevant.

Regulation 26K Default of a Member: Substituted Obligation

Where an FCM Clearing Member defaults in performance of an FCM Exchange Contract Subject to Delivery Notice, and by the operation of Default Rules the FCM Clearing Member's rights and liabilities in respect of such performance are discharged and there arises in their place an obligation to account as between the Member and the Clearing House for a settlement amount, then the Clearing House shall be entitled to substitute an obligation to account for such settlement amount, or proportions thereof pro rata, for its rights and liabilities in respect of performance of FCM Exchange Contracts Subject to Delivery Notice with one or more other FCM Clearing Members or Non-FCM Clearing Members, as the case may be (such FCM Exchange Contract and such other FCM Clearing Members or Non-FCM Clearing Members to be selected by the Clearing House in its absolute discretion) for the same commodity and Delivery Month or Prompt Date. No FCM Clearing Member or Non-FCM Clearing Member shall question the settlement amount or any determination made by the Clearing House under this FCM Regulation 26K.

Regulation 26L Premium Under Option Contracts

- (a) The Premium payable by a Buyer under the terms of an FCM Option Contract shall be paid by the Buyer to the Clearing House in the form and manner prescribed in the FCM Procedures and by the time specified in the relevant Exchange Rules or the FCM Procedures.

- (b) The Clearing House shall pay to a Seller under the terms of an FCM Option Contract the Premium in accordance with the FCM Procedures and by the time specified in the relevant Exchange Rules or the FCM Procedures.

Regulations 27-29: [Reserved]

PART II – REGULATIONS APPLICABLE TO FCM SWAPCLEAR CONTRACTS**Regulation 30 Registration of FCM SwapClear Contracts; Novation and Post-Novation Compression; SwapClear Accounts**

- (a) In order for an FCM to register an FCM SwapClear Contract in respect of the registration of an FCM SwapClear Transaction, the FCM must be currently approved as an FCM Clearing Member pursuant to these FCM Regulations. The Executing Parties to such FCM SwapClear Transaction shall be responsible for any give-up or other agreement mutually agreed to among the parties with respect to such transactions, as applicable. An FCM Clearing Member must submit the particulars of an FCM SwapClear Transaction for registration as two FCM SwapClear Contracts or one FCM SwapClear Contract and one Non-FCM SwapClear Contract (as the case may be) in accordance with these FCM Regulations. Each FCM SwapClear Transaction involving an FCM Client shall be presented to the Clearing House for registration on behalf of such FCM Client by its FCM Clearing Member.
- (b) Where an Executing Party enters into an FCM SwapClear Transaction and such FCM SwapClear Transaction is to be cleared through an FCM Clearing Member, the Clearing House shall (only where such FCM SwapClear Transaction is not an FCM US Trading Venue Transaction) notify the FCM Clearing Member of such FCM SwapClear Transaction and request acceptance for registration in accordance with the FCM Procedures. Upon (i) receipt of acceptance for registration by the Clearing House from the FCM Clearing Member (where such FCM SwapClear Transaction is not an FCM US Trading Venue Transaction), and (ii) receipt of the FCM SwapClear Transaction details by the Clearing House in accordance with the FCM Procedures (where such FCM SwapClear Transaction is an FCM US Trading Venue Transaction), the FCM Clearing Member shall be deemed to have presented the FCM SwapClear Transaction to the Clearing House (and such presentation may not be withdrawn by the FCM Clearing Member unless otherwise provided in the FCM Rulebook) and the Clearing House shall register the FCM SwapClear Transaction subject to, and in accordance with, these FCM Regulations and the FCM Procedures.
- (c) Without prejudice to the Clearing House's rights under paragraph (g) of this FCM Regulation 30, an FCM Clearing Member shall be bound by an FCM SwapClear Contract registered in its name on behalf of an FCM Client or an Affiliate.
- (d) The Clearing House shall register or reject the registration of an FCM SwapClear Contract in respect of an FCM SwapClear Transaction presented for registration subject to, and in accordance with, these FCM Regulations and the FCM Procedures as quickly as would be technologically practicable if fully automated systems were used (the standard required in Part 39 of the CFTC Regulations), provided that:
- (i) both sides of the relevant FCM SwapClear Transaction have been properly presented and submitted for clearing by (or on behalf of) the Executing Parties;
 - (ii) the relevant FCM SwapClear Transaction meets the FCM SwapClear Product Eligibility Criteria prescribed in the FCM Rulebook at the time the

particulars of the FCM SwapClear Transaction are presented to the Clearing House and continues to meet such criteria at the Registration Time;

- (iii) each FCM SwapClear Contract resulting from an FCM SwapClear Transaction that is not an FCM US Trading Venue Transaction is consented to by the relevant FCM Clearing Member in accordance with paragraph (b) above and Section 2A.3.2 of the FCM Procedures;
- (iv) the applicable FCM Clearing Member has furnished, upon request of the Clearing House and in accordance with FCM Regulation 9 and such other applicable provisions of the FCM Rulebook, all required Margin in respect of such FCM SwapClear Contract prior to registration (taking into account any available SwapClear Tolerance, if any); provided that such Margin need not be furnished prior to registration as a condition to the registration of such FCM SwapClear Contract unless such FCM SwapClear Contract results from an FCM SwapClear Transaction that is a Block IRS Trade; and
- (v) all the conditions applicable (under the terms of the FCM Rulebook or the UK General Regulations, as the case may be) for the registration of the Non-FCM SwapClear Contract or the other FCM SwapClear Contract (as the case may be) deriving from the relevant FCM SwapClear Transaction. have been satisfied.

If for any reason in respect of an FCM SwapClear Contract the other corresponding FCM SwapClear Contract or Non-FCM SwapClear Contract (as the case may be) is not registered by the Clearing House, the Clearing House shall de-register such FCM SwapClear Contract and shall not have any liability whatsoever to any FCM Clearing Member or to any other person (including any SwapClear Dealer (as such term is defined in the UK General Regulations)) in contract, tort (including negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred as a result of such de-registration.

- (e) The Clearing House shall be deemed to register an FCM SwapClear Contract, in accordance with this FCM Regulation 30 in the name of an FCM Clearing Member on behalf of an FCM Client or an Affiliate (or, if applicable, on the FCM Clearing Member's own behalf), at the time prescribed in the FCM Procedures ("*Registration Time*"). At the Registration Time, the FCM Clearing Member, and the FCM Client or Affiliate if applicable, will be deemed to be bound by the relevant FCM SwapClear Contract on the terms entered into between the FCM Clearing Member and the Clearing House automatically and without any further action by such FCM Clearing Member or FCM Client or Affiliate, which such terms shall, without limitation, incorporate all applicable terms of these FCM Regulations and Schedule A hereto.
- (f) If at any time after registration of an FCM SwapClear Contract, the Clearing House determines that the corresponding FCM SwapClear Transaction of which details were presented for registration did not, at the Registration Time, meet the FCM SwapClear Product Eligibility Criteria in existence at the Registration Time (an "*Ineligible FCM SwapClear Transaction*"), the Clearing House shall, immediately

following the next margin run following such determination, set aside both FCM SwapClear Contracts (or, the FCM SwapClear Contract and the Non-FCM SwapClear Contract, if applicable) arising from such Ineligible FCM SwapClear Transaction. Upon an FCM SwapClear Contract being set aside under this paragraph (any such FCM SwapClear Contract, an "*Ineligible FCM SwapClear Contract*"): (i) the Clearing House will notify the FCM Clearing Member party to such Ineligible FCM SwapClear Contract via the FCM Approved Trade Source System through which details of the relevant Ineligible FCM SwapClear Transaction were originally presented to the Clearing House that such Ineligible FCM SwapClear Contract has been set aside; and (ii) such Ineligible FCM SwapClear Contract shall immediately be deemed to be terminated and shall thereafter have no force or effect. Where an Ineligible FCM SwapClear Contract is set aside pursuant to this paragraph, all payments (including Variation Margin) (if any) paid by the Clearing House or by an FCM Clearing Member (or SwapClear Clearing Member, if applicable) in respect of such Ineligible FCM SwapClear Contract up to and including the relevant margin run shall be retained by the receiving party upon termination as a termination payment. Without prejudice to FCM Regulation 24 and its obligations under this FCM Regulation 30, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an Ineligible FCM SwapClear Contract.

- (g) Where the FCM Procedures so provide, the Clearing House may require the FCM Clearing Members in whose names one or more FCM SwapClear Contracts are to be registered to furnish it with Margin as a condition of registration of such FCM SwapClear Contract(s), and such Margin shall be furnished to the Clearing House in accordance with FCM Regulation 10 and such other applicable provisions in the FCM Rulebook.
- (h) Notwithstanding anything to the contrary in this Rulebook, the Clearing House may decline to register an FCM SwapClear Transaction in the name of an FCM Clearing Member where it considers such action advisable for its own protection or the protection of the relevant market, provided that the Clearing House may (subject to the provisions of the FCM Rulebook) register any FCM SwapClear Contract which reduces the risk exposure of the Clearing House and the applicable FCM Clearing Member, as determined in the discretion of the Clearing House. The Clearing House may, without assigning any reason, make the registration of any FCM SwapClear Transaction subject to any conditions stipulated by the Clearing House including the furnishing of additional Margin by any FCM Clearing Member in whose name any such FCM SwapClear Transaction is to be registered.
- (i) An FCM SwapClear Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House in one of the following ways:
 - (i) in the case where one Executing Party clears its side of such FCM SwapClear Transaction, either through a SwapClear Clearing Member or directly with the Clearing House in its capacity as a SwapClear Clearing Member, and the other Executing Party clears its side of such FCM SwapClear Transaction as or through an FCM Clearing Member, as one

Non-FCM SwapClear Contract pursuant to the UK General Regulations applicable to SwapClear Clearing Members and one FCM SwapClear Contract pursuant to these FCM Regulations, where the FCM SwapClear Contract shall be registered between the FCM Clearing Member, as the party paying Rate X, and the Clearing House as the party paying Rate Y, and the Non-FCM SwapClear Contract shall be registered between the Clearing House, as the party paying Rate X, and the SwapClear Clearing Member, as the party paying Rate Y; or

- (ii) in the case where each Executing Party will clear its respective side of such FCM SwapClear Transaction either through an FCM Clearing Member or directly itself as an FCM Clearing Member, as two FCM SwapClear Contracts pursuant to these FCM Regulations where each relevant FCM SwapClear Contract is registered between the relevant FCM Clearing Member and the Clearing House, with one such FCM Clearing Member as the party paying Rate X, and the Clearing House as the party paying Rate Y, and the other FCM Clearing Member as the party paying Rate Y and the Clearing House as the party paying Rate X.

In each of the foregoing cases, to the extent the FCM SwapClear Contract has been entered into by an FCM Clearing Member on behalf of an FCM Client or Affiliate, each FCM Clearing Member will be the agent of its FCM Client or Affiliate, but will nevertheless remain fully liable to the Clearing House for any and all amounts due to the Clearing House in connection with any FCM SwapClear Contract cleared on behalf of its FCM Client or Affiliate.

- (j) With effect from the registration of an FCM SwapClear Transaction in accordance with FCM Regulation 30(i) above:
 - (i) such FCM SwapClear Transaction shall be extinguished and replaced by the corresponding FCM SwapClear Contracts (or if applicable, the corresponding FCM SwapClear Contract and Non-FCM SwapClear Contract), and the parties to such FCM SwapClear Transaction shall be released and discharged from all rights and obligations under such FCM SwapClear Transaction which fall due for performance on or after the Registration Time;
 - (ii) each FCM SwapClear Contract registered under FCM Regulation 30(i) above shall be governed by the FCM SwapClear Contract Terms as applicable to that FCM SwapClear Contract;
 - (iii) subject to sub-paragraph (ii) above, in respect of the Economic Terms, the FCM Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the FCM SwapClear Contract as the party paying Rate X had and owed in respect of its counterparty under the corresponding FCM SwapClear Transaction; and
 - (iv) subject to sub-paragraph (ii) above, in respect of the Economic Terms, the FCM Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the FCM SwapClear Contract to which it is party as the party paying Rate Y had and owed in

respect of its counterparty under the corresponding FCM SwapClear Transaction.

In subparagraphs (iii) and (iv) above, a reference to the “same” rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding FCM SwapClear Transaction (it being assumed, for this purpose, that such FCM SwapClear Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (k) If an FCM SwapClear Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any FCM SwapClear Contract arising under this FCM Regulation 30 or any other applicable provision of the FCM Rulebook.
- (l) In the case of an FCM SwapClear Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this FCM Regulation 30 shall take effect.
- (m) An FCM Clearing Member approved to provide FCM SwapClear Clearing Services may provide FCM SwapClear Clearing Services in connection with FCM SwapClear Contracts or FCM SwapClear Transactions to any of its Affiliates. Such FCM SwapClear Clearing Services shall be provided in the same manner as set forth under these FCM Regulations with respect to FCM Clients, as applicable, except that all transactions for Affiliates shall be cleared through the Proprietary Account of the applicable FCM Clearing Member.
- (n) Compression. Notwithstanding any other provision of these FCM Regulations, if one or more FCM SwapClear Contracts registered by an FCM Clearing Member in accordance with these FCM Regulations and the FCM Procedures has substantially the same Economic Terms as one or more other FCM SwapClear Contracts previously registered for the account of such FCM Clearing Member, and all such FCM SwapClear Contracts are either (i) registered on the FCM Clearing Member’s own behalf, (ii) registered on behalf of the same FCM Client or (iii) registered on behalf of the same Affiliate, the FCM Clearing Member may request that the Clearing House compress and combine all such FCM SwapClear Contracts by terminating the relevant existing FCM SwapClear Contracts and compressing them into one FCM SwapClear Contract reflecting the aggregate economic terms, or the net economic terms, as the case may be, of the original FCM SwapClear Contracts. For purposes of this FCM Regulation 30(o), two or more FCM SwapClear Contracts may be deemed by the Clearing House to have “substantially the same Economic Terms” if they are based on the same underlying currencies and the Clearing House considers them, in its sole discretion, to have substantially the same fundamental economic attributes which influence the amount, value date and direction of all coupon cash flows. Two or more FCM SwapClear Contracts that are compressed under the terms of this FCM

Regulation 30(n) shall be aggregated if the position of the FCM Clearing Member (on its own behalf) or the relevant FCM Client or Affiliate is in the same direction on each such FCM SwapClear Contract (i.e., obligations to make payment aggregated and rights to receive payment aggregated), such that the FCM SwapClear Contract that replaces the compressed FCM SwapClear Contracts shall have a notional amount equal to the total notional amount of the compressed FCM SwapClear Contracts. Two or more FCM SwapClear Contracts that are compressed under the terms of this Regulation 30(n) shall be netted if the position of the FCM Clearing Member (on its own behalf) or the relevant FCM Client or Affiliate is in the opposite direction on two or more of each such FCM SwapClear Contracts (i.e., obligations to make payment netted against rights to receive payment), such that the FCM SwapClear Contract (if any) that replaces the compressed FCM SwapClear Contracts shall have a notional amount equal to the net notional amount of the compressed FCM SwapClear Contracts, and provided that in the event that the net notional amount is equal to zero such compression shall result in no replacement FCM SwapClear Contracts. The Clearing House shall determine (in its sole discretion) whether FCM SwapClear Contracts that are the subject of a request for compression from the FCM Clearing Member may be compressed and, if such FCM SwapClear Contracts are compressed, the Clearing House shall determine the resulting notional amount of the FCM SwapClear Contract(s) (if any) that replaces the compressed FCM SwapClear Contracts, and such determination shall be binding on the FCM Clearing Member, absent manifest error. It is a condition for compression of FCM SwapClear Contracts that the amount of Margin that the Clearing House requires in respect of the original FCM SwapClear Contracts is equal to that which is required by the Clearing House in respect of the replacement FCM SwapClear Contract(s).

- (o) SwapClear Accounts. All FCM Omnibus SwapClear Client Accounts with LCH shall not be permitted to contain any FCM Contracts other than FCM SwapClear Contracts or to reflect any Margin other than in connection with FCM SwapClear Contracts.
- (p) Unallocated FCM SwapClear Transactions. In accordance with all other applicable provisions of the FCM Rulebook, an FCM Clearing Member may register an FCM SwapClear Contract subject to post-registration allocation on behalf of an Account Manager Executing Party in accordance with the following provisions:
 - (i) An FCM SwapClear Transaction executed by or on behalf of an Account Manager Executing Party and subject to post-registration allocation (such transaction, an “*Unallocated FCM SwapClear Transaction*”) shall be notified to the Clearing House as such at the time it is submitted or presented to the Clearing House.
 - (ii) The FCM SwapClear Contract registered on behalf of an Account Manager Executing Party that results from an Unallocated FCM SwapClear Transaction (an “*Unallocated FCM SwapClear Contract*”) shall be registered in a suspense sub-account of the applicable FCM Clearing Member’s FCM Omnibus SwapClear Client Account with LCH (such sub-account, the “*SwapClear Suspension Sub-Account*”).

- (iii) Following registration of an Unallocated FCM SwapClear Contract, the applicable FCM Clearing Member must notify the Clearing House (the "Allocation Notice"), prior to the close of the clearing of FCM SwapClear Contracts on the Business Day in which the Unallocated FCM SwapClear Contract was registered, of the applicable FCM Client Sub-Accounts to which portions of the Unallocated FCM SwapClear Contract should be allocated and the applicable portions of the Unallocated FCM SwapClear Contract to be allocated to each such FCM Client Sub-Account. The Allocation Notice must provide for the allocation of the full notional amount of the Unallocated FCM SwapClear Contract. The Allocation Notice is delivered through Markitwire, the SwapClear API and/or such other means as may be approved by the Clearing House and notified to FCM Clearing Members.
- (iv) Following receipt of an Allocation Notice, the Clearing House shall:
 - (A) close out the outstanding Unallocated FCM SwapClear Contract and simultaneously register two or more (as applicable) FCM SwapClear Contracts to the same SwapClear Suspension Sub-Account, which such newly registered FCM SwapClear Contracts shall have the same Economic Terms as the Unallocated FCM SwapClear Contract except that they shall have lower notional values corresponding to the allocation instructions provided in the Allocation Notice (which notional values shall, in the aggregate, equal the notional value of the Unallocated FCM SwapClear Contract); and
 - (B) following the actions described in paragraph (A) above, transfer each of the newly registered FCM SwapClear Contracts resulting from the cancellation of the Unallocated FCM SwapClear Contract to the applicable FCM Client Sub-Accounts in accordance with the Allocation Notice.

Where an Allocation Notice directs the entire notional amount of an Unallocated FCM SwapClear Contract to be allocated to a single FCM Client Sub-Account, then the Clearing House shall not take the steps described above in this paragraph (iv) and shall instead transfer the Unallocated FCM SwapClear Contract to the applicable FCM Client Sub-Account following receipt of the Allocation Notice. In no event can Unallocated FCM SwapClear Contracts be further allocated once they are transferred from the SwapClear Suspension Sub-Account.

By delivering an Allocation Notice to the Clearing House, the FCM Clearing Member shall be deemed to have instructed the Clearing House to take the steps referred to in this paragraph (iv).

- (v) The allocation of Unallocated FCM SwapClear Contracts as set forth above is subject to all other applicable provisions of the FCM Rulebook, including the furnishing by the applicable FCM Clearing Member of adequate Margin, at or prior to the submission of the Allocating Notice, in respect of each of the applicable FCM Client Sub-Accounts to which an

Unallocated FCM SwapClear Contract is to be allocated. If adequate Margin is not so furnished in respect of each such FCM Client Sub-Account, the Clearing House may, in its sole discretion, delay the allocation and transfer of all or any portions of the Unallocated FCM SwapClear Contract and may take any other actions permitted under the FCM Rulebook.

- (vi) An FCM Clearing Member that submits and clears Unallocated FCM SwapClear Transactions must comply with the applicable provisions of the CFTC Regulations (including CFTC Regulation 1.35 and CFTC Regulation 1.73) and all other applicable law, and shall be responsible for ensuring that Account Manager Executing Parties clearing through it shall be in compliance therewith. Upon an FCM Clearing Member executing an Unallocated FCM SwapClear Transaction and upon delivering an Allocation Notice, such FCM Clearing Member is deemed to represent to the Clearing House that such transaction and allocation are in accordance with properly authorized instructions and are in compliance with applicable CFTC Regulations and other applicable law.

Regulation 31 Daily Marking to Market

- (a) The Clearing House shall, in accordance with the FCM Procedures, in respect of each FCM SwapClear Contract in an FCM Clearing Member's name, mark each such Open Contract against the price determined by the Clearing House to be the current Settlement Price of such contract to be used for marking to market purposes.
- (b) The Clearing House shall, upon completion of the procedure set out in paragraph (a) above, calculate the daily mark-to-market amounts in accordance with the FCM Procedures and shall thereafter determine the status of the FCM Clearing Member's accounts.
- (c) For the avoidance of doubt, the completion of the calculation and settlement of daily marked-to-market amounts pursuant to paragraph (b) above by the Clearing House shall not affect the validity of any Open Contracts, which shall remain in effect as Open Contracts in all respects.
- (d) The net present value of each FCM SwapClear Contract shall be calculated by the Clearing House in accordance with paragraphs (a) and (b) of this FCM Regulation 31, in such manner and at such times as may be provided in the FCM Procedures. Except as prescribed in the FCM Procedures, the net present value calculated by the Clearing House may in no circumstances be called in question. The Clearing House shall, at least daily, receive payment from, or pay to, the FCM Clearing Member cash for Variation Margin, representing the change in the net present value of such FCM Clearing Member's portfolio of FCM SwapClear Contracts from the preceding Business Day, in accordance with the FCM Procedures.
- (e) Netting of Coupon Payments with respect to FCM SwapClear Contracts. In respect of a portfolio of FCM SwapClear Contracts and each payment date for Coupon Payments (in accordance with the FCM Procedures), the Clearing House shall net:
- (i) the sums which would otherwise have been payable by the FCM Clearing Member to the Clearing House as cash (in respect of Variation Margin) on such date and the Coupon Payments due on that date; and
 - (ii) the sums which would otherwise have been payable by the Clearing House to the FCM Clearing Member as cash (in respect of Variation Margin) on such date and the Coupon Payments due on that date,

and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party then the obligations of each party under this FCM Regulation 31 shall be automatically satisfied and discharged on payment by the applicable party of the excess. All netting in respect of a portfolio of FCM SwapClear Contracts shall be calculated separately with respect to FCM SwapClear Contracts held in an FCM Clearing Member's Proprietary Account and with respect to FCM SwapClear Contracts held on behalf of FCM Clients in the relevant FCM Client Sub-Account.

Regulation 32 **The reset rate for, and the net present value of, an FCM SwapClear Contract**

The Clearing House may determine the reset rate for, and the net present value of, an FCM SwapClear Contract for the purposes of these FCM Regulations and the FCM Procedures in such manner and at such times as may be prescribed in the FCM Procedures. Except as prescribed in the FCM Procedures, neither the reset rate nor the net present value determined by the Clearing House may in any circumstances be challenged.

Regulation 33 Withdrawal of the FCM SwapClear Service by the Clearing House

- (a) If at any time the Clearing House decides to withdraw the FCM SwapClear Service it shall give not less than six months' notice in accordance with the FCM Procedures to all FCM Clearing Members (approved to clear FCM SwapClear Contracts) of the applicable Withdrawal Date. The accidental omission by the Clearing House to give notice under this FCM Regulation 33 to, or the non-receipt of notice under this FCM Regulation 33 by, one or more FCM Clearing Members shall not invalidate the Withdrawal Date.
- (b) Without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules or pursuant to the entering of offsetting/compressing trades in accordance with FCM Regulation 30(n), register an FCM SwapClear Contract (other than a Closing-out Contract) after notice to withdraw the applicable service(s) has been given under FCM Regulation 33(a).
- (c) If, with respect to FCM SwapClear Clearing Services, at the Withdrawal Date an FCM Clearing Member or Non-FCM Clearing Member has not closed out all of the applicable open FCM SwapClear Contracts registered in its name, the Clearing House may, in its sole discretion:
 - (i) liquidate any or all of such FCM SwapClear Contracts and require such FCM SwapClear Contracts to be cash settled at a price determined by the Clearing House; or
 - (ii) postpone the Withdrawal Date until such time as the Clearing House determines.

Regulations 34-39: [Reserved]

PART III – REGULATIONS APPLICABLE TO FCM FOREXCLEAR CONTRACTS**Regulation 40 Registration of FCM ForexClear Contracts; ForexClear Accounts**

- (a) In order for an FCM to submit an FCM ForexClear Transaction for registration as an FCM ForexClear Contract, the FCM must be currently approved as an FCM Clearing Member pursuant to these FCM Regulations. The Executing Parties to such FCM ForexClear Transaction shall be responsible for any give-up or other agreement mutually agreed to among the parties with respect to such transactions, as applicable. An FCM Clearing Member must submit the particulars of an FCM ForexClear Transaction for registration as an FCM ForexClear Contract in accordance with the FCM Rulebook. Each FCM ForexClear Transaction involving an FCM Client shall be presented to the Clearing House for registration on behalf of such FCM Client by its FCM Clearing Member. It is a condition for registration as an FCM ForexClear Contract that both sides of the underlying FCM ForexClear Transaction be presented for clearing (as one FCM ForexClear Contract and one Non-FCM ForexClear Contract, or as two FCM ForexClear Contracts, as the case may be).
- (b) *[Intentionally Omitted]*.
- (c) Without prejudice to the Clearing House's rights under paragraph (f) of this FCM Regulation 40, an FCM Clearing Member shall be bound by an FCM ForexClear Contract registered in its name on behalf of an FCM Client or an Affiliate pursuant to the presentation of particulars of an FCM ForexClear Transaction by it, and by the other FCM Clearing Member or Non-FCM Clearing Member, as applicable.
- (d) Without prejudice to the Clearing House's rights under paragraph (f) of this FCM Regulation 40, an FCM ForexClear Transaction, particulars of which are submitted for registration as an FCM ForexClear Contract, must meet the FCM ForexClear Product Eligibility Criteria at the time the particulars of the FCM ForexClear Transaction are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as an FCM ForexClear Contract, at which time the FCM ForexClear Contracts (or the FCM ForexClear Contract and the Non-FCM ForexClear Contract, as the case may be) shall replace and supersede such corresponding FCM ForexClear Transaction.
- (e) The Clearing House shall be deemed to register an FCM ForexClear Contract, in accordance with this FCM Regulation 40 in the name of an FCM Clearing Member on behalf of an FCM Client or an Affiliate (or, if applicable, on the FCM Clearing Member's own behalf), at the Registration Time. At the Registration Time, the FCM Clearing Member, and the FCM Client or Affiliate if applicable, will be deemed to be bound by the relevant FCM ForexClear Contract on the terms entered into between the FCM Clearing Member and the Clearing House automatically and without any further action by such FCM Clearing Member or FCM Client or Affiliate, which such terms shall, without limitation, incorporate all applicable terms of these FCM Regulations and Schedule B hereto.
- (f) Ineligible Registered FCM ForexClear Transactions.
- (i) If at any time after registration of an FCM ForexClear Contract, the Clearing House determines that the corresponding FCM ForexClear

Transaction of which details were submitted for registration did not, at the Registration Time, meet the FCM ForexClear Product Eligibility Criteria in existence at the Registration Time (such an FCM ForexClear Transaction, an "*Ineligible FCM ForexClear Transaction*"), the Clearing House shall, as soon as practicable thereafter set aside such FCM ForexClear Contracts (or the FCM ForexClear Contract and the Non-FCM ForexClear Contract, as the case may be).

- (ii) Ineligible FCM ForexClear Transactions. Upon an FCM ForexClear Contract being set aside under subsection (i) above (such set aside contract, an "*Ineligible FCM ForexClear Contract*"), the Clearing House will notify the FCM Clearing Member party to such Ineligible FCM ForexClear Contract via the ForexClear Matcher that such Ineligible FCM ForexClear Contract has been set aside. The following shall take effect immediately upon the delivery of such notice: (A) such Ineligible FCM ForexClear Contract shall be deemed to be terminated at the time of the notification and shall thereafter have no force or effect; (B) all Variation Margin (if any) paid by the Clearing House or by an FCM Clearing Member in respect of such Ineligible FCM ForexClear Contract shall be retained by the receiving party upon termination; (C) where there is a difference between the value of the Ineligible FCM ForexClear Contract as at the last margin run and the value (as determined by the Clearing House) of that Ineligible FCM ForexClear Contract at the time of the next official settlement rate for the relevant currency pair, then a payment shall be made between the FCM Clearing Members (or one FCM Clearing Member and one Non-FCM Clearing Member, as the case may be) to the original Ineligible FCM ForexClear Transaction equal to such difference; and (D) these payments shall be deemed to satisfy in full the relevant party's obligations under the Ineligible FCM ForexClear Contract and shall be retained by the receiving party upon termination in accordance with clause (A) of this paragraph as a termination payment.

The Clearing House may not determine an FCM ForexClear Transaction to be an Ineligible FCM ForexClear Transaction after the Valuation Date (as defined in Part A of Schedule B to these FCM Regulations) in respect of the FCM ForexClear Contracts arising from the registration of such FCM ForexClear Transaction has occurred.

The Clearing House shall provide no less than 10 Business Days' prior notice (including by email) to FCM Clearing Members providing FCM ForexClear Clearing Services of an amendment to the FCM ForexClear Product Eligibility Criteria for the registration of FCM ForexClear Contracts.

- (iii) Without prejudice to FCM Regulation 24 and its obligations under this FCM Regulation 40, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an FCM ForexClear Contract in respect of a transaction which did not meet the FCM ForexClear Product Eligibility Criteria at the Registration Time to enable it to be registered as an FCM ForexClear Contract.

- (g) Where the FCM Procedures so provide, the Clearing House may require the FCM Clearing Members in whose names one or more FCM ForexClear Transactions are to be registered to furnish it with Margin as a condition of registration of such FCM Transaction(s), and such Margin shall be furnished to the Clearing House in accordance with FCM Regulation 9 and such other applicable provisions in the FCM Rulebook.
- (h) The Clearing House may decline to register an FCM ForexClear Transaction in the name of an FCM Clearing Member where it considers such action advisable for its own protection or the protection of the relevant market; provided, that the Clearing House shall (subject to the provisions of the FCM Rulebook) register any FCM ForexClear Contract which reduces the risk exposure of the Clearing House and the applicable FCM Clearing Member, as determined in the discretion of the Clearing House. The Clearing House may, without assigning any reason, make the registration of any FCM Transaction subject to any conditions stipulated by the Clearing House including the furnishing of additional Margin by any FCM Clearing Member in whose name any such FCM ForexClear Transaction is to be registered.
- (i) Registration of FCM ForexClear Transactions. An FCM ForexClear Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House in one of the following ways:
- (i) in the case where one Executing Party clears its side of such FCM ForexClear Transaction either through a Non-FCM Clearing Member or directly with the Clearing House in its capacity as a Non-FCM Clearing Member, and the other Executing Party clears its side of such FCM ForexClear Transaction as or through an FCM Clearing Member, as one Non-FCM ForexClear Contract pursuant to the UK General Regulations applicable to Non-FCM Clearing Members and one FCM ForexClear Contract pursuant to these FCM Regulations, where (i) the FCM ForexClear Contract shall be registered between the FCM Clearing Member as the Reference Currency Buyer and the Clearing House as the Reference Currency Seller (or vice versa as applicable), and (ii) the Non-FCM ForexClear Contract shall be registered between the Clearing House as the Reference Currency Buyer and the Non-FCM Clearing Member as the Reference Currency Seller (or vice versa as applicable); or
 - (ii) in the case where each Executing Party will clear its respective side of such FCM ForexClear Transaction either through an FCM Clearing Member or directly itself as an FCM Clearing Member, as two FCM ForexClear Contracts pursuant to these FCM Regulations where each relevant FCM ForexClear Contract is registered between the relevant FCM Clearing Member and the Clearing House, with one such FCM Clearing Member as the Reference Currency Buyer, and the Clearing House as the Reference Currency Seller, and the other FCM Clearing Member as the Reference Currency Seller and the Clearing House as the Reference Currency Buyer.
 - (iii) In each of the foregoing cases in clauses (i) and (ii) above, to the extent the FCM ForexClear Contract has been entered into by an FCM Clearing

Member on behalf of an FCM Client or Affiliate, each FCM Clearing Member will be the agent of its FCM Client or Affiliate, but will nevertheless remain fully liable to the Clearing House for any and all amounts due to the Clearing House in connection with any FCM ForexClear Contract cleared on behalf of its FCM Client or Affiliate.

(j) Effect of Registration of FCM ForexClear Transactions. With effect from the registration of an FCM ForexClear Transaction in accordance with FCM Regulation 40(i):

- (i) Such FCM ForexClear Transaction shall be extinguished and replaced by the corresponding FCM ForexClear Contracts (or if applicable, the corresponding FCM ForexClear Contract and Non-FCM ForexClear Contract), and the parties to such FCM ForexClear Transaction shall be released and discharged from all rights and obligations under such FCM ForexClear Transaction which fall due for performance on or after the Registration Time.
- (ii) Each FCM ForexClear Contract registered under FCM Regulation 40(i) shall be governed by the FCM ForexClear Contract Terms as applicable to that FCM ForexClear Contract.
- (iii) Subject to sub-paragraph (ii) above, in respect of the Economic Terms, an FCM Clearing Member (or clearing on behalf of a person) that is the Reference Currency Buyer under an FCM ForexClear Transaction shall have the same rights against, and owe the same obligations to, the Clearing House under the corresponding FCM ForexClear Contract registered by it in respect of such FCM ForexClear Transaction; and
- (iv) Subject to sub-paragraph (ii) above, in respect of the Economic Terms, an FCM Clearing Member (or clearing on behalf of a person) that is the Reference Currency Seller under an FCM ForexClear Transaction shall have the same rights against, and owe the same obligations to, the Clearing House under the corresponding FCM ForexClear Contract registered by it in respect of such FCM ForexClear Transaction.

In subsections (iii) and (iv) above, a reference to the “same” rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding FCM ForexClear Transaction (it being assumed, for this purpose, that such FCM ForexClear Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (k) If an FCM ForexClear Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any FCM ForexClear Contract arising under this FCM Regulation 40 or any other applicable provision of the FCM Rulebook.

- (l) In the case of an FCM ForexClear Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this FCM Regulation 40 shall take effect.
- (m) An FCM Clearing Member approved to provide FCM ForexClear Clearing Services may provide FCM ForexClear Clearing Services in connection with FCM ForexClear Contracts or FCM ForexClear Transactions to any of its Affiliates. Such FCM Clearing Services shall be provided in the same manner as set forth under these FCM Regulations with respect to FCM Clients, as applicable, except that all transactions for Affiliates shall be cleared through the Proprietary Account of the applicable FCM Clearing Member.
- (n) ForexClear Accounts. All FCM Omnibus ForexClear Client Accounts with LCH shall not be permitted to contain any FCM Contracts other to reflect any Margin other than in connection with FCM ForexClear Contracts.

Regulation 41 Cancellation of FCM ForexClear Contracts

- (a) An FCM Clearing Member may, in accordance with this FCM Regulation 41 and the FCM Procedures, cancel an FCM ForexClear Contract to which it is a party.
- (b) The Clearing House shall have no obligation to inform, notify or seek the consent of any FCM Clearing Member (or Non-FCM Clearing Member) prior to cancelling an FCM ForexClear Contract in accordance with this FCM Regulation 41.
- (c) The cancellation of an FCM ForexClear Contract to which an FCM Clearing Member is a party (referred to in this FCM Regulation 41 as the “*First ForexClear Contract*”) is contingent upon, *inter alia*, the cancellation of the corresponding FCM ForexClear Contract (or Non-FCM ForexClear Contract, if applicable) that arose from the same underlying FCM ForexClear Transaction (referred to in this FCM Regulation 41 as the “*Second ForexClear Contract*”), and vice versa.
- (d) The date and time of the cancellation of an FCM ForexClear Contract shall be as reported by the Clearing House in accordance with the FCM Procedures and shall be binding on FCM Clearing Members (and Non-FCM Clearing Members, as applicable).
- (e) The Clearing House may decline to cancel an FCM ForexClear Contract if:
 - (i) in the opinion of the Clearing House acting in its sole discretion, the cancellation of that FCM ForexClear Contract is not consistent with the FCM Rulebook (and if applicable the UK General Regulations) and any policies of the clearing house concerning risk management; or
 - (ii) there is insufficient margin standing to the credit of an FCM Clearing Member’s account to accommodate the cancellation of the First ForexClear Contract and/or the Second ForexClear Contract.
- (f) With effect from the time of the cancellation of an FCM ForexClear Contract in accordance with this FCM Regulation 41, neither the FCM Clearing Member nor the Clearing House shall have any obligations under the terms of that FCM ForexClear Contract and liability in respect thereof.

Regulation 42 Variation Margin

- (a) The Clearing House shall, at least daily and in accordance with and at the times stated in the FCM Procedures, pay to, or require payment from, an FCM Clearing Member cash for Variation Margin in respect of any FCM ForexClear Contracts registered on behalf of such FCM Clearing Member. The amount paid represents the change from the preceding business day in the net present value of all FCM ForexClear Contracts registered in such FCM Clearing Member's name.
- (b) The net present value of each FCM ForexClear Contract shall be calculated by the Clearing House in such manner and at such times as may be provided in the Procedures. Except as prescribed in the Procedures, the net present value calculated by the Clearing House may in no circumstances be challenged.
- (c) The Clearing House pays to (or receives from) each applicable FCM Clearing Member interest on cash received (or paid) by the Clearing House, calculated in accordance with the Procedures, in respect of open FCM ForexClear Contracts.
- (d) All payments by an FCM ForexClear Clearing Member made pursuant to this FCM Regulation 42 to the Clearing House shall be reflected in the relevant FCM Omnibus ForexClear Client Account with LCH.
- (e) This FCM Regulation 42 is without prejudice to the Clearing House's right to require Margin to be provided to it under FCM Regulation 9.

Regulation 43 Withdrawal of the FCM ForexClear Service by the Clearing House

- (a) If at any time the Clearing House decides to withdraw the FCM ForexClear Service it shall give not less than six months' notice in accordance with the FCM Procedures to all FCM Clearing Members (approved to clear FCM ForexClear Contracts) of the applicable Withdrawal Date. The accidental omission by the Clearing House to give notice under this FCM Regulation 43 to, or the non-receipt of notice under this FCM Regulation 43 by, one or more FCM Clearing Members shall not invalidate the Withdrawal Date.
- (b) Without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules, register an FCM ForexClear Contract (other than a Closing-out Contract) after notice to withdraw the applicable service(s) has been given under FCM Regulation 43(a).
- (c) If, five Business days prior to the Withdrawal Date, an FCM Clearing Member or Non-FCM Clearing Member has not closed out all of the applicable open FCM ForexClear Contracts registered in its name, the Clearing House may, in its sole discretion and upon five Business Days' notice to the FCM Clearing Members providing FCM ForexClear Clearing Services:
 - (i) liquidate any or all of such FCM ForexClear Contracts and require such FCM ForexClear Contracts to be cash settled at a price determined by the Clearing House; or
 - (ii) postpone the Withdrawal Date until such time as the Clearing House determines.

Regulations 44-49: [Reserved]

PART IV – REGULATIONS APPLICABLE TO FCM ENCLEAR CONTRACTS**Regulation 50 Registration of FCM EnClear Contracts**

- (a) An FCM EnClear Clearing Member must submit particulars of an FCM EnClear Transaction for registration as an FCM EnClear Contract, through such means as shall be prescribed by the FCM Procedures.
- (b) Without prejudice to the Clearing House's rights under FCM Regulation 50(f), an FCM EnClear Clearing Member shall be bound by an FCM EnClear Contract registered in its name pursuant to the presentation of particulars of an FCM EnClear Transaction by it or on its behalf, or by an Approved Broker or presented by another FCM EnClear Clearing Member provided that the particulars of such FCM EnClear Transaction are submitted to the Clearing House through such means as shall be prescribed by the FCM Procedures.
- (c) Without prejudice to the Clearing House's rights under FCM Regulation 50(f), an FCM EnClear Transaction, the particulars of which are submitted for registration as an FCM EnClear Contract, must meet the FCM EnClear Product Eligibility Criteria at the time the particulars of such FCM EnClear Transaction are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as an FCM EnClear Contract.
- (d) The Clearing House shall be deemed to register an FCM EnClear Contract, in accordance with this FCM Regulation 50 in the name of an FCM EnClear Clearing Member at the Registration Time.
- (e) For the avoidance of doubt, any transaction of which details have been submitted by, or on behalf of, an FCM EnClear Clearing Member or by an Approved Broker for registration as an FCM EnClear Contract which is not so registered shall remain in effect or be terminated, as the case may be, according to any terms agreed between the parties thereto, and the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no obligations or liability in relation thereto.
- (f) If at any time after registration of an FCM EnClear Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the FCM EnClear Product Eligibility Criteria for registration as an FCM EnClear Contract, the Clearing House shall, as soon as practicable thereafter, set aside such FCM EnClear Contract. Upon the FCM EnClear Contract being set aside under this FCM Regulation 50 (f), the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House and such transaction shall remain in effect or be terminated, as the case may be, in accordance with any terms agreed between the parties thereto. Any payment made under, or in respect of, an FCM EnClear Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to FCM Regulation 24 and its obligations under this FCM Regulation 50(f), the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of an FCM EnClear Contract in respect of a transaction which did not meet the FCM EnClear Product Eligibility Criteria at the Registration Time to enable it to be registered as an FCM EnClear Contract.

Regulation 51 FCM EnClear Contracts

- (a) An FCM EnClear Transaction presented for registration to, and accepted by the Clearing House, shall be registered by the Clearing House as two FCM EnClear Contracts or as one FCM EnClear Contract and one Non-FCM EnClear Contract, one between the First EnClear Clearing Member being the seller, or party paying a Fixed Price (as the case may be) and the Clearing House as buyer, or the party paying a Floating Price (as the case may be), and the other between the Clearing House as the seller or party paying a Fixed Price (as the case may be) and the Second EnClear Clearing Member being the buyer or the party paying a Floating Price (as the case may be). For the purposes of this FCM Regulation:
- (i) “*First EnClear Clearing Member*” is an FCM EnClear Clearing Member or an LCH EnClear OTC Clearing Member who was, before registration of the FCM EnClear Contract or Non-FCM EnClear Contract, as the case may be, party to the corresponding FCM EnClear Transaction as the seller, or party paying a Fixed Price (as the case may be), or, if appropriate, who has Accepted such FCM EnClear Transaction in accordance with the relevant FCM Procedures or UK General Procedures, as the case may be; and
- (ii) “*Second EnClear Clearing Member*” is an FCM EnClear Clearing Member or an LCH EnClear OTC Clearing Member who was, before registration of the FCM EnClear Contract or the Non-FCM EnClear Contract, as the case may be, party to the corresponding FCM EnClear Transaction as the buyer, or the party paying a Floating Price (as the case may be), or, if appropriate, who has Accepted such FCM EnClear Transaction in accordance with the relevant FCM Procedures or UK General Procedures, as the case may be.

For the purposes of this FCM Regulation 51, “*Accepted*” shall mean that the relevant FCM EnClear Clearing Member (or LCH EnClear OTC Clearing Member, where applicable) has agreed, by such means as may be prescribed from time to time by the FCM Procedures, to become counterparty with the Clearing House to such FCM EnClear Contract (or Non-FCM EnClear Contract, where applicable).

- (b) With effect from registration of an FCM EnClear Transaction as either two FCM EnClear Contracts or one FCM EnClear Contract and one Non-FCM EnClear Contract, as the case may be, under FCM Regulation 51(a):
- (i) the parties to the corresponding FCM EnClear Transaction, to the extent that they are bound by these FCM Regulations or the UK General Regulations, shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time; where the parties to the corresponding FCM EnClear Transaction are not bound by these FCM Regulations or the UK General Regulations, such trade shall be dealt with according to the terms agreed by the parties to that trade;

- (ii) each FCM EnClear Contract registered under FCM Regulation 51(a) shall be governed by the relevant FCM EnClear Contract Terms as applicable to that FCM EnClear Contract;
- (iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First EnClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the FCM EnClear Contract or Non-FCM EnClear Contract (as the case may be) to which it (or the party on whose behalf it is clearing) is party as the seller had and owed in respect of its counterparty under the corresponding FCM EnClear Transaction; and
- (iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second EnClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the FCM EnClear Contract or Non-FCM EnClear Contract (as the case may be) to which it (or the party on whose behalf it is clearing) is party as the buyer had and owed in respect of its counterparty under the corresponding FCM EnClear Transaction.

In sub-paragraphs (iii) and (iv) above, a reference to the “same” rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the Economic Terms of the corresponding FCM EnClear Transaction (it being assumed, for this purpose, that such FCM EnClear Transaction was a legal, valid, binding and enforceable obligation of the parties thereto and that the Economic Terms thereof were as presented to the Clearing House for registration), notwithstanding the change in the person entitled to them or obliged to perform them, and subject to any change thereto as a result of the operation of the Standard Terms.

- (c) If an FCM EnClear Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any FCM EnClear Contract arising under this FCM Regulation 51 (including any subsequent FCM EnClear Contract novated or transferred in accordance with the FCM Rulebook, if applicable).
- (d) In the case of an FCM EnClear Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this FCM Regulation 51 shall take effect.

Regulation 52 Daily Settlement

- (a) Where the FCM Procedures so provide, in respect of any FCM EnClear Transaction and any FCM EnClear Contract arising therefrom, the Clearing House may effect the daily settlement to market, of such open FCM EnClear Contracts in accordance with the FCM Procedures.
- (b) The Clearing House may, in accordance with the Procedures, in respect of each such open FCM EnClear Contract in an FCM Clearing Member's name which is subject to daily settlement to market, effect and register a settlement contract, being a contract on the same terms (except as to price) as the Open Contract, save that where that FCM Clearing Member is the seller or the party paying a "Fixed Price" (as the case may be) under the terms of the Open Contract, that FCM Clearing Member shall be the buyer or the party paying a "Floating Price" (as the case may be) under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the FCM Procedures at the relevant Reference Price for that day. The Clearing House shall thereupon settle each Open Contract against the respective settlement contract in accordance with the FCM Procedures.
- (c) Upon completion of the procedure set out in paragraph (b) above, the Clearing House may, if the FCM Procedures so provide, calculate the daily settlement amounts in accordance with the FCM Procedures and may thereafter make up the FCM Clearing Member's account and upon the Clearing House so doing, that FCM Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising in accordance with the arrangements set out in the FCM Procedures in respect of the relevant FCM EnClear Contract.
- (d) The Clearing House shall, upon completion of the calculation of daily settlement amounts pursuant to paragraph (c) above in the manner prescribed by the FCM Procedures, in respect of those open FCM EnClear Contracts in an FCM Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the Reference Price referred to in paragraph (b) above, which price shall be deemed to be the "traded price", contracts in that FCM Clearing Member's name as open FCM EnClear Contracts on the same terms (except as to price) as the settled Open Contracts, save that no contract for the purchase and no contract for the sale of the same commodity, for the same Delivery Month, or Expiry Month and price, shall be registered in that FCM Clearing Member's name.

Regulation 53 Withdrawal of the FCM EnClear Service by the Clearing House

- (a) If at any time the Clearing House decides to withdraw its FCM EnClear Service (or any part of it) it shall give not less than six months' notice in accordance with the FCM Procedures to all FCM Clearing Members (approved to clear FCM EnClear Contracts) of the applicable Withdrawal Date. The accidental omission by the Clearing House to give notice under this FCM Regulation 52 to, or the non-receipt of notice under this FCM Regulation 52 by one or more FCM Clearing Members shall not invalidate the Withdrawal Date. Where only a part of the FCM EnClear Service is being withdrawn, notice shall only be given to those FCM Clearing Members authorized or approved to participate in that part of the FCM EnClear Service.
- (b) Without prejudice to its rights under the Default Rules, the Clearing House will not, other than pursuant to action under the Default Rules, register an FCM EnClear Contract, other than a Closing-out Contract after notice to withdraw the service has been given under FCM Regulation 52(a).
- (c) If, at the Withdrawal Date, an FCM Clearing Member has not closed out all open FCM EnClear Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to:
- (i) liquidate any or all of such FCM EnClear Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and
 - (ii) postpone the Withdrawal Date until such time as the Clearing House determines.

Regulations 54-59: [Reserved]

PART V – REGULATIONS APPLICABLE TO FCM NODAL CONTRACTS**Regulation 60 Presentation, Allocation of Nodal Transactions and Registration of Nodal Contracts; Treatment of FCM Client Funds in Connection with FCM Nodal Transactions and FCM Nodal Contracts**

- (a) In order to utilize the FCM Nodal Clearing Services an FCM Nodal Clearing Member must cause particulars of an FCM Nodal Transaction to which it is party to be submitted for registration as an FCM Nodal Contract, through such means as shall be prescribed by the FCM Procedures.
- (b) An FCM Nodal Transaction submitted for registration must meet the eligibility criteria prescribed in the FCM Procedures (and these FCM Regulations) at the time the particulars of such FCM Nodal Transaction are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as two FCM Nodal Contracts (or, if applicable, one FCM Nodal Contract and one Non-FCM Nodal Contract). An FCM Nodal Clearing Member may not revoke, cancel or transfer an FCM Nodal Transaction unless permitted by Nodal's Rules or the FCM Rulebook, or with the consent of the Clearing House and Nodal.
- (c) An FCM Nodal Clearing Member shall not allow the submission for registration of a transaction which is not an FCM Nodal Transaction in connection with the FCM Nodal Clearing Service.
- (d) The Clearing House may require FCM Nodal Transactions presented for registration in the name of an FCM Nodal Clearing Member to be confirmed by or on behalf of such FCM Nodal Clearing Member, in which case it shall specify the manner, form and time of such confirmation in the FCM Procedures.
- (e) The Clearing House may decline to register an FCM Nodal Transaction in the name of an FCM Nodal Clearing Member where it considers such action advisable for its own protection or the protection of the relevant market. The Clearing House may, without assigning any reason, make the registration of any FCM Nodal Transaction subject to any conditions stipulated by the Clearing House including the furnishing of Margin by both FCM Nodal Clearing Members in whose name any such FCM Nodal Transaction is to be registered.
- (f) Without prejudice to the Clearing House's rights under paragraph (h) of this FCM Regulation 60, an FCM Nodal Clearing Member shall be bound by an FCM Nodal Contract registered in its name pursuant to the presentation of particulars of an FCM Nodal Transaction.
- (g) The Clearing House shall be deemed to register an FCM Nodal Contract in relation to an FCM Nodal Transaction in the name of an FCM Nodal Clearing Member at the Registration Time for that type of FCM Nodal Contract in accordance with FCM Regulation 61.
- (h) For the avoidance of doubt, any transaction of which details have been submitted for registration as FCM Nodal Contracts which is not so registered shall remain in effect or be terminated, as the case may be, according to any terms agreed between the parties thereto (directly or by virtue of their common participation in the Nodal Trading Facility through or on which the transaction was executed or by which it was registered), but subject in all cases to Nodal's Rules, and the Clearing House (and each other member of the LCH.Clearnet Group and their respective

officers, employees and agents) shall have no obligations or liability in relation thereto.

- (i) If at any time after registration of an FCM Nodal Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the eligibility criteria for registration as an FCM Nodal Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such FCM Nodal Contract. Upon the purported FCM Nodal Contract being set aside under this FCM Regulation 60(l), the particulars of the transaction in question shall be deemed never to have been registered. Any payment made under, or in respect of, an FCM Nodal Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to FCM Regulation 64(g) and its obligations under this FCM Regulation 60(l), the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability whatsoever to any person arising out of or in respect of the registration by it in error or otherwise of a contract as an FCM Nodal Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as an FCM Nodal Contract.

Regulation 61 Nodal Contracts

- (a) An FCM Nodal Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as either two FCM Nodal Contracts or as one Non-FCM Nodal Contract and one FCM Nodal Contract, one between the First Nodal Clearing Member as the seller and the Clearing House as the buyer, and the other between the Clearing House as the seller and the Second Nodal Clearing Member as the buyer (as the case may be). For the purposes of this FCM Regulation:
- (i) **"First Nodal Clearing Member"** is an FCM Nodal Clearing Member or a Nodal Service Clearing Member who was, before registration of the FCM Nodal Contract or Non-FCM Nodal Contract, as the case may be, party to the corresponding FCM Nodal Transaction as the seller; and
 - (ii) **"Second Nodal Clearing Member"** is an FCM Nodal Clearing Member (who may also be the same as the First FCM Nodal Clearing Member) or Nodal Service Clearing Member who was, before registration of the FCM Nodal Contract or Non-FCM Nodal Contract, as the case may be, party to the corresponding Nodal Transaction as the buyer.
- (b) With effect from registration of an FCM Nodal Transaction as either two FCM Nodal Contracts or one FCM Nodal Contract and one Non-FCM Nodal Contract, as the case may be, under FCM Regulation 61(a):
- (i) the parties to the corresponding FCM Nodal Transaction shall be released and discharged from all rights and obligations thereunder which fall due for performance on or after the Registration Time;
 - (ii) each FCM Nodal Contract registered under paragraph (a) of this FCM Regulation shall be governed by the relevant FCM Nodal Contract;

Terms applicable to that FCM Nodal Contract:

- (iii) subject always to sub-paragraph (ii) above, the First Nodal Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the FCM Nodal Contract or Non-FCM Nodal Contract, as the case may be, to which it (or the party on whose behalf it is clearing) is a party as the seller had and owed in respect of its counterparty under the corresponding FCM Nodal Transaction; and
- (iv) subject always to sub-paragraph (ii) above, the Second Nodal Clearing Member shall have the same rights against, and owe the same obligations to the Clearing House under the FCM Nodal Contract or Non-FCM Nodal Contract, as the case may be, to which it (or the party on whose behalf it is clearing) is party as the buyer had and owed in respect of its counterparty under the corresponding FCM Nodal Transaction.

In sub-paragraphs (iii) and (iv) above, a reference to the "same" rights or obligations is a reference to rights or obligations, falling due for exercise or performance after the Registration Time, and which are the same in nature and character as the rights or obligations arising from the corresponding FCM Nodal

Transaction (it being assumed, for this purpose, that such FCM Nodal Transaction was a legal, valid, binding and enforceable obligation of the parties thereto), notwithstanding the change in the person entitled to them or obliged to perform them.

- (c) If an FCM Nodal Transaction is revoked, avoided or otherwise declared invalid for any reason after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any FCM Nodal Contract, unless otherwise determined by the Clearing House.
- (d) In the case of an FCM Nodal Contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, the Registration Time shall be deemed to be the time chosen by the Clearing House whereupon this FCM Regulation 61 shall take effect.

Regulation 62 Daily Settlement or Marking to Market

- (a) Where the FCM Procedures so provide, the Clearing House may effect the daily settlement to market or daily marking to market of those open FCM Nodal Contracts in accordance with the FCM Procedures. Daily settlement to market shall not apply to such open FCM Nodal Contracts which are for the account of an FCM Nodal Clearing Member's FCM Clients.
- (b) The Clearing House shall, in accordance with the FCM Procedures, in respect of each open FCM Nodal Contract in an FCM Nodal Clearing Member's name which is subject to daily settlement to market or daily marking to market, effect and register a settlement contract, being a contract on the same terms (except as to price or Premium), including the Strike Price, where applicable, as the open FCM Nodal Contract, save that where an FCM Nodal Clearing Member is the seller under the terms of the open FCM Nodal Contract that FCM Nodal Clearing Member shall be the buyer under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the FCM Procedures at the relevant Reference Price for that day. The Clearing House shall thereupon settle each open FCM Nodal Contract against the respective settlement contract in accordance with the Procedures.
- (c) The Clearing House shall, upon completion of the procedure set out in paragraph (b) above, calculate the daily settlement amounts in accordance with the FCM Procedures and shall thereafter make up the FCM Nodal Clearing Member's account and upon the Clearing House so doing, that FCM Nodal Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:
- (i) any profit arising to an FCM Nodal Clearing Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these FCM Regulations, such profit shall be paid to that FCM Nodal Clearing Member on its request; and
 - (ii) any loss arising to an FCM Nodal Clearing Member shall be debited to the applicable account of that FCM Nodal Clearing Member and (subject to these FCM Regulations) that FCM Nodal Clearing Member shall pay the amount of such loss to the Clearing House forthwith on demand.
- (d) The Clearing House shall, upon completion of the calculation of daily settlement amounts pursuant to paragraph (c) above in the manner prescribed by the FCM Procedures:
- (i) in respect of those open FCM Nodal Contracts in an FCM Nodal Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the relevant Reference Price referred to in the FCM Procedures, FCM Nodal Contracts in that FCM Nodal Clearing Member's name as open FCM Nodal Contracts on the same terms (except as to price or Premium), including the Strike Price, where applicable, as the settled open FCM Nodal Contracts, save that no FCM Nodal Contract for the purchase and no contract for the sale of the same commodity, for the same Delivery Month, or Expiry Month and price, shall be registered in that FCM Nodal Clearing Member's name; and

- (ii) in respect of those open FCM Nodal Contracts in an FCM Nodal Clearing Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily marking to market as prescribed by the FCM Procedures, register at the relevant Reference Price referred to in the FCM Procedures, FCM Nodal Contracts in the FCM Nodal Clearing Member's name as open FCM Nodal Contracts on the same terms (except as to price or Premium) including the Strike Price, where applicable, as the settled open FCM Nodal Contracts.
- (e) An FCM Nodal Clearing Member may, in respect of all open FCM Nodal Contracts in its name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the FCM Procedures, to settle such FCM Nodal Contracts being the same number of contracts for the purchase and sale of the same commodity for the same Delivery Month or, where applicable, for the same Expiry Month and Strike Price. Such a request, once made, shall be irrevocable unless the Clearing House otherwise consents. Where such a request is made, the Clearing House shall as soon as practicable after the close of trading on that market day (but not necessarily on that day, and provided documentation has been supplied by the FCM Nodal Clearing Member in accordance with the FCM Procedures) make up the FCM Nodal Clearing Member's account.
- (f) In respect of those open FCM Nodal Contracts of which settlement might have been requested by an FCM Nodal Clearing Member under paragraph (e) above, the Clearing House may, if no request for settlement has been received by the cessation of trading for the Delivery Month applicable to those FCM Nodal Contracts, at any time thereafter proceed as if settlement had been requested and make up and render the FCM Nodal Clearing Member's accounts accordingly.

SCHEDULE A – FCM SWAPCLEAR CONTRACT TERMS AND PRODUCT ELIGIBILITY CRITERIA

Part A

FCM SwapClear Contract Terms

The terms of a registered FCM SwapClear Contract shall include these FCM SwapClear Contract Terms which shall comprise:

- (1) Interpretation; and
- (2) Economic Terms; and
- (3) Standard Terms.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM SwapClear Contract Terms applicable to an FCM SwapClear Contract to calculate the amounts due under the FCM SwapClear Contract to, or from, the Clearing House in accordance with the FCM Procedures.

1. Interpretation

- 1.1 “ISDA 2000 Definitions” means the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (“ISDA”), and the same are incorporated by reference herein and “ISDA 2006 Definitions” means the 2006 ISDA Definitions as published by ISDA, and the same are incorporated by reference herein.
- 1.2 Words and expressions used in these FCM SwapClear Contract Terms which are not defined in the FCM Regulations and the FCM Procedures but which are defined in the “ISDA 2000 Definitions” or the “ISDA 2006 Definitions” shall have the same meaning herein as in the ISDA 2000 Definitions or the ISDA 2006 Definitions as the case may be, unless expressly provided otherwise. For the avoidance of doubt where the FCM SwapClear Contract identifies the ISDA 2000 Definitions as being applicable to that FCM SwapClear Contract then those definitions will apply and where the FCM SwapClear Contract identifies the ISDA 2006 Definitions as being applicable to that FCM SwapClear Contract then those definitions will apply.
- 1.3 In the event of an inconsistency between the FCM Regulations and the FCM Procedures and either the ISDA 2000 Definitions or the ISDA 2006 Definitions, the FCM Regulations and FCM Procedures will prevail.
- 1.4 References in the ISDA 2000 Definitions and the ISDA 2006 Definitions to a “Swap Transaction” shall be deemed to be references to an “FCM SwapClear Transaction” for the purposes of SwapClear.
- 1.5 Except where expressly stated otherwise, all reference to “Articles” means Articles in the ISDA 2000 Definitions or the ISDA 2006 Definitions as the case may be as published by ISDA:

- (a) in relation to any amendments to either the ISDA 2000 Definitions and the ISDA 2006 Definitions, the Clearing House may from time to time, by notice delivered to the FCM Clearing Members and the SwapClear Clearing Members, give directions as to whether such amendment shall apply to FCM SwapClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine;
- (b) any such notice may provide that the amendment to the ISDA 2000 Definitions and the ISDA 2006 Definitions may take effect so as to apply to FCM SwapClear Contracts registered in an FCM Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines; and
- (c) the accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, an FCM Clearing Member or a SwapClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. Economic Terms

- 2.1 The Economic Terms of an FCM SwapClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM SwapClear Transaction in respect of the terms designated as Economic Terms in this Schedule.
- 2.2 It is part of the eligibility criteria for registration as an FCM SwapClear Contract that the particulars of an FCM SwapClear Transaction presented to the Clearing House must include matched information in respect of such designated Economic Terms, except that in respect of vanilla interest rate swaps with constant notional principal and variable notional swaps, the information described in either 2.3(i)(viii) or 2.3(i)(ix) below (but not both) must be provided.
- 2.3 The Economic Terms for vanilla interest rate swaps with constant notional principal and variable notional swaps comprise:
 - (a) Notional Amount (see Article 4.7 of the ISDA 2000 Definitions and Article 4.7 of the ISDA 2006 Definitions for definition) (for variable notional swaps, the Notional Amount can be set out in a Notional Amount Schedule¹;
 - (b) Currency (see Article 1.7 of the ISDA 2000 Definitions and Article 1.7 of the ISDA 2006 Definitions for definition);
 - (c) Trade Date (see Article 3.7 of the ISDA 2000 Definitions and Article 3.7 of the ISDA 2006 Definitions for definition);

¹ SwapClear will accept IRS, Basis or zero coupon swaps with a Notional Amount which for each payment calculation period may remain unchanged, increase or decrease relative to its previous value. The changes in notional can only take place at the calculation period start dates and must be pre-determined at the point of registration. The notional schedule will be applied at the start of the corresponding calculation period, adjusted (or unadjusted) with the calculation period calendar specified in the trade. Notional schedules need not be identical for the two legs of the trade.

- (d) Effective Date (see Article 3.2 of the ISDA 2000 Definitions and Article 3.2 of the ISDA 2006 Definitions for definition);
- (e) Termination Date (see Article 3.3 of the ISDA 2000 Definitions and Article 3.3 of the ISDA 2006 Definitions for definition);
- (f) Additional Payments/Fees:
 - (i) the Payer of the Additional Payments/Fees (if any);
 - (ii) the amount of the Additional Payments/Fees (specify zero if none).
- (g) Business Days (see Article 1.4 of the ISDA 2000 Definitions and Article 1.4 of the ISDA 2006 Definitions for definition);
- (h) Business Day Convention (see Article 4.12 of the ISDA 2000 Definitions and Article 4.12 of the ISDA 2006 Definitions for definition);
- (i) Where Fixed Rate – Floating Rate Swap:
 - (i) Fixed Rate Payer (see Article 2.1 of the ISDA 2000 Definitions and Article 2.1 of the ISDA 2006 Definitions for definition);
 - (ii) Fixed Rate Payer Payment Dates;
 - (iii) Fixed Amount (see Article 4.4 of the ISDA 2000 Definitions and Article 4.4 of the ISDA 2006 Definitions for definition) [or Fixed Rate and Fixed Rate Day Count Fraction] [or Fixed Rate Payer Schedule]²;
 - (iv) Floating Rate Payer (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition);
 - (v) Floating Rate Payer Payment Dates;
 - (vi) Floating Rate Payer compounding dates (if applicable);
 - (vii) Floating Amount (see Article 4.5 of the ISDA 2000 Definitions and Article 4.5 of the ISDA 2006 Definitions for definition);
 - (viii) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);

(Note: The details of each such option are as provided in the Procedures).

² SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a Fixed Rate on the fixed leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The Fixed Rate must be greater than or equal to 0%.

- (ix) Designated Maturity (see Article 7.3(b) and Article 7.3 (b) of the ISDA 2006 Definitions of the “Annex to the 2000 ISDA Definitions (June 2000 Version)” for definition);
 - (x) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)³;
 - (xi) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);
 - (xii) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2 (f) of the ISDA 2006 Definitions for definition).
- (j) Where Floating Rate – Floating Rate Swap (“basis” swap):
- (i) Floating Rate Payer 1 (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition):
 - (a) Floating Rate Payer Payment Dates;
 - (b) Floating Rate Payer compounding dates (if applicable);
 - (c) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);

(Note: the details of each such option are as provided in the Procedures)
 - (ii) Designated Maturity (see Article 7.3(b) of the “Annex to the 2000 ISDA Definitions (June 2000 version)” and Article 7.3 (b) of the ISDA 2006 Definitions for definition);
 - (iii) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)⁴;
 - (iv) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);
 - (v) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2 (f) of the ISDA 2006 Definitions for definition);

³ SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

⁴ SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

- (vi) Floating Rate Payer 2 (see Article 2.2 of the ISDA 2000 Definitions and Article 2.2 of the ISDA 2006 Definitions for definition):
 - (a) Floating Rate Payer Payment Dates;
 - (b) Floating Rate Payer compounding dates (if applicable);
 - (c) Floating Rate Option (see Article 6.2(i) of the ISDA 2000 Definitions and Article 6.2(h) of the ISDA 2006 Definitions for definition);

(**Note:** The details of each such option are as provided in the Procedures)
- (vii) Designated Maturity (see Article 7.3(b) of the “Annex to the 2000 ISDA Definitions (June 2000 version)” and Article 7.3 (b) of the ISDA 2006 Definitions for definition);
- (viii) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)⁵;
- (ix) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition); and
- (x) Floating Rate Day Count Fraction (see Article 6.2(g) of the ISDA 2000 Definitions and Article 6.2 (f) of the ISDA 2006 Definitions for definition).

2.4 The Economic Terms for Forward Rate Agreements (using only the ISDA 2006 Definitions) comprise:

- (a) Notional Amount (see Article 4.7 for definition);
- (b) Currency (see Article 1.7 for definition);
- (c) Trade Date (see Article 3.7 for definition);
- (d) Effective Date (see Article 3.2 for definition);
- (e) Termination Date (see Article 3.3 for definition);
- (f) Additional Payments/Fees:
 - (i) the Payer of the Additional Payments/Fees (if any);
 - (ii) the amount of the Additional Payments/Fees (specify zero if none);

⁵ SwapClear will accept IRS, Basis or zero coupon variable notional swaps with a floating rate spread on the floating leg which for each calculation and/or compounding period may remain unchanged, increase or decrease relative to its previous value. The spread can be negative. Where such spread is variable it can be set out in a Spread schedule.

- (g) Business Days (see Article 1.4 for definition);
- (h) Business Day Convention (see Article 4.12 for definition);
- (i) Fixed Rate Payer (see Article 2.1 for definition);
- (j) Fixed Rate Payer Payment Dates;
- (k) Fixed Rate;
- (l) Floating Rate Payer (see Article 2.2 for definition);
- (m) Floating Rate Payer Payment Dates;
- (n) Floating Rate Option (see Article 6.2(i) for definition);
- (o) Designated Maturity (see Article 7.3(b) for definition);
- (p) Spread (see Article 6.2(f) for definition);
- (q) Reset Dates (see Article 6.2(b) for definition);
- (r) Floating Rate Day Count Fraction (see Article 6.2(g) for definition);
- (s) FRA Discounting (see Article 8.4 (b) for definition);
- (t) Discount Rate (see Article 8.4. (c) for definition);
- (u) Discount Rate Day Count Fraction (see Article 8.4. (d) for definition); and
- (v) FRY Yield Discounting (see Article 8.4(e) for definition).

In respect of forward rate agreements either (s) or (v) but not both should be selected.

2.5 Financial Centers

Detail of the relevant financial center/s must be provided using the appropriate Markitwire/FpML code as set out below:

| Financial Center | Markitwire/FpML |
|-------------------------|------------------------|
| Sydney | AUSY |
| Brussels | BEBR |
| Montreal | CAMO |
| Toronto | CATO |
| Geneva | CHGE |
| Zurich | CHZU |

| Financial Center | Markitwire/FpML |
|-------------------------|------------------------|
| Prague | CZPR |
| Frankfurt | DEFR |
| Copenhagen | DKCO |
| Madrid | ESMA |
| Helsinki | FIHE |
| Paris | FRPA |
| London | GBLO |
| Hong Kong | HKHK |
| Budapest | HUBU |
| Milan | ITMI |
| Rome | ITRO |
| Tokyo | JPTO |
| Luxemburg | LULU |
| Amsterdam | NLAM |
| Oslo | NOOS |
| Auckland | NZAU |
| Wellington | NZWE |
| Stockholm | SEST |
| Chicago | USCH |
| Los Angeles | USLA |
| New York | USNY |
| Target/Euro | EUTA |
| Warsaw | PLWA |
| Singapore | SGSI |
| Johannesburg | ZAJO |

3. Standard Terms

The following terms are designated as Standard Terms of a registered FCM SwapClear Contract:

3.1 **Business Days**

In addition to the Business Days for the financial centers specified in the Economic Terms, (such Business Days to be determined in accordance with the SwapsMonitor Financial Calendar) the Business Days specified in the calendar published by the Clearing House, from time to time, will apply to an FCM SwapClear Contract.

3.2 **Negative Interest Rates**

The “Negative Interest Rate Method” as set out in Article 6.4(b) of the ISDA Definitions, will apply to an FCM SwapClear Contract.

3.3 **Withholding Tax Provisions**

All payments due under an FCM SwapClear Contract shall be made by the FCM Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the FCM Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

The Clearing House shall make any payments due to an FCM Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.

3.4 **Payment of Stamp Tax**

Each FCM Clearing Member will pay any stamp tax or duty levied or imposed upon it in respect of any FCM SwapClear Contract to which it is a party by a jurisdiction in which it is incorporated, organized, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located or by any other jurisdiction, and will indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House by any such jurisdiction in respect of any FCM SwapClear Contract registered by the Clearing House and to which that FCM Clearing Member is a party.

3.5 **Payments under an FCM SwapClear Contract**

Payments under, and in respect of, an FCM SwapClear Contract shall be calculated by the Clearing House and shall be made by, or to, the FCM Clearing Member in accordance with the provisions of the FCM Procedures.

3.6 **FCM Regulations**

An FCM SwapClear Contract shall be subject to the FCM Regulations and the FCM Procedures, which shall form a part of its terms. In the event of any inconsistency

between these FCM SwapClear Contract Terms and the FCM Regulations and the FCM Procedures, the FCM Regulations and the FCM Procedures will prevail.

3.7 Governing Law

Each FCM SwapClear Contract shall be governed by and construed in accordance with the laws of the State of New York in the United States of America without regard to principles of conflicts of law and the parties hereby irrevocably agree for the benefit of the Clearing House that (i) the courts of the State of New York, Borough of Manhattan in the United States of America, (ii) the United States District Court for the Southern District of New York, or (iii) the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise herefrom. The FCM Clearing Member party hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the exclusive jurisdiction of the courts of the State of New York, Borough of Manhattan in the United States of America, the United States District Court for the Southern District of New York or the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

3.8 Third Party Rights

A person who is not a party to this FCM SwapClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this FCM SwapClear Contract are expressly excluded.

Part B

Product Eligibility Criteria for Registration of an FCM SwapClear Contract

1. FCM SwapClear Transaction

Without prejudice to the FCM Regulations and the FCM Procedures, the Clearing House will only register an FCM SwapClear Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the FCM SwapClear Product Eligibility Criteria for registration as an FCM SwapClear Transaction; and
- (b) each party to the transaction is an Executing Party;

and the requirements of (a) and (b) continue to be satisfied at Registration Time.

1.1 FCM SwapClear Product Eligibility Criteria for an FCM SwapClear Transaction

- (a) Vanilla interest rate swaps with constant notional principal having the characteristics set out in the table below;

| Instrument | Acceptable Currencies | Acceptable Indices⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|--|------------------------------|---------------------------------------|-----------------------|-----------------|------------------------------|--|
| Vanilla interest rate swaps with constant notional principal | Sterling (GBP) | GBP-LIBOR-BBA | Fixed vs. Floating | Single currency | 18,275 days | 0.01- |
| | | GBP-WMBA-SONIA-COMPOUND | Fixed vs. Floating | Single currency | 10,970 days | |
| | | See Article 7.1w (vii) for definition | Floating vs. Floating | | | 99,999,999,999.99 |
| | US Dollar (USD) | USD-LIBOR-BBA | Fixed vs. Floating | Single currency | 18,275 days | 0.01- |
| See Article 7.1(ab) (xxii) for definition | | Floating vs. Floating | | | 99,999,999,999.99 | |

⁶ References in this column are to the 2006 ISDA Definitions

| Instrument | Acceptable Currencies | Acceptable Indices ⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|------------|-------------------------|---|-----------------------|-----------------|-----------------------|---|
| | | USD-Federal Funds H.15-OIS-COMPOUND | Fixed vs. Floating | Single currency | 10,970 days | |
| | | See Article 7.1(ab)(xxxix) for definition | | | | |
| | Euro (EUR) | EUR-LIBOR-BBA | Fixed vs. Floating | Single currency | 18,275 days | 0.01- |
| | | See Article 7.1(f)(vii) for definition | Floating vs. Floating | | | 99,999,999,999.99 |
| | | EUR-EURIBOR-Telerate | | | | |
| | | See Article 7.1 (f)(ii) for definition | | | | |
| | | EUR-EONIA-OIS-COMPOUND | Fixed vs. Floating | | 10,970 days | |
| | | See Article 7.1(f) (viii) for definition | | | | |
| | Australian Dollar (AUD) | AUD-BBR-BBSW | Fixed vs. Floating | Single currency | 10,970 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(a) (iv) for definition | Floating vs. Floating | | | |

| Instrument | Acceptable Currencies | Acceptable Indices ⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|--|--|--|-----------------------|-----------------|------------------------|---|
| Vanilla interest rate swaps with constant notional principal | Canadian Dollar (CAD) | AUD-LIBOR-BBA | Fixed vs. Floating | Single currency | 10,970 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(a) (viii) for definition | Floating vs. Floating | | | |
| | CAD-LIBOR-BBA | Floating vs. Floating | | | | |
| | See Article 7.1(b) (viii) for definition | | | | | |
| | CAD-CORRA-OIS-COMPOUND | Floating vs. Floating | | Single currency | 736 days | 0.01-99,999,999,999.99 |
| | See Article 7.1(b) (xii) for definition | | | | | |
| Czech Koruna (CZK) | CZK-PRIBOR-PRBO | FIXED vs. FLOAT | Single currency | 3670 days | 0.01-99,999,999,999.99 | |
| | See Article 7.1r(i) for definition | FLOAT vs. FLOAT | | | | |

| Instrument | Acceptable Currencies | Acceptable Indices ⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|------------|------------------------|---|-----------------------|-----------------|-----------------------|---|
| | Danish Krone (DKK) | DKK-CIBOR-DKNA13 | Fixed vs. Floating | Single currency | 3670 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(e) (i) for definition | Floating vs. Floating | | | |
| | | DKK-CIBOR2-DKNA13 | | | | |
| | | See Article 7.1(e) (ii) for definition | | | | |
| | Hong Kong Dollar (HKD) | HKD-HIBOR-HIBOR= | Fixed vs. Floating | Single currency | 3670 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(g) (ii) for definition | Floating vs. Floating | | | |
| | | HKD-HIBOR-HKAB | | | | |
| | | See Article 7.1(g) (iii) for definition | | | | |
| | | HKD-HIBOR-ISDC | | | | |
| | | See Article 7.1(g) (i) for definition | | | | |
| | Hungarian Forint (HUF) | HUF-BUBOR-Reuters | FIXED vs. FLOAT | Single currency | 3670 days | 1-10,000,000,000,000 |
| | | See Article 7.1r(i) for | FLOAT vs. | | | |

| Instrument | Acceptable Currencies | Acceptable Indices ⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|------------|--------------------------|---|-----------------------|-----------------|-----------------------|---|
| | | definition | FLOAT | | | |
| | Japanese Yen (JPY) | JPY-LIBOR-BBA | Fixed vs. Floating | Single currency | 14620 days | 1-10,000,000,000,000 |
| | | See Article 7.1(l) (iv) for definition | Floating vs. Floating | | | |
| | New Zealand Dollar (NZD) | NZD-BBR-Telerate | Fixed vs. Floating | Single currency | 5495 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(p) (iii) for definition | Floating vs. Floating | | | |
| | New Zealand Dollar (NZD) | NZD-BBR-FRA | Fixed vs. Floating | Single currency | 5495 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(p) (iii) for definition | Floating vs. Floating | | | |
| | Norwegian Krone (NOK) | NOK-NIBOR-NIBR | Fixed vs. Floating | Single currency | 3670 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(q) (i) for definition | Floating vs. Floating | | | |
| | Singapore Dollar (SGD) | SGD-SOR-Reuters | FIXED vs. FLOAT | Single currency | 3670 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(t) (iii) for definition | Floating vs. Floating | | | |

| Instrument | Acceptable Currencies | Acceptable Indices ⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|------------|-----------------------|--|-----------------------|-----------------|-----------------------|---|
| | | SGD-SOR-VWAP | FIXED vs. FLOAT | Single Currency | 3670 days | 0.01-99,999,999,999.99 |
| | | See Procedure 2A.7.12 (v) for definition | Floating vs. Floating | | | |
| | Swedish Krona (SEK) | SEK-STIBOR-SIDE | Fixed vs. Floating | Single currency | 10,970 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(x) (i) for definition | Floating vs. Floating | | | |
| | Swiss Franc (CHF) | CHF-LIBOR-BBA | Fixed vs. Floating | Single currency | 10,970 days | 0.01-99,999,999,999.99 |
| | | See Article 7.1(y) (ii) for definition | | | | |
| | | CHF-TOIS_OIS_COMPOUND | Fixed vs. Floating | Single currency | 736 days | |
| | | See Article 7.1(y) (iv) for definition | Floating vs. Floating | | | |
| | Polish Zloty(PLN) | PLN | FIXED vs. FLOAT | Single currency | 3670 days | 0.01-99,999,999,999.99 |
| | | WIBOR-WIBO | | | | |
| | | See Article 7.1r (i) for definition | FLOAT vs. FLOAT | | | |

| Instrument | Acceptable Currencies | Acceptable Indices ⁶ | Types | | Maximum Residual Term | Notional Amount (Min-Max of the relevant currency unit) |
|------------|--------------------------|-------------------------------------|-----------------|-----------------|-----------------------|---|
| | South African Rand (ZAR) | ZAR | FIXED vs. FLOAT | Single currency | 3670 days | 0.01-99,999,999,999.99 |
| | | JIBAR-SAFEX | | | | |
| | | See Article 7.1v (i) for definition | FLOAT vs. FLOAT | | | |

(b) Variable notional swaps having the characteristics set out in the table below;

| Instrument | Acceptable Currencies | Acceptable Rate Options (as further set out in Article 7.1 of the 2000 ISDA Definitions and Article 7.1 of the 2006 ISDA Definitions) | Types | Single currency | Maximum Residual Term | Notional Amount (Min - Max of the relevant currency unit) |
|------------------------|------------------------------|--|--------------------|------------------------|------------------------------|--|
| Variable Notional Swap | USD | USD-LIBOR-BBA | Interest Rate Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | USD | USD-LIBOR-BBA | Basis Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | USD | USD-LIBOR-BBA | Zero Coupon Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | EUR | EUR-LIBOR-BBA | Interest Rate Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | EUR | EUR-LIBOR-BBA | Basis Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | EUR | EUR-LIBOR-BBA | Zero Coupon Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | EUR | EUR-EURIBOR-REUTERS | Interest Rate Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | EUR | EUR-EURIBOR-REUTERS | Basis Swap | Single currency | 18,275 Days | |

| Instrument | Acceptable Currencies | Acceptable Rate Options (as further set out in Article 7.1 of the 2000 ISDA Definitions and Article 7.1 of the 2006 ISDA Definitions) | Types | Single currency | Maximum Residual Term | Notional Amount (Min - Max of the relevant currency unit) |
|------------------------|-----------------------|---|--------------------|-----------------|-----------------------|---|
| Variable Notional Swap | EUR | EUR-EURIBOR-REUTERS | Zero Coupon Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | GBP | GBP-LIBOR-BBA | Interest Rate Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | GBP | GBP-LIBOR-BBA | Basis Swap | Single currency | 18,275 Days | |
| Variable Notional Swap | GBP | GBP-LIBOR-BBA | Zero Coupon Swap | Single currency | 18,275 Days | |

(c) Forward rate agreements having the characteristics set out in the table below;

| Instrument | Acceptable Currencies | Acceptable Rate Options (as further set out in Section 7.1 of the 2006 ISDA Definitions) | Types | Single currency | Maximum Residual Term | Notional Amount (Min - Max of the relevant currency unit) | FRA Tenors | Minimum and Maximum FRA Terms (Days) |
|------------------------|-----------------------|--|------------------|-----------------|-----------------------|---|--|--------------------------------------|
| Forward Rate Agreement | AUD | AUD-BBR-BBSW | Fixed v floating | Single currency | 740 days | | 1m,2m,3m,4m,5m,6m | Min 25 Max 190 |
| Forward Rate Agreement | AUD | AUD-LIBOR-BBA | Fixed v floating | Single currency | 740 days | | 1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m, 1y | Min 25 Max 375 |
| Forward Rate Agreement | CAD | CAD-BA-CDOR | Fixed v floating | Single currency | 740 days | | 1m,2m,3m, 6m, 1y | Min 25 Max 375 |

| Instrument | Acceptable Currencies | Acceptable Rate Options (as further set out in Section 7.1 of the 2006 ISDA Definitions) | Types | Single currency | Maximum Residual Term | Notional Amount (Min - Max of the relevant currency unit) | FRA Tenors | Minimum and Maximum FRA Terms (Days) |
|------------------------|-----------------------|--|------------------|-----------------|-----------------------|---|---|--------------------------------------|
| Forward Rate Agreement | CAD | CAD-LIBOR-BBA | Fixed v floating | Single currency | 740 days | | 1w,2w,1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m,1y | Min 3 Max 375 |
| Forward Rate Agreement | CHF | CHF-LIBOR-BBA | Fixed v floating | Single currency | 740 days | | 1w,2w,1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m,1y | Min 3 Max 375 |
| Forward Rate Agreement | CZK | CZK-PIBOR-PRBO | Fixed v floating | Single currency | 740 days | | 1w,2w,1m,2m,3m,6m,9m,1y | Min 3 Max 375 |
| Forward Rate Agreement | DKK | DKK-CIBOR2-DKNA13 | Fixed v floating | Single currency | 740 days | | 1w,1m,2m,3m,4m,5m,6m,9m,1y | Min 3 Max 375 |
| Forward Rate Agreement | EUR | EUR-LIBOR-BBA | Fixed v floating | Single currency | 1105 days | | 1w,2w,1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m,1y | Min 3 Max 375 |
| Forward Rate Agreement | EUR | EUR-EURIBOR - REUTERS | Fixed v floating | Single currency | 1105 days | | 1w,2w,1m,2m,3m,6m,9m,1y | Min 3 Max 375 |
| Forward Rate Agreement | GBP | GBP-LIBOR - BBA | Fixed v floating | Single currency | 1105 days | | 1w,2w,1m,2m,3m,4m,5m,6m,7m,8m,9m,10,11m,1y | Min 3 Max 375 |
| Forward Rate Agreement | HUF | HUF-BUBOR-REUTERS | Fixed v floating | Single currency | 740 days | | 1w,2w,1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m,1y | Min 3 Max 375 |
| Forward Rate Agreement | JPY | JPY-LIBOR- | Fixed v floating | Single | 1105 | | 1w,2w,1m,2m,3m | Min 3 |

| Instrument | Acceptable Currencies | Acceptable Rate Options (as further set out in Section 7.1 of the 2006 ISDA Definitions) | Types | Single currency | Maximum Residual Term | Notional Amount (Min - Max of the relevant currency unit) | FRA Tenors | Minimum and Maximum FRA Terms (Days) |
|------------------------|-----------------------|--|------------------|-----------------|-----------------------|---|--|--------------------------------------|
| Agreement | | BBA | floating | currency | days | | m,4m,5m,6m,7m,8m,9m,10m,11m, 1y | Max 375 |
| Forward Rate Agreement | NOK | NOK-NIBOR-NIBR | Fixed v floating | Single currency | 740 days | | 1w, 1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m,1y | Min 3 Max 375 |
| Forward Rate Agreement | NZD | NZD-BBR-FRA | Fixed v floating | Single currency | 740 days | | 1m,2m,3m,4m,5m,6m, | Min 25 Max 190 |
| Forward Rate Agreement | PLN | PLN – WIBOR_W IBO | Fixed v floating | Single currency | 740 days | | 1w,2w 1m, 3m, 6m,9m,1y | Min 3 Max 375 |
| Forward Rate Agreement | SEK | SEK-STIBOR-SIDE | Fixed v floating | Single currency | 740 days | | 1w, 1m,2m,3m, 6m,9m,1y | Min 3 Max 375 |
| Forward Rate Agreement | USD | USD-LIBOR-BBA | Fixed v floating | Single currency | 1105 days | | 1w,2w 1m,2m,3m,4m,5m,6m,7m,8m,9m,10m,11m, 1y | Min 3 Max 375 |
| Forward Rate Agreement | ZAR | ZAR-JIBAR-SAFEX | Fixed v floating | Single currency | 740 days | | 1m, 3m, 6m,9m,1y | Min 3 Max 375 |

2. [Intentionally Omitted]

3. Additional FCM SwapClear Product Eligibility Criteria

3.1 A contract must also meet the following additional criteria to be eligible as an FCM SwapClear Transaction:

(a) Day Count Fractions

(See Article 4.16 of the “Annex to 2000 ISDA Definitions (June 2000 Version)”, and Article 4.16 of the ISDA 2006 Definitions for definition)

- (i) The Clearing House will only accept the following day count fractions for vanilla interest rate swaps with constant notional principal and variable notional swaps. Day Count Fractions are applied to each deal leg independently, as communicated via the affirmed MarkitWire trade detail:

Day Count Fractions using the ISDA 2000 Definitions

| Day Count Fraction | MarkitWire/FpML Code |
|-------------------------------|----------------------|
| 30/360 (or Bond Basis) | 30/360 |
| 30E/360 (or Eurobond Basis) | 30E/360 |
| Actual/360 | ACT/360 |
| Actual/365 (Fixed) | ACT/365.FIXED |
| Actual/365 (or Actual/Actual) | ACT/365.ISDA |
| Actual/Actual (ISMA) | ACT/ACT.ISMA |

Day Count Fractions using the ISDA 2006 Definitions:

| Day Count Fraction | MarkitWire/FpML Code |
|-----------------------------|----------------------|
| 30/360 (or Bond Basis) | 30/360 |
| 30E/360 (or Eurobond Basis) | 30E/360 |
| Actual/360 | ACT/360 |
| Actual/365 (Fixed) | ACT/365.FIXED |
| Actual/Actual | ACT/ACT.ISDA |
| 30E/360 (ISDA) | 30E/360.ISDA |
| Actual/Actual (ICMA) | ACT/ACT.ICMA |

The Clearing House will only accept the following Day Count Fractions for Forward Rate Agreements. Day Count Fractions are applied to each deal leg independently, as communicated via the affirmed MarkitWire trade detail:

Day Count Fractions using the ISDA 2006 Definitions:

| Day Count Fraction | MarkitWire/FpML Code | Currency |
|--------------------|----------------------|---|
| Actual/365 (Fixed) | ACT/365.FIXED | CAD, AUD, NZD, PLN, ZAR, GBP |
| Actual/360 | ACT/360 | USD, EUR, CHF, DKK, JPY, NOK, SEK, CZK, HUF |

| Fraction | SWIFT Code |
|---|------------|
| Actual/365, Actual/Actual (See Article 4.16(b) for definition) | ACT/365 |
| Actual/365 (Fixed) | AFI/365 |

| Fraction | SWIFT Code |
|---|-------------------|
| <i>(See Article 4.16(c) for definition)</i> | |
| Actual/360 | ACT/360 |
| <i>(See Article 4.16(d) for definition)</i> | |
| 30/360,360/360, Bond Basis | 360/360 |
| <i>(See Article 4.16(e) for definition)</i> | |
| 30E/360 | 30E/360 |
| <i>(See Article 4.16(f) for definition)</i> | |

(b) Business Day Conventions

The Business Day Convention specified in the Economic Terms must be one of the following:

Following (see Article 4.12 (i) of the ISDA 2000 Definitions and Article 4.12 (i) of the ISDA 2006 Definitions for definition)

Modified Following (see Article 4.12 (ii) of the ISDA 2000 Definitions and Article 4.12(ii) of the ISDA 2006 Definitions for definition)

Preceding (see Article 4.12 (iii) of the ISDA 2000 Definitions and Article 4.12 (iii) of the ISDA 2006 Definitions for definition)

For vanilla interest rate swaps with constant notional principal SwapClear does not support trades where a different business day convention is used for:

- (i) fixed period end dates and the termination date
- (ii) float period end dates and the termination date

(c) Minimum and Maximum Residual Term of the Trade (Termination date – Today)

Trades in respect of vanilla interest rate swaps with constant notional principal and variable notional swaps are subject to a minimum and maximum Residual Term on the day they are received by SwapClear.

Minimum Residual Term of trade:

Termination date - Today \geq 1 + currency settlement lag

where currency settlement lag is:

1 day for EUR, USD, GBP and CAD denominated trades

2 days for JPY, CHF, AUD, DKK, HKD, NZD, SEK, NOK, PLN, ZAR, SAD, HUF & CZK denominated trades

Maximum Residual Term of trade:

Termination date - Today \leq 3,670 days for DKK, HKD, NZD, NOK, PLN, ZAR, SAD, HUF & CZK (10 years)

Termination date - Today \leq 10,970 days for AUD, CAD, CHF & SEK (30 years)

Termination date – Today \leq 14,620 days for JPY (40 years)

Termination date – Today \leq 18,275 days for GBP, EUR & USD (50 years)

Maximum Residual Term to Maturity for Forward Rate Agreements

The maximum residual term to maturity for forward rate agreements is as follows:

| <u>Currency</u> | <u>Maximum Residual Term to Maturity</u> |
|---|--|
| EUR, JPY, USD, GBP | 1105 days (3 years) |
| AUD, CAD, CHF, DKK, NOK, NZD, PLN, SEK, ZAR, CZK, HUF | 740 days (2 years) |

(d) Designated Maturity

The Designated Maturity must be no less than one month and no more than twelve months. The Clearing House will, excepting stub periods, only accept a Designated Maturity that is a whole calendar month.

(e) Calculation Periods

(See Article 4.13 of the ISDA 2000 Definitions and Article 4.13 of the ISDA 2006 Definitions for definition.)

The Clearing House will only accept non-standard Calculation Periods (“*stub periods*”) at the start and/or the end of a contract.

For variable notional swaps the stub rate should be detailed either as a percentage (*i.e.*, 5.5%), an interpolation (*i.e.*, 1 month / 3 months) or as a designated maturity (*i.e.*, 1 month). Stub Rates within the Final Stub are calculated via interpolation or as a designated maturity.

For interpolated coupons, payment dates must fall between the rolled dates, according to the Modified Following business day convention, of the specified designated maturities. Where this does not occur and extrapolation would be required, SwapClear will reject the trade.

The minimum stub period of a variable notional swap accepted by SwapClear is 1 + Currency Settlement Lag. The minimum stub rate tenor must be \geq 1 week for IRS and basis swap and \geq 1 month for zero coupon swaps.

SwapClear also calculates floating periods subject to 'IMM settlement dates as per ISDA definitions.

(f) Up-Front Fees – Eligibility of FCM SwapClear Transactions

Any up-front fees due under an FCM SwapClear Transaction will form part of the first Variation Margin payment made in connection with such FCM SwapClear Transaction.

FCM SwapClear Transactions with respect to which an FCM Client or an Affiliate is an Executing Party and which are denominated in a One-Day Currency where the up-front fee is due to settle on the day of registration are not eligible for clearing.

FCM SwapClear Transactions with respect to which an FCM Client or an Affiliate is an Executing Party and which are denominated in a Two-Day Currency where the up-front fee is due to settle on the day of registration, or the day following registration, are not eligible for clearing.

A Backloaded Trade will not be eligible for clearing and will be rejected upon presentation in the event that it is presented after a Backload Registration Cycle and as a result would be 'parked' for registration until the following Business Day and as a result of being 'parked' it would no longer be eligible for clearing under these criteria.

For the purposes of this paragraph (f):

"One-Day Currency" means GBP, USD, CAD or EUR.

"Two-Day Currency" means any other eligible currency.

SCHEDULE B – FCM FOREXCLEAR CONTRACT TERMS AND PRODUCT ELIGIBILITY CRITERIA**Part A****FCM ForexClear Contract Terms**

The terms of a registered FCM ForexClear Contract shall include these FCM ForexClear Contract Terms which shall comprise:

- (1) Interpretation;
- (2) Economic Terms; and
- (3) Standard Terms, being both the:
 - A. Specific Standard Terms; and
 - B. General Standard Terms

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM ForexClear Contract Terms applicable to an FCM ForexClear Contract to calculate the amounts due under the FCM ForexClear Contract to, or from, the Clearing House in accordance with the FCM Procedures.

1. Interpretation (“Interpretation”)

- 1.1 “ISDA Definitions” means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by the International Swaps and Derivatives Association, Inc. (“ISDA”), the Emerging Markets Trade Association (“EMTA”) and The Foreign Exchange Committee (“FXC”) and the same are incorporated by reference herein.
- 1.2 Words and expressions used in these FCM ForexClear Contract Terms which are not defined in the FCM Regulations and the FCM Procedures but which are defined in the ISDA Definitions shall bear the same meaning herein as in the ISDA Definitions, unless expressly provided otherwise.
- 1.3 In the event of an inconsistency, the FCM Regulations and the FCM Procedures will prevail over the ISDA Definitions.
- 1.4 References in the ISDA Definitions to an “FX Transaction” shall be deemed to be references to an “FCM ForexClear Transaction” for the purposes of the FCM ForexClear Service.
- 1.5 Except where expressly stated otherwise, all reference to “Sections” means Sections in the ISDA Definitions.
- 1.6 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the FCM ForexClear Clearing Members, give directions as to whether such amendment shall apply to FCM ForexClear Contracts with immediate effect or

with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to FCM ForexClear Contracts that have a Trade Date that falls on or after the effective date of such amendment).

- 1.7 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to FCM ForexClear Contracts going forward, these FCM ForexClear Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with FCM ForexClear Contracts registered in an FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- 1.8 The accidental omission to give notice under this provision to, or the non-receipt of notice under 1.6 or 1.7 above by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. Economic Terms

2.1 The Economic Terms of an FCM ForexClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ForexClear Transaction.

2.2 The particulars of an FCM ForexClear Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates:

- (1) Trade Date (Section 1.25)
- (2) Forward Rate (Section 2.1(a))
- (3) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
- (4) Reference Currency Buyer (Section 1.20)
- (5) Reference Currency Seller (Section 1.22)
- (6) scheduled Settlement Date (Section 1.24) (without prejudice to the adjustments set out in the relevant EMTA Template)
- (7) Scheduled Valuation Date (Section 1.16(f)) (without prejudice to the adjustments set out in the relevant EMTA Template).

2.3 However, as set out more particularly in FCM Regulation 40, where the FCM ForexClear Transaction specifies an FCM ForexClear Clearing Member as the Reference Currency Seller, with the other FCM ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each FCM ForexClear Contract to which it is party pursuant to the corresponding FCM ForexClear Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such FCM ForexClear Contract, respectively.

3. Specific Standard Terms ("Specific Standard Terms")

The following terms are designated as Specific Standard Terms of a registered FCM ForexClear Contract:

- 3.1 The EMTA template for Non-Deliverable FX Transactions appropriate to the particular Currency Pair (in effect and as posted on the website of EMTA (www.emta.org or any successor website on the relevant Trade Date) (each an "EMTA Template")), governs the terms of an FCM ForexClear Contract relating to such Currency Pair, other than the Economic Terms set out in Part 2 above and the Specific Standard Terms and the General Standard Terms set out in this Part 3. For the avoidance of doubt, each EMTA Template shall be deemed to exclude the EMTA Template Terms for Non-Deliverable Cross-Currency FX Transactions published by EMTA on 31 May 2011.
- 3.2 In the format "Reference Currency – Settlement Currency", the Currency Pairs are
- (1) BRL-USD
 - (2) CLP-USD
 - (3) CNY-USD
 - (4) INR-USD
 - (5) KRW-USD
 - (6) RUB-USD
 - (7) COP-USD
 - (8) IDR-USD
 - (9) MYR-USD
 - (10) PHP-USD
 - (11) TWD-USD
- 3.3 Certain Specific Standard Terms of each FCM ForexClear Contract are not provided in the EMTA Templates, but the parties to the corresponding FCM ForexClear Transaction will be required to accept the Specific Standard Terms set out below in each FCM ForexClear Contract:
- (1) Date of Annex A (Section 4.2):
Annex A to the ISDA Definitions is incorporated as amended as at the Trade Date.
 - (2) Reference Currency (Section 1.19):
To be determined by using the EMTA Template appropriate to the particular Currency Pair.
Calculation Agent (Section 1.3):
 - (3) The Clearing House is the Calculation Agent.
- 3.4 If the terms of an EMTA Template conflict with these FCM ForexClear Contract Terms, these FCM ForexClear Contract Terms shall prevail. If the terms of an EMTA

Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

4. General Standard Terms (“General Standard Terms”)

The following terms are designated as General Standard Terms of a registered FCM ForexClear Contract:

4.1 Business Days

For the purposes of determining the Settlement Date only, in addition to the Business Days for the Principal Financial Centers for the Currency Pair specified in the relevant Economic Terms, the Business Days specified in the SwapsMonitor Financial Calendar as published by Swaps Monitor Publications, Inc. (as further detailed in the FCM Procedures) from time to time, will apply to an FCM ForexClear Contract.

4.2 Withholding Tax Provisions

4.2.1 All payments due under an FCM ForexClear Contract shall be made by the FCM ForexClear Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the FCM ForexClear Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

4.2.2 All payments due under an FCM ForexClear Contract shall be made by the Clearing House free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the Clearing House, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the FCM ForexClear Clearing Member receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

4.3 Payment of Stamp Tax

Each FCM ForexClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any FCM ForexClear Contract to which it is a party by a jurisdiction in which it is incorporated, organized, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located or by any other jurisdiction, and will indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House by any such jurisdiction in respect of any FCM ForexClear Contract registered by the Clearing House and to which that FCM ForexClear Clearing Member is a party.

4.4 Payments under an FCM ForexClear Contract

Payments under, and in respect of, an FCM ForexClear Contract shall be calculated by the Clearing House and shall be made by, or to, the FCM ForexClear Clearing Member in accordance with the provisions of the FCM Procedures.

4.5 **FCM Regulations**

An FCM ForexClear Contract shall be subject to the FCM Regulations and the FCM Procedures, which shall form a part of its terms. In the event of any inconsistency between these FCM ForexClear Contract Terms and the FCM Regulations and/or the FCM Procedures, the FCM Regulations and the FCM Procedures will prevail.

4.6 **Governing Law**

Each FCM ForexClear Contract, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with the laws of the State of New York in the United States of America without regard to principles of conflicts of laws and the parties hereby irrevocably agree for the benefit of the Clearing House that (i) the courts of the State of New York, Borough of Manhattan in the United States of Americas, (ii) the United States District Court for the Southern District of New York, or (iii) the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise herefrom. The FCM ForexClear Clearing Member party hereto irrevocably submits to such jurisdiction and agrees to waive any objection it might otherwise have to such jurisdiction, save that this submission to the exclusive jurisdiction of the courts of the State of New York, Borough of Manhattan in the United States of Americas, the United states District Court for the Southern District of New York or the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

4.7 **Third Party Rights**

A person who is not a party to this FCM ForexClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this FCM ForexClear Contract are expressly excluded.

Part B**Registration of an FCM ForexClear Contract - Product Eligibility Criteria****1. Registration of an FCM ForexClear Contract**

Without prejudice to the FCM Regulations and the FCM Procedures, the Clearing House will only register an FCM ForexClear Contract pursuant to receipt of particulars of a transaction where at the time of the particulars being presented:

- (a) the transaction meets the Product Eligibility Criteria set out in paragraph 2 below for an FCM ForexClear Transaction;
- (b) each party to the transaction is an Executing Party; and
- (c) the FCM ForexClear Clearing Member in whose name the FCM ForexClear Contract is to be registered has not been declared a defaulter by the Clearing House.

and the requirements of Paragraph 1(a), (b) and (c) above continue to be satisfied at the Registration Time.

2. FCM ForexClear Product Eligibility Criteria for an FCM ForexClear Contract

| | |
|---------------------------|---|
| Instrument | Non-Deliverable FX Transaction |
| Economic Terms | The transaction particulars submitted to the Clearing House specify all the Economic Terms. |
| Reference Currency | One of |
| | 1. BRL – Brazilian Real, |
| | 2. RUB – Russian Rouble, |
| | 3. INR – Indian Rupee, |
| | 4. CLP – Chilean Peso, |
| | 5. CNY – Chinese Yuan, |
| | 6. KRW – South Korean Won, |
| | 7. COP – Colombian Peso, |
| | 8. IDR – Indonesian Rupiah, |
| | 9. MYR – Malaysian Ringgit, |
| | 10. PHP – Philippine Peso, or |
| | 11. TWD – Taiwan Dollar. |
| Valuation Date | A valid Business Day for the Currency Pair to which the FCM ForexClear Transaction relates and determined as set out in the relevant EMTA Template for the Currency Pair. |
| Settlement Date | A date falling: |
| | A. not earlier than the date falling three business days |

| | |
|----------------------------|---|
| | immediately following the Submission Date; and |
| | B. not later than the date falling two calendar years plus two business days immediately following the Submission Date, provided that in each case such date shall be, with respect to the Currency Pair to which the FCM ForexClear Transaction relates: (i) a valid Business Day, (ii) a date falling the Number of Business Days (as defined in the FCM Procedures) following the Valuation Date and (iii) determined as set out in the relevant EMTA Template |
| Settlement Type | Non-Deliverable |
| Settlement Currency | USD |
| Calculation Agent | The Clearing House |

SCHEDULE C – FCM ENCLEAR CONTRACT TERMS AND PRODUCT ELIGIBILITY CRITERIA**Part A****FCM EnClear Contract Terms**

Where an FCM EnClear Contract arises between the Clearing House and an FCM Clearing Member pursuant to the FCM Rulebook and the terms of any agreement between them, the terms of a registered FCM EnClear Contract shall include these FCM EnClear Contract Terms (these “Contract Terms”) which shall comprise:

- (1) Interpretation and Definitions;
- (2) Economic Terms;
- (3) Specific Standard Terms*; and
- (4) General Standard Terms

Section 1 Interpretation and Definitions: General

- 1.1 [This section has been removed.]
- 1.2 Words and expressions used in these FCM EnClear Contract Terms shall have the same meaning as in the “FCM Rulebook” of the Clearing House (as defined in the Clearing House’s “FCM Regulations”).
- 1.3 The accidental omission to give any notice which may be required under the FCM Rulebook for the amendment of these Contract Terms, or the non-receipt of any such notice by any FCM Clearing Member shall not invalidate the amendment with which such notice is concerned.
- 1.4 In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.
- 1.5 Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the relevant FCM EnClear Contract Terms applicable to an FCM EnClear Contract to calculate the amounts due under the FCM EnClear Contract to, or from, the Clearing House in accordance with the FCM Procedures.
- 1.6 Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the relevant FCM EnClear Contract Terms applicable to an FCM EnClear Contract to calculate the amounts due under the FCM EnClear Contract to, or from, the Clearing House in accordance with the FCM Procedures.
- 1.7 “US Business Day” means a day upon which banks in the United States of America are generally open to settle payments and for general business. “UK Business Day” means a day upon which banks in England and Wales are generally open to settle payments and for general business.

Section 2 Economic Terms

- 2.1 The Economic Terms of an FCM EnClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM EnClear Transaction in respect of the terms designated as Economic Terms in this Schedule.

- 2.2 It is part of the eligibility criteria for registration as an FCM EnClear Contract that the particulars of an FCM EnClear Transaction presented to the Clearing House must include matched information in respect of all such designated Economic Terms with the exception of 2.3(viii) which will be determined in accordance with the FCM Procedures.
- 2.3 The Economic Terms comprise:
- (a) Fixed Rate Payer or seller;
 - (b) Floating Rate Payer or buyer;
 - (c) Contract;
 - (d) Contract Series;
 - (e) Quantity;
 - (f) Delivery Period (where applicable);
 - (g) Fixed Price or Traded Price (as the case may be);
 - (h) Floating Price (where applicable).

PROVIDED, however, that, as set out in FCM Regulation 50 where the FCM EnClear Transaction specifies an FCM Clearing Member as the party paying the Fixed Price or being the seller (“the First EnClear Clearing Member”) with the other FCM Clearing Member (or LCH EnClear OTC Clearing Member, as the case may be) as the party paying the Floating Price or being the buyer (“the Second EnClear Clearing Member”) the Clearing House, in respect of each FCM EnClear Contract it is party to pursuant to the corresponding FCM EnClear Transaction, shall be (i) the party paying the Floating Price or the buyer to the First EnClear Clearing Member under the FCM EnClear Contract; and (ii) the party paying the Fixed Price or seller to the Second EnClear Clearing Member under the FCM EnClear Contract.

Section 3 Specific Standard Terms For FCM EnClear Contracts

[Sections 3.1 and 3.2 no longer in force]

3.3 LCH EnClear OTC Services: Energy Division

[Section 3.3 not applicable to the FCM EnClear Service]

3.4 LCH EnClear OTC Services: Freight Division

Section 3.4 of Part A of the Schedule to the LCH EnClear OTC Regulations in the UK General Regulations is incorporated herein by reference; provided, that for purposes of the FCM Regulations, (i) references therein to LCH EnClear OTC Contracts shall instead be to FCM EnClear Contracts and (ii) references therein to an Eligible OTC Trade shall instead be to an FCM EnClear Transaction.

3.5 LCH EnClear OTC Services: Precious Metals Division

[Section 3.5 not applicable to the FCM EnClear Service]

Section 4 General Standard Terms

4A. The following General Standard Terms apply to all FCM EnClear Contracts:

4.A.1 Payment of Stamp Tax and Other Taxes

- (a) All payments due under an FCM EnClear Contract shall be made by the FCM Clearing Member free and clear and without deduction or withholding for or on account of any tax.
- (b) The Clearing House shall make any payments due to an FCM Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.
- (c) The FCM Clearing Member shall indemnify the Clearing House against any Stamp Tax or other duty or tax levied or imposed upon the Clearing House in whatsoever jurisdiction in respect of the Clearing House's execution or performance of this FCM EnClear Contract.

4.A.2 Payment of Stamp Tax

The FCM Clearing Member will pay any Stamp Tax or other similar duty levied or imposed upon it in respect of any FCM EnClear Contract to which it is a party by a jurisdiction in which it is incorporated, organized, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located or by any other jurisdiction.

The FCM Clearing Member shall indemnify the Clearing House against any stamp tax or other duty levied or imposed upon the Clearing House by any such jurisdiction in respect of any FCM EnClear Contract registered by the Clearing House and to which that FCM Clearing Member is a party.

4.A.3 Payments under an FCM EnClear Contract

The Clearing House shall, unless specified otherwise in the FCM Procedures, effect daily settlement to market of open FCM EnClear Contracts in accordance with the FCM Regulations. Any Reference Price shall be determined in accordance with the FCM Regulations and the FCM Procedures.

Payments under, and in respect of, an FCM EnClear Contract shall be calculated by the Clearing House and shall be made by, or to, the FCM Clearing Member in accordance with the provisions of the FCM Regulations and the FCM Procedures.

4.A.4 FCM Regulations

This FCM EnClear Contract shall be subject to the FCM Regulations and the FCM Procedures, which shall form a part of its terms. In the event of any inconsistency between these FCM EnClear Contract Terms and the FCM Regulations and/or the FCM Procedures, the FCM Regulations and the FCM Procedures will prevail.

4.A.5 **Governing Law**

This FCM EnClear Contract shall be governed by and construed in accordance with the laws of the State of New York in the United States of America without regard to principles of conflicts of laws and the parties hereby irrevocably agree for the benefit of the Clearing House that (i) the courts of the State of New York, Borough of Manhattan in the United States of Americas, (ii) the United States District Court for the Southern District of New York, or (iii) the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise herefrom. The FCM Clearing Member party to this FCM EnClear Contract irrevocably submits to such jurisdiction and to waive any objection it might otherwise have to such jurisdiction, save that this submission to the exclusive jurisdiction of the courts of the State of New York, Borough of Manhattan in the United States of Americas, the United states District Court for the Southern District of New York or the courts of England and Wales shall not (and shall not be construed so as to) limit the right of the Clearing House to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the Clearing House from taking action in any other jurisdiction, whether concurrently or not.

4.A.6 **Third Party Rights**

A person who is not a party to this FCM EnClear Contract shall have no rights under or in respect of this FCM EnClear Contract. Rights of third parties to enforce any terms of this FCM EnClear Contract are expressly excluded.

4B. [Section 4B not applicable to the FCM EnClear Service]

4C. The following Standard Terms apply only in respect of FCM EnClear Contracts arising from FCM EnClear Transactions (Freight Division):

4C.1 **Unavailability of any Reference Price**

In the event that the Clearing House is unable, after exercising all reasonable commercial diligence, to obtain any relevant Reference Price on any day, the Clearing House may use a price as provided by a panel formed by the Forward Freight Agreement Brokers Association or other applicable provider designated by the Clearing House.

4.C.2 **Calculation Agent**

The Calculation Agent is the Clearing House.

4.C.3 **Change in Route**

In the event of a change in a route, the successor reference price as published by the Baltic Exchange or other applicable provider designated by the Clearing House shall be applicable.

Part B

Product Eligibility Criteria for Registration of an FCM EnClear Contract

1. FCM EnClear Transactions

(a)

1.2 FCM EnClear Product Eligibility Criteria for FCM EnClear Transactions

1.2.1 [This section has been removed]

1.2.2 [This section has been removed]

1.2.3 Product Eligibility Criteria for FCM EnClear Transactions in the Freight Division

The parts of Section 1.2.3 of Part B of the Schedule to the LCH EnClear OTC Regulations in the UK General Regulations relating to the Freight Division are incorporated herein by reference; provided, that for purposes of the FCM Regulations, (i) references therein to LCH EnClear OTC Contracts shall instead be to FCM EnClear Contracts and (ii) references therein to an Eligible OTC Trade shall instead be to an FCM EnClear Transaction.