LCH.CLEARNET

Mr David A Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Washington DC 20581

25 September 2012

Dear Mr Stawick

Please find enclosed a submission to the Commodity Futures Trading Commission by LCH.Clearnet Limited under the procedure set out in 17 CFR Section 40.6 for the self-certification of rules.

Should you have any questions regarding this submission please contact me on +44-207-426-7285 or at jay.iyer@lchclearnet.com.

Yours sincerely

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SUBMISSION OF AMENDMENTS TO THE CLEARINGHOUSE RULES

TO THE

COMMODITY FUTURES TRADING COMMISSION

SUBMITTED BY

LCH.Clearnet Limited
an English limited company

FILING AS A REGISTERED DERIVATIVES CLEARING ORGANIZATION

Pursuant to Commission Regulation § 40.6

Submission of Amendments to the Clearing House Procedures:

- **FCM Regulations**
- **FCM Procedures**
- **Default Rules**
- **Default Fund Rules**
- **General Regulations**
- **Section 2G Procedures**

Submitted: September 25, 2012

LCH.CLEARNET LIMITED SELF-CERTIFICATION OF AMENDMENTS TO RULES TO IMPLEMENT FCM CLEARING FOR NON-DELIVERABLE FORWARDS

LCH.Clearnet Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC Regulation §40.6, amendments to LCH.Clearnet's Rulebook. The amended Rulebook will be implemented and become effective on October 12, 2012.

Part I: Explanation and Analysis

The operation, purpose and effect of the amendments to the Rulebook is to introduce a client clearing service for the US market to further expand LCH.Clearnet's coverage and services in OTC Energy, Freight and Power clearing, utilising the services EnClear and Nodal. The EnClear and Nodal client clearing service has been designed to allow clients of Futures Commission Merchants (FCMs) to have access to the respect services.
The EnClear and Nodal client clearing model described in this document is based on SwapClear's current FCM model adopted for US-based client clearing.

In light of new US Dodd-Frank rules due to take effect on 8th November 2012, which will require amendments to LCH.Clearnet's existing US FCM model in relation to segregation of client assets, EnClear and Nodal (and SwapClear and ForexClear) will be required to further amend its US FCM model prior to November 2012 to ensure regulatory compliance. These amendments will be self certified to the CFTC in due course.

The EnClear and Nodal client clearing service will share the same operational infrastructure, operating hours and product coverage of the existing EnClear and Nodal General Clearing service.

Participation by FCMs as clearing members in LCH.Clearnet is governed by a set of New York law governed FCM Regulations and FCM Procedures, separate to the English law governed UK General Regulations.

Differences to the existing SwapClear FCM service

The client clearing aspects of the proposed EnClear FCM and Nodal FCM service are designed to follow the existing SwapClear FCM service closely. Amendments have been made to the FCM Regulations to segregate FCM Nodal Contracts in acknowledgement that their status as Swap Contracts is uncertain. In summary, the amendments:

- separate FCM EnClear and FCM Nodal into separate accounts (rather than combined as "general business" previously);
- require the actual physical separation of the Nodal customer accounts (both at the FCM and LCH level) from all other account types. In particular, Nodal customer account types and Nodal customer
- Nodal contracts on a combined basis: see FCM Regulation 4(g), for example.
- collateral must be segregated both on the books and in different physical accounts.
- eliminate net margining of FCM EnClear contracts and FCM

Membership criteria

The membership criteria for EnClear and Nodal FCMs will follow the membership criteria for SwapClear FCMs, which are set out at FCM Regulation 3. In summary, an applicant for EnClear or Nodal FCM membership status must:

- be registered with the CFTC as an FCM;
- be incorporated in a US state;
- have a net capital of US$50 million or more;
- have evidenced the operational and technical capabilities required by LCH.Clearnet;
- have, within its corporate group, at least one banking, credit or investment institution licensed in the US or an EU member state, or an equivalent in another jurisdiction;
- complete all relevant documentation; and
- complete all necessary testing and training as required by LCH.Clearnet.

EnClear or Nodal places no access criteria upon clients of FCMs. FCMs are free to take on the business of clients based on their own due diligence and analysis and become responsible for the performance of the trades upon registration.
LCH.Clearnet will record each client trade received in an FCM's Client account in the name of the underlying counterparty to the trade. However, LCH.Clearnet will have no direct relationship with the clients of FCMs.

Arrangements for holding client business

EnClear and Nodal FCMs are set up with two main account types:

- **House Account (H)** – holds proprietary business. Under the FCM Regulations, an FCM is permitted to clear for affiliates through its proprietary accounts.
- **Client Account (C)** – holds client business. Each Client account can have multiple sub-client accounts whose liabilities will be aggregated and reported at the level of the Client account, and will be a separate obligation from the House Account liability. Client positions will be registered in the name of the underlying client. A client can have relationships with more than one EnClear or Nodal FCM.

Currently, the US FCM regulations allow for a Gross Omnibus client account structure, with an LSOC (Legally Segregated, Operationally Comingled) account structure to be mandatory by 8th November 2012.

Collateral
All Nodal client collateral will be in a separate omnibus account and furthermore, will require the actual physical separation of the Nodal customer accounts (both at the FCM and LCH level) from all other account types. In particular, Nodal customer account types and Nodal customer collateral must be segregated both on the books and in different physical accounts.

All EnClear client collateral (including excess collateral) will be in a separate EnClear omnibus account. However, this can be used to cover the loss of any client in the same Business Category in the event of an FCM default. Client collateral cannot be used to cover losses in

the House Account, and can only be used to cover the Client account losses in another Business Category (ie FCM SwapClear, FCM ForexClear, or FCM EnClear) where caused by the failure of the same client – see below.

In the case of a BAU client porting, clients will initiate a portfolio transfer via a manual instruction. The transfer will have the same effect as an unwind against the outgoing account and new trade positions against the incoming account. Both activities will be processed within a single margin run and will only register as cleared when sufficient margin has been pledged. Collateral release to the outgoing FCM will not take place until sufficient collateral has been provided by the incoming FCM.

Risk management

Risk management for EnClear or Nodal FCM does not present novel risk issues.

LCH.Clearnet will be porting US clients related to the Nodal and EnClear business from the existing GCMs to new FCMs.

There is no change to the margin methodology. The margin model remains the same until the LSOC solution is delivered so that client margin is calculated gross.

Under CFTC regulations, FCMs are required to collect initial margin from their customers, for non-hedge positions, at a level that is greater than 100 percent of LCH.Clearnet's usual initial margin requirements. The initial published rate will be 10% above the usual requirement. FCMs will not be required to pay this additional margin to LCH.Clearnet but rather use it as a cushion in relation to future adverse market movements.

Size and composition of default fund

There is a minor change to Default Fund, which clarifies the calculation of net sums under the default rule.

Description of changes to rules

In summary, the following changes have been made to legal documentation.

FCM Regulations

The original FCM Regulations were SwapClear and ForexClear specific. To facilitate the addition of EnClear and Nodal (and any future services), the structure of the FCM Regulations has been changed to mirror more closely the structure of the UK General Regulations. That is, there is a set of generic regulations (FCM Regulations 1 to 26) that are applicable to all services, followed by a series of chapters applicable to SwapClear (FCM Regulations 30 to 33) and ForexClear (FCM Regulations 40 to 43). EnClear (FCM Regulations 50 to 53), and Nodal (FCM Regulations 60 – 64).

The EnClear and separately Nodal FCM Regulations largely mirror the EnClear and Nodal Regulations in the UK General Regulations, save for FCM-specific provisions. The FCM-specific provisions follow the pre-existing SwapClear FCM Regulations, save that:

FCM Procedures

As with the FCM Regulations, the FCM Procedures have been amended to enable the insertion of procedures for EnClear and Nodal. Minor amendments have been inserted into Section 1 (Membership), the addition of a new Section 2C (EnClear), and 2D (Nodal).

The new FCM Procedures Section 2C largely mirrors Section 2E of the UK Procedures, except for FCM specific amendments (particularly relating to accounts) that have been imported from the existing SwapClear model. Section 2D largely mirrors the pre-existing Section 2G of the UK Procedures, which will be deleted. Cross-referencing has been written into the new Section 2D for those Nodal CMs who remain covered by the UK rulebook (i.e. doing House business only). Other specific amendments for Section 2D relate to accounts.

Default Rules

There are minor amendments to the body of the Default Rules, specifically section 10 amended to reflect the revised omnibus account structure for Nodal and EnClear.

Default Fund Rules

There is a minor amendment to the Default Fund Rules.

UK General Regulations

There are consequential amendments to the UK General Regulations to amend the definitions and cross-references.

Part II: Certification by LCH.Clearnet

LCH.Clearnet certifies to the CFTC, in accordance with CFTC Regulation §40.6, that the amendments to its rules comply with the Commodity Exchange Act and the CFTC Regulations promulgated thereunder. In addition, LCH.Clearnet certifies that LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at
http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp
A signed certification is attached to this submission as Exhibit B.

Part III: Compliance with Core Principles

LCH.Clearnet complies, and will continue to comply, with all of the Core Principles.

Part IV: Opposing Views

There were no opposing views expressed to LCH.Clearnet by governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated into the rule.

Exhibit A-1
FCM Regulations
See Attached

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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~~ nor do they cover clearing services provided by~~, LCH.Clearnet SA or any other affiliates of LCH.Clearnet Group, Ltd, all of which are governed by ~~a~~ separate sets of rules.

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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 Assets - Means all cover, cash, margin, securities, receivables, rights, intangibles and any other collateral or assets deposited with or transferred to an FCM Clearing Member~~,~~ by its FCM Clients and deposited with or transferred to the Clearing House by ~~an~~such FCM Clearing Member~~, if applicable~~, in connection with ~~an account~~the accounts carried by such FCM Clearing Member on behalf of ~~an~~its FCM Clients, as cover for and in respect of the clearing of FCM Contracts for such FCM Clients.

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 proprietary account pursuant to CFTC Regulation 1.3(y) (or any such successor or replacement regulation).

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.

Auction Portfolio - Has the meaning assigned to it in ~~either (i)~~ the SwapClear DMP Annex of the Default Rules~~ or (ii) the ForexClear DMP Annes of the Default Rules, as applicable~~.

Business Category of FCM Contract - Means ~~the categories~~a category of ~~FCM Contracts~~one or more Products which the Clearing House treats as separate from other ~~categories of FCM Contracts~~Products for purposes of calculating the amount of cover owed by an FCM Clearing Member (as set forth in the FCM Procedures) ~~with~~in respect ~~to such~~of the FCM Contracts in each such categor~~ies,~~y 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 "*SwapClear Business Category*"), (2) FCM EnClear Contract (referred to in the FCM Rulebook as the "*EnClear Business Category*") and (~~2)~~ 3) FCM ~~ForexClear~~Nodal Contracts~~.~~ (referred to in the FCM Rulebook as the "*Nodal Business Category*").

Business Day - Means, in respect of an FCM Contract (except where specified otherwise in the relevant FCM SwapClear Contract Terms~~ or the FCM ForexClear~~, 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.

Carrying FCM Clearing Member - Means an FCM Clearing Member carrying an account for an FCM Client, and in respect of which the FCM Contracts and Account Assets held in such account may be transferred to a Receiving FCM Clearing Member pursuant to FCM Regulation 8 ~~of these FCM Regulations~~ and in accordance with the FCM Procedures.

CEA - Means the U.S. Commodity Exchange Act.

CFTC - Means the U.S. Commodity Futures Trading Commission.

CFTC Regulations - Means the rules and regulations promulgated by the CFTC.

Cleared Swap - Means "Cleared Swap" as such term is defined in CFTC Regulation 22.1~~ (which, for the avoidance of doubt, shall for the purposes of the FCM Rulebook be deemed to include FCM Contracts)~~.

Cleared Swaps Account Class - Means the account class for cleared swaps accounts (as defined in CFTC Regulations 190.01(a)(i) and 190.01(pp)) for purposes of Part 190 of the CFTC Regulations and Section 4d(f) of the CEA.

Clearing House - Means LCH.Clearnet Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.

Closing-out Contract - 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.

Contribution - Means, in relation to the Default Fund Rules, the meaning assigned to it in rule 17 of the Default Fund Rules.

cover - Means an amount determined by the Clearing House of cash or, with the approval of the Clearing House, security in a currency and a form acceptable to the Clearing House as prescribed by the FCM Procedures.

defaulter - Has the meaning ~~attributed~~assigned to it in rule 4 of the Default Rules.

Default Fund Rules	-	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.
Economic Terms	-	Means that part of the FCM SwapClear Contract Terms or the FCM ~~Forex~~EnClear Contract Terms designated as Economic Terms by the Clearing House from time to time.
Exchange	-	Means an organization (whether an exchange, association, company or otherwise) responsible for administering a futures, options, stock or other market, to which the Clearing House provides FCM Clearing Services.
exchange contract	-	Means a class of contract (1) on the terms published from time to time by an Exchange and permitted to be made by a member of such Exchange on the market administered by that Exchange or otherwise in accordance with Exchange Rules, or (2) eligible for submission to the Clearing House for registration pursuant to the Exchange Rules. For the purposes of these Regulations "exchange contract" shall not include any class of contract capable of being made on the London Stock Exchange.
Exchange Rules	-	Means the rules, regulations, administrative procedures, Memorandum and Articles of Association or 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 cover delivered to the Clearing House by an FCM Clearing Member in respect of its FCM Contracts which is in excess of the Required Margin in respect of such FCM Contracts.
Executing Party	-	~~Means any party to a swap transaction with respect to which at least one party to such transaction applies to have its side of such transaction registered with the Clearing House (through its FCM Clearing Member or on its own behalf as an FCM Clearing Member, as applicable) as an FCM Contract, and the other party to such transaction applies to have its side of such transaction registered with the Clearing House either as an FCM Contract (through its FCM Clearing Member or on its own behalf as an FCM Clearing Member, as applicable) or as a Non-FCM Contract (through its Non-FCM Clearing Member or on its own behalf as a Non-FCM Clearing Member, as applicable), as the case may~~

		~~be.~~Means each person described as a party to an FCM Transaction in the details submitted to the Clearing House via the relevant FCM Approved Trade Source System.
FCM	-	Means a futures commission merchant, as defined under the CEA that is registered in such capacity with the CFTC.
FCM Approved Trade Source System	-	Means a system or facility, such as an Exchange, a clearing house, a swap execution facility, a designated contract market or other similar venue, approved by the Clearing House for executing FCM ~~SwapClear~~ Transactions~~,~~ and/or submitting or presenting such FCM ~~ForexClear~~ Transactions~~,~~ to the Clearing House. For the avoidance of doubt, the "SwapClear API" is not an FCM ~~EnClear Transactions or FCM Nodal Transactions, as applicable, by the Clearing House~~Approved Trade Source System.
~~*FCM Clearing End-User Notice*~~	~~-~~	~~Means the "FCM Clearing End-User Notice" as specified by the Clearing House from time to time and as published by the Clearing House on its website or otherwise.~~
FCM Clearing Member	-	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.
FCM Clearing Membership Agreement	-	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.
FCM Clearing Services	-	Means the FCM SwapClear Clearing Services, the FCM EnClear Clearing Services and the FCM ~~ForexClear~~Nodal Clearing Services, collectively.
FCM Client	-	Means a client of an FCM Clearing Member (but not including Affiliates of such FCM Clearing Member) with positions in Cleared Swaps~~,~~ (including FCM Contracts~~,~~) or in FCM Nodal Contracts on behalf of which the FCM Clearing Member provides FCM Clearing Services and clears FCM Contracts; provided, that any such client is only an FCM Client with respect to its positions in Cleared Swaps and/or FCM Nodal Contracts.
FCM Client Business	-	Means the provision of FCM Clearing Services by an FCM Clearing Member to its FCM Clients.

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FCM Contract	-	Means an FCM SwapClear Contract, an FCM EnClear Contract or an FCM ~~ForexClear~~Nodal Contract. "*FCM Contracts*" means FCM SwapClear Contracts, FCM EnClear Contracts and FCM ~~ForexClear~~Nodal Contracts, collectively.
FCM Contract Terms	-	Means the FCM SwapClear Contract Terms, the FCM EnClear Contract Terms and the FCM ~~ForexClear~~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 Default Management Process Agreement~~FCM EnClear Clearing Services	-	Means ~~an agreement entered into between~~ the ~~Clearing House and~~services provided by an FCM Clearing Member~~, pertaining to the Clearing House's default management process~~ in connection with FCM EnClear Contracts cleared on behalf of its FCM Clients or its Affiliates, as the case ~~of a default of an FCM Clearing Member or a Non-FCM Clearing Member~~may be.
FCM ~~Forex~~EnClear 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 ~~Forex~~EnClear Transactions and register FCM ~~Forex~~EnClear Contracts.
FCM EnClear 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 EnClear Contract Terms, and which is governed by these FCM Regulations.
FCM EnClear Contract Terms	-	Means the terms applicable to each FCM EnClear Contract as set out from time to time in the FCM Regulations.
FCM EnClear 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 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.
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 ~~ForexClear~~Nodal Clearing Services	-	Means the services provided by an FCM Clearing Member in connection with FCM ~~ForexClear~~Nodal Contracts cleared on behalf of its FCM Clients or its Affiliates, as the case may be.

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FCM ~~ForexClear~~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 ~~ForexClear~~Nodal Contract Terms, and which is governed by these FCM Regulations.
FCM ~~ForexClear~~Nodal Contract Terms	-	Means ~~the terms applicable to each FCM ForexClear~~"Nodal Contract Terms" as ~~set out from time to time~~such term is defined in the ~~FCM~~UK General Regulations.
FCM ~~ForexClear~~Nodal Transaction	-	~~Means any transaction entered into between two Executing Parties~~Means any contract in a Nodal Eligible Derivative Product arising or registered on a Nodal Trading Facility and meeting the requirements of the FCM Regulations and the FCM Procedures, for purposes of having at least one side of such transaction registered with the Clearing House as an FCM ~~ForexClear~~Nodal Contract, and the other side of such transaction registered with the Clearing House as either an FCM ~~ForexClear~~Nodal Contract or a Non-FCM ~~ForexClear~~Nodal Contract.
FCM Omnibus OTC Clearing Product Client Account with LCH	-	Means either an FCM Omnibus OTC ~~FX~~SC Client Account with LCH, an FCM Omnibus OTC EnClear Client Account with LCH or an FCM Omnibus OTC ~~SC~~Nodal Client Account with LCH.
FCM Omnibus OTC ~~FX~~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 ~~Forex~~EnClear Contracts cleared by such FCM Clearing Member on behalf of such FCM Clients, and all associated ~~cover and other payments and deliveries~~Account Assets, will be reflected on the books of the Clearing House. Such FCM Omnibus OTC ~~FX~~EnClear Client Account with LCH will not contain any FCM Contracts or the associated ~~cover and other payments and deliveries~~Account Assets other than in connection with FCM ~~Forex~~EnClear Contracts~~; provided, however, that an FCM Clearing Member may physically hold and commingle the Account Assets held in each of its FCM Omnibus OTC Clearing Product Accounts with LCH in a single FCM OTC Client Segregated Depository Account~~.
FCM Omnibus OTC 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 Account Assets, will be reflected on the books of the Clearing House. Such FCM Omnibus OTC Nodal Client Account with LCH will not contain any FCM Contracts or the associated Account Assets other than in connection with FCM Nodal Contracts.

FCM Omnibus OTC SC 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 ~~cover and other payments and deliveries~~Account Assets, will be reflected on the books of the Clearing House. Such FCM Omnibus OTC SC Client Account with LCH will not contain any FCM Contracts or the associated ~~cover and other payments and deliveries~~ Account Assets other than in connection with FCM SwapClear Contracts~~; provided, however, that an FCM Clearing Member may physically hold and commingle the Account Assets held in each of its FCM Omnibus OTC Clearing Product Accounts with LCH in a single FCM OTC Client Segregated Depository Account~~.

FCM OTC 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, which is segregated in accordance with the CEA and ~~regulations of the~~ CFTC Regulations and contains the ~~Account Assets~~cover, cash, margin, securities, receivables, rights, intangibles and any other collateral or assets deposited with or transferred to it by ~~such~~its FCM Clients in connection with the FCM Contracts cleared for such FCM Clients by such FCM Clearing Member.

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 Segregated Accounts - Means, with respect to each FCM Clearing Member, (i) its FCM OTC Client Segregated Depository Accounts and (ii) its PPS Accounts in which the FCM Clearing Member holds the ~~Account Assets of~~Client funds held in connection with its FCM ~~Clients~~Clients' cleared FCM Contracts.

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 Transaction - Means any transaction ~~entered into between two Executing Parties~~the details of which are presented to the Clearing House via an FCM Approved Trade Source System for ~~purposes~~the purpose of having ~~at least one side of~~ such transaction registered ~~with the Clearing House as an FCM SwapClear Contract, and the other side of such transaction registered with~~ at the Clearing House as ~~either an~~ two FCM SwapClear Contracts or one SwapClear Contract and one FCM SwapClear Contract ~~or a Non-FCM SwapClear Contract.~~(as the case may be), 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 Transaction - Means either an FCM SwapClear Transaction, an FCM EnClear Transaction or an FCM ~~ForexClear~~Nodal Transaction, as applicable.

~~*ForexClear*~~*First EnClear 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.~~Has the meaning assigned to it in FCM Regulation 51(a).

~~*ForexClear Contribution*~~*First Nodal Clearing Member* - ~~Means, in relation to the Default Fund Rules,~~Has the meaning assigned to it in ~~rule 17 of the Default Fund Rules.~~FCM Regulation 61(a).

~~*ForexClear DMP*~~ - ~~Has the meaning assigned to it in the ForexClear DMP Annex of the Default Rules.~~

~~*Ineligible FCM ForexClear Transaction*~~ - ~~Has the meaning as set forth in FCM Regulation 40(f)(i).~~

Initial Margin - Means an amount determined and published from time to time by the Clearing House with regard to each Business Category of FCM Contract, in respect of which FCM Clearing Members may be required to provide cover in such amount to the Clearing House in accordance with these FCM Regulations and the FCM Procedures as a condition of registration of an FCM Contract by the Clearing House and otherwise in respect of all FCM Contracts registered with the Clearing House, as prescribed by these FCM Regulations and the FCM Procedures.

LCH.Clearnet Group	-	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).
LCH Approved Outsourcing Party	-	Means a ~~party approved for these purposes~~person, designated as such by the Clearing House, as ~~set out~~ may be provided for in the FCM Procedures.
LCH EnClear OTC 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.
LCH OTC Clearing Product Client Segregated Depository Account	-	Means either the LCH OTC ~~FX~~SC Client Segregated Depository Account, the LCH OTC EnClear Client Segregated Depository Account or the LCH OTC ~~SC~~Nodal Client Segregated Depository Account.
LCH OTC ~~FX~~EnClear Client Segregated Depository Account	-	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 ~~regulations of 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 CFTC Regulations, is part of the Cleared Swaps Account Class and contains the Account Assets deposited by such FCM Clearing Members on behalf of their FCM Clients in connection solely with FCM ~~Forex~~EnClear Contracts cleared for such FCM Clients by such FCM Clearing Members; provided, however, that the Clearing House may physically commingle the Account Assets held in such account with the Account Assets held in all other LCH OTC Clearing Product Client Segregated Depository Accounts, except for the LCH OTC Nodal Client Segregated Depository Account, in a single physical depository account with a permitted depository.
LCH OTC Nodal Client Segregated Depository Account	-	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 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 these FCM Regulations, and contains the Account Assets deposited by such FCM Clearing Members on behalf of their FCM Clients in connection solely with FCM Nodal Contracts cleared for such FCM Clients by such FCM Clearing Members. The Clearing House may not physically commingle the Account Assets held in such account with the Account Assets held in any other LCH

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OTC Clearing Product Client Segregated Depository Accounts.

LCH OTC SC Client Segregated Depository Account - 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 ~~regulations of 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 CFTC Regulations, is part of the Cleared Swaps Account Class and contains the Account Assets deposited by such FCM Clearing Members on behalf of their FCM Clients solely in connection with FCM SwapClear Contracts cleared for such FCM Clients by such FCM Clearing Members; provided, however, that the Clearing House may physically commingle the Account Assets held in such account with the Account Assets held in all other LCH OTC Clearing Product Client Segregated Depository Accounts, except for the LCH OTC Nodal Client Segregated Depository Account, in a single physical depository account with a permitted depository.

Nodal - Means Nodal Exchange, LLC of 8065 Leesburg Pike, 3rd Floor, Vienna, VA 22182, United States of America.

Nodal Eligible Derivative Product - Means a derivative product prescribed from time to time by the Clearing House as eligible for the FCM Nodal Clearing Service.

Nodal's Rules - 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.

Nodal Service 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.

Nodal Trading Facility - Means the facility, trading system or systems operated directly or indirectly by Nodal on which Nodal Eligible Derivative Products may be traded.

Non-FCM Clearing Member - Means either a SwapClear Clearing Member, an LCH EnClear OTC Clearing Member or a ~~ForexClear~~Nodal Service Clearing Member, as applicable.

Non-FCM Contract - 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~~Nodal Contract	-	Means a "~~ForexClear~~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.
Official Quotation	-	Means a price determined by the Clearing House under FCM Regulation 10.
"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.
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.
Portfolios	-	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~~.
Price	-	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.
Product	-	Means a category of FCM Contracts which, except to the extent otherwise set forth in the FCM Procedures, consist of each of the following categories: (1) FCM SwapClear Contracts, (2) FCM EnClear Contracts and (3) FCM Nodal Contracts.
Proprietary Account	-	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.
PPS Account(s)	-	Means the Protected Payments System (PPS) bank account(s) established by FCM Clearing Members and by LCH, as described in the FCM Procedures.
Rate X and Rate Y	-	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.

Receiving FCM Clearing Member - Means an FCM Clearing Member receiving the transfer of part or all of the FCM Contracts and Account Assets of an FCM Client from a Carrying FCM Clearing Member that previously carried such account, pursuant to FCM Regulation 8 ~~of these FCM Regulations~~ and in accordance with the FCM Procedures.

Reference Currency Buyer - Has the meaning as~~cr~~si~~b~~gned to it in the Clearing House's "General Regulations".

Reference Currency Seller - Has the meaning as~~cr~~si~~b~~gned to it in the Clearing House's "General Regulations".

Reference Price - 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 Procedures.

Registration Time - 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.

Regulatory Body - 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 ~~or~~, 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.

Required Margin - Means the cover required by the Clearing House from an FCM Clearing Member from time to time in respect of its FCM Contracts.

Risk Neutralisation - Has the meaning assigned to it in ~~either (i)~~ the SwapClear DMP Annex of the Default Rules ~~or (ii) the ForexClear DMP Annes of the Default Rules, as applicable~~.

Second EnClear Clearing Member - Has the meaning assigned to it in FCM Regulation 51(a).

Second Nodal Clearing Member - Has the meaning assigned to it in FCM Regulation 61(a).

Settlement Finality Regulations - Means the Clearing House's Settlement Finality Regulations from time to time in force.

Settlement Price - Means, in relation to an FCM Contract, one or more prices determined in accordance with the FCM

Regulations or the FCM Procedures.

Standard Terms - Means those parts of the FCM Contract Terms designated as Standard Terms by the Clearing House from time to time.

SwapClear Contribution - Means, in relation to the Default Fund Rules, the meaning assigned to it in rule 17 of the Default Fund Rules.

SwapClear DMP - Has the meaning assigned to it in the SwapClear DMP Annex of the Default Rules.

SwapClear 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.

SwapClear Transaction - Has the meaning assigned to it in the UK Geneal Regulations.

UK General Regulations - 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.

UK General Procedures - Means the Clearing House's "Procedures" as such term is defined in the UK General Regulations, which are applicable to the UK General Regulations.

Variation Margin - Means an amount determined by the Clearing House in accordance with the FCM Procedures in respect of original contracts or Open Contracts (as the case may be) by reference to the difference between the contract value of such contracts (as determined in accordance with the FCM Procedures) and the value of such contracts at the Reference Price or at such other prices as the Clearing House may determine pursuant to the FCM Procedures, in respect of which FCM Clearing Members may be required to provide cover in such amount to the Clearing House in accordance with these FCM Regulations and the FCM Procedures.

Withdrawal Date - Means the date upon which the Clearing House determines to withdraw the FCM SwapClear Service or the FCM ~~Forex~~EnClear Service, as applicable, in accordance with these FCM Regulations and the FCM Procedures.

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 ~~statutory instruments~~ regulations (or to specific provisions within them) thereof shall be to such statutes, laws or ~~statutory instruments~~ regulations (or to specific provisions ~~thereof~~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 (how~~so~~ever described) shall include its legal successors or assigns.

(h) Headings are used herein for ease of reference only.

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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. FCM Clearing Members are fully liable to the Clearing House for the performance of all obligations arising in connection with FCM Contracts, regardless of whether such FCM Contracts are cleared by such FCM Clearing Members as principal for their own accounts, or as agent and guarantor for their respective FCM Clients and Affiliates (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.

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

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 (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 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 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 expressly provide that performance must be made by the Clearing House by such time.

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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) Qualification of FCM Clearing Members. An FCM Clearing Member must obtain approval from the Clearing House in order to provide ~~a category of~~ FCM Clearing Services ~~(with~~in respect ~~to a Business Category of FCM Contract).~~of a Product. A separate approval is required for each ~~category of FCM Clearing Services~~Product that an FCM Clearing Member proposes to ~~provide~~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) in order to clear FCM SwapClear Contracts (but not other Products), be incorporated or otherwise organized under the laws of a State within the United States;

(iii) maintain adjusted net capital, as defined in CFTC Regulation 1.17, of at least $50,000,000 (fifty million United States dollars) 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 reasonabl~~y~~e 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 $50,000,000); 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;

(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;

(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 Clearing House Default Fund in accordance with the FCM Rulebook;

(vi) in order to clear FCM SwapClear Contracts (but not other Products), 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 Party that can successfully participate in a "fire drill" run by the Clearing House from time to time in respect of each ~~such Business Category of FCM Contract~~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;

(vii) in order to clear FCM SwapClear Contracts (but not other Products), 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 Party that can successfully participate in the Default Management Process operated by the Clearing House;

(viii) 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; and

(ix) in order to clear FCM SwapClear Contracts (but not other Products), 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.

(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.

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Regulation 4 **FCM Client Business and Proprietary Account Trading**

~~(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~~:~~

~~(i)~~(a) 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~~; and~~. 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.

~~(ii) the FCM Client has been provided with or has been directed to a copy of the FCM Clearing End-User Notice and that the FCM Clearing Member confirms to the Clearing House in writing that it has done so.~~

(b) FCM Clearing Services may be provided by an FCM Clearing Member to its FCM Clients, and FCM Contracts may be entered into by an FCM Clearing Member with the Clearing House on behalf of its FCM Clients only through an FCM Omnibus OTC Clearing Product Client Account with LCH maintained by the Clearing House in the name of the FCM Clearing Member for the benefit of its FCM Clients.

(c) 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 ~~which it clears each Business Category of FCM Contract~~such Affiliates.

(d) 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 cover held in respect of such cleared FCM Contracts, subject to the provisions of the following paragraph (e).

(e) Each FCM Clearing Member shall establish and maintain ~~an~~one or more FCM OTC Client Segregated Depository Accounts on behalf of its FCM Clients, in

accordance with applicable provisions of the CEA and CFTC Regulations, including but not limited to Part 1 and Part 190 of such regulations (but excluding Part 22 until compliance therewith becomes mandatory under the CFTC Regulations), and as further set forth in FCM Regulation 25. Each FCM OTC Client Segregated Depository Account shall be maintained with a permitted depository in accordance with the CEA and CFTC Regulations~~ and the~~. The FCM Clearing Member may commingle assets of all of its FCM Clients (provided that such assets are deposited or held in connection with FCM Transactions and FCM Contracts) ~~in such~~relating to FCM SwapClear Contracts and FCM EnClear Contracts in an FCM OTC Client Segregated Depository Account in a single omnibus account established and maintained in accordance with CFTC Regulations. ~~Each FCM OTC Client Segregated Depository Account~~FCM Clearing Members that clear FCM Nodal Contracts on behalf of FCM Clients are required to establish and maintain a physically separate FCM OTC Client Segregated Depository Account solely for purposes of holding FCM Client assets relating to the clearing of FCM Nodal Contracts. Each FCM OTC Client Segregated Depository Account, other than an FCM OTC Client Segregated Depository Account established for clearing FCM Nodal Contracts, maintained by each FCM Clearing Member shall be designated as part of the Cleared Swaps Account Class for the purposes of Part 190 of the CFTC Regulations.

(f) The Clearing House shall establish and maintain an LCH OTC Clearing Product Client Segregated Depository Account for each Business Category of FCM Contract on behalf of the FCM Clients, in accordance with applicable provisions of the CEA and CFTC Regulations, including but not limited to Part 1 and Part 190 of such regulations (but excluding Part 22 until compliance therewith becomes mandatory under the CFTC Regulations). Each LCH OTC Clearing Product Client Segregated Depository Account shall be maintained with a permitted depository in accordance with the CEA and CFTC Regulations and the Clearing House may commingle assets of all of the FCM Clients in each such LCH OTC Clearing Product Client Segregated Depository Account, other than the LCH OTC Nodal Client Segregated Depository Account, in a single omnibus account established and maintained in accordance with CFTC Regulations. Furthermore, the Clearing House may physically commingle the assets of FCM Clients held in all of the LCH OTC Clearing Product Client Segregated Depository Accounts, other than the LCH OTC Nodal Client Segregated Depository Account, in such single physical depository account. All cover deposited by FCM Clearing Members in connection with FCM Contracts cleared on behalf of FCM Clients shall be held in such applicable LCH OTC Clearing Product Client Segregated Depository Accounts. Each LCH OTC Clearing Product Client Segregated Depository Account shall be maintained by the Clearing House separately from any and all assets of the FCM Clearing Members, or any other assets that the Clearing House is holding for clients (other than FCM Clients) and shall contain no assets other than cover deposited by FCM Clearing Members in connection with the clearing of FCM Contracts on behalf of their FCM Clients. Each LCH OTC Clearing Product Client Segregated Depository Account, other than the LCH OTC Nodal Client Segregated Depository Account, maintained by the Clearing House shall be designated as part of the Cleared Swaps Account Class for the purposes of Part 190 of the CFTC Regulations.

(g) The Required Margin relating to FCM Contracts cleared by an FCM Clearing Member on behalf of its FCM Clients, its Affiliates, or on its own behalf, will be calculated by the Clearing House, and discharged by the FCM Clearing Member in respect of all such FCM Contracts, by:

(i) if and to the extent that there is Excess Margin available, deduction by the Clearing House of amounts from such Excess Margin; provided, that~~,~~ in accordance with these FCM Regulations, including without limitation FCM Regulation 25, in no event shall Excess Margin attributable to FCM Clients be available to satisfy Required Margin requirements relating to Proprietary Accounts;

(ii) otherwise, delivery by the FCM Clearing Member to the Clearing House of cover with a value which is at least sufficient to discharge the relevant requirement.

FCM Clients and FCM Contract positions established for FCM Clients in the SwapClear Business Category shall be subject to gross margin requirements on all such positions ~~with respect to~~ within each such Business Category of FCM Contract~~,~~. FCM Clients and ~~each~~FCM Contract positions established for FCM Clients in the EnClear Business Category and the Nodal Business Category shall be subject to net margin requirements on all such positions within each such Business Category of FCM Contract. Each FCM Clearing Member shall require its FCM Clients to satisfy such ~~gross margin~~ requirements~~.~~ as applicable.

FCM Contract positions established in an FCM Clearing Member's Proprietary Account on its own behalf and for its Affiliates shall be subject to net margin requirements with respect to each 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 Contract positions of itself and its Affiliates for each Business Category of FCM Contract in which it holds positions in its Proprietary Accounts. An FCM Clearing Member may impose margin requirements on its Affiliates for which it provides FCM Clearing Services on a net basis, netting the positions and related margin requirements with respect to a single Affiliate or across multiple Affiliates, or an FCM Clearing Member may impose such margin requirements on a gross basis.

(h) An FCM Clearing Member shall provide the Clearing House with all information required under the FCM Procedures regarding the FCM Contracts ~~and~~, Account Assets or other FCM 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 or Affiliates of the FCM Clearing Member, or the clearing of FCM Contracts by such FCM Clearing Member on behalf of its FCM Clients, its Affiliates, or on its own behalf.

(i) No FCM Clearing Member may withdraw any amount from any of its FCM Omnibus OTC Clearing Product Client Accounts with LCH or its Proprietary Account if such withdrawal would cause the account balance to be less than the Required Margin then attributable to such FCM Omnibus OTC Clearing Product Client Account with LCH or to such Proprietary Account, as applicable, determined by the Clearing House in accordance with the provisions of the FCM Rulebook.

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Regulation 5 **Treatment of Accounts at LCH**

(a) 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 LCH for all obligations owed to the Clearing House in respect of every account opened in respect of such FCM Clearing Member.

(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.

(c) This paragraph applies to an FCM Clearing Member's FCM Omnibus OTC Clearing Product Client Accounts with LCH. Each FCM Clearing Member shall establish and maintain an FCM Omnibus OTC Clearing Product Client Account with LCH for each Business Category of FCM Contract it clears on behalf of its FCM Clients; provided, that the Account Assets held in respect of each FCM Clearing Member's FCM Omnibus OTC Clearing Product Client Accounts with LCH, other than in respect of an FCM Omnibus OTC Nodal Client Account with LCH, may be physically held and commingled in a single FCM OTC Client Segregated Depository Account when such Account Assets are not being held in an FCM Omnibus OTC Clearing Product Client Account with LCH. FCM Omnibus OTC Clearing Product Client Accounts with LCH shall be held and administered with in accordance with the CEA and all applicable CFTC Regulations, including but not limited to Part 1 and Part 190 ~~of such regulations~~ (but excluding Part 22 until compliance therewith becomes mandatory under the CFTC Regulations~~),~~) and including as set forth in FCM Regulation 25.

(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.

(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 without limitation FCM Regulation 25, 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 OTC Client Segregated Depository Accounts.

(j) Where a payment has been made to the Clearing House by an FCM Clearing Member through PPS 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.

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Regulation 6 **Designation**

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.

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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 cover furnished by that FCM Clearing Member as may be prescribed in the FCM Procedures.

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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 ~~categories of FCM Contracts~~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 ~~Business Category of FCM Contracts~~ Product from a Carrying FCM Clearing Member, the Clearing House shall transfer: (x) all of ~~such Business Category of~~ the FCM Contracts of such Product entered into by the Carrying FCM Clearing Member on behalf of such FCM Client, 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 Account Assets deposited with or transferred to the Clearing House by a Carrying FCM Clearing Member and held by the Clearing House in respect of the FCM Contracts that are being transferred to a Receiving FCM Clearing Member designated by the FCM Client 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 Account Assets); 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 Clearing House considers that it has received sufficient cover from the Receiving FCM Clearing Member 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), the Carrying FCM Clearing Member shall notify the Clearing House of the Account Assets which are 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 Account Assets that are 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 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 provided sufficient cover 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 cover requirement from the Carrying FCM Clearing Member to the Clearing House, the Carrying FCM Clearing Member provides sufficient cover to the Clearing House in respect of such increased cover 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) Upon request from the Clearing House, and in order to facilitate a transfer pursuant to FCM Regulation 8(b), the Carrying FCM Clearing Member shall notify the Clearing House of the Account Assets which are 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 Account Assets that are 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.~~

~~(e)~~(d) (i) By notifying the Clearing House of a request to accept a transfer of FCM Contracts of an FCM Client, and the related Account Assets 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.

(i) In the case where a transfer pursuant to FCM Regulation 8(b) will include the transfer of the related Account Assets in addition to the transfer of FCM Contracts:

(A) Upon completion of the transfer, the Account Assets deposited with or transferred 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(n). 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 Account Assets transferred.

(B) The transfer of the FCM Contracts and related Account Assets shall be deemed to occur simultaneously, and the transfer of the FCM Contracts shall be conditioned on the transfer of the related Account Assets, and vice versa.

(C) If the transfer of all such FCM Contracts and related Account Assets is not completed for any reason, then any actual transfer of Account Assets or FCM Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of Account Assets or FCM Contracts that has occurred shall be immediately unwound.

~~(f)~~(e) ~~Rights~~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.

~~(g)~~(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~~,~~ (including the SwapClear DMP Annex), 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 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~~.

~~(h)~~(g) If and to the extent permitted under the FCM Procedures, an FCM Clearing Member may transfer Open Contracts between its Proprietary Account and accounts of its FCM Clients, and vice versa, upon a client default or otherwise as permitted under and subject to applicable provisions of the CEA and CFTC Regulations regarding segregation of assets, and in accordance with the FCM Procedures.

~~(i)~~(h) Notwithstanding anything to the contrary in these FCM Regulations, in making any transfer of ~~an~~one or more FCM ~~Client account~~Contracts (and if applicable the related~~ FCM Contracts and~~ Account Assets) 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 and that the appropriate account, FCM Contracts and Account Assets have been identified, and the Clearing House shall have no responsibility or liability therefor.

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Regulation 9 **Margin and Cover for Margin; Other Obligations**

(a) The Clearing House may in accordance with the FCM Procedures require an FCM Clearing Member to furnish it with cover, and to keep the Clearing House furnished with sufficient cover 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 cover to the Clearing House pursuant to this paragraph shall be in addition to any other obligation of the FCM Clearing Member to furnish cover to the Clearing House pursuant to these FCM Regulations.

(b) If insufficient monies are standing to the credit of an FCM Clearing Member's account, or if any security deposited by an FCM Clearing Member as cover is determined by the Clearing House in accordance with the FCM Procedures to be insufficient, such cover as the Clearing House requires an FCM Clearing Member to furnish to it pursuant to paragraph (a) above, FCM Regulations 30 or 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 securities and other assets furnished or deposited by an FCM Clearing Member to or with the Clearing House as cover 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 or deposit securities or other assets to or with the Clearing House as cover otherwise than in conformity to 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 or deposit to or with the Clearing House as cover for the purposes of these FCM Regulations any securities or other assets of such person in the FCM Clearing Member's possession.

(i) Each FCM Clearing Member represents and warrants to the Clearing House as at each date on which such FCM Clearing Member furnishes or deposits securities or other assets to or with the Clearing House as cover pursuant to these FCM Regulations (A) that such FCM Clearing Member is the sole legal and beneficial owner of those securities or other assets or, as the case may be, those securities or other assets are so furnished or deposited 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 securities or other assets pursuant to these FCM Regulations will not constitute or result in a breach of any trust, agreement or undertaking whatsoever.

(ii) The Clearing House may, in its absolute discretion and at any time, require an FCM Clearing Member to furnish or deposit other securities or assets to or with the Clearing House in substitution of any securities or

assets deposited with 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 cover 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 cover 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 provision of cover 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 cover 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 contracts or under the terms of any original or confirmed contract to which the member is party. In this paragraph, "immediate provision" means payment 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 cover 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 cover 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 cover in accordance with its standard risk management procedures 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) Without prejudice to the requirements of paragraph (c) above or any other applicable requirements contained in the FCM Rulebook, and subject to the settlement of any other obligations of an FCM Clearing Member to the Clearing House: (i) an FCM Clearing Member may request the return of any Excess Margin at any time; and (ii) upon the close-out or termination of an FCM Contract in accordance with the FCM Rulebook, the Clearing House shall return all Initial Margin attributable to such FCM Contract to the respective FCM Clearing Member; provided, that no portion of such Initial Margin is required as cover or otherwise required by the FCM Rulebook (A) in the case of Initial Margin to be released in connection with positions in a Proprietary Account, for any other positions in any FCM Contract, or (B) in the case of Initial Margin to be released in connection with positions in the FCM Segregated Accounts, for any other positions in the same Business Category of FCM Contract.

(i) If, in the opinion of the Clearing House, any security which has been furnished to it by an FCM Clearing Member as cover 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 cover from such FCM Clearing Member. Such cover 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 cover in a specified form and to demand that the FCM Clearing Member replace the whole or part of any security furnished by an FCM Clearing Member pursuant to these FCM Regulations by cover in the form of cash.

(j) If, in respect of Open Contracts in an FCM Clearing Member's name, Official Quotations indicate that Excess Margin is maintained with the Clearing House by such FCM Clearing Member in respect of such contracts, the Clearing House may, or at the FCM Clearing Member's request in accordance with FCM Regulation 9(h) shall, release the Excess Margin.

(k) If the Clearing House takes any step or steps under the Default Rules in relation to an FCM Clearing Member, any sum (including without limitation 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 cover; provided, that notwithstanding anything else in these FCM Regulations to the contrary, 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 assets in any FCM Omnibus OTC Clearing Product Client Account with LCH be applied to the satisfaction of 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 cover required by the Clearing House in respect of its FCM Contracts, any excess cover of such FCM Client posted to the Clearing House in respect of any Business Category of FCM Contract may be applied to offset such FCM Client's cover shortfall in respect of any other Business Category of FCM Contract).

(l) 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 their respective obligations (including without limitation to pay all amounts due) as required pursuant to the FCM Regulations, the Default Rules~~,~~ (including the SwapClear DMP Annex) and the Default Fund Rules~~ and the FCM Default Management Process Agreement~~, 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~~,~~ (including the SwapClear DMP Annex) and the Default Fund Rules~~ and the FCM Default Management Process Agreement~~, as applicable.

(m) Unless the Clearing House otherwise agrees in writing, cover provided to the Clearing House by way 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 cash cover provided to the Clearing House shall be void. An FCM Clearing Member shall not otherwise encumber (or seek to encumber) any cash cover provided to the Clearing House.

(n) Creation of Security Interest. Each FCM Clearing Member hereby grants the Clearing House a first security interest in and a first priority and unencumbered first lien upon any and all cover, 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 without limitation all property deposited in the Default Fund, a Proprietary Account or in an FCM Omnibus OTC Clearing Product Client Account with LCH, or any amounts owing to an FCM Clearing Member in the Default Fund 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 an FCM Clearing Member's FCM Omnibus OTC Clearing Product Client Accounts with LCH be exercised to satisfy any obligations or liabilities of such FCM Clearing Member other than in connection with obligations or liabilities relating to such FCM Clearing Member's FCM Omnibus OTC Clearing Product Client Accounts with LCH.

(o) Each FCM Clearing Member shall ensure that ~~where it has entered into~~with respect to an FCM Transaction ~~which~~ results in the registration of an FCM Contract on behalf of an FCM Contract that is of a "non-hedging nature" (as ~~the~~such term is used in Part 39 of the CFTC Regulations), it shall collect additional cover 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 Procedures.

(p) Each FCM Clearing Member shall ensure that no FCM Client withdraws cover from ~~the~~an FCM OTC Client Segregated Depository Account unless the "net liquidating value" (as ~~the~~such term is used in Part 39 of the CFTC Regulations) plus the cover attributable to such FCM Client remaining in ~~that~~such FCM OTC 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.

(q) FCM ~~Clearing Members~~ Clients and FCM Contract positions established for FCM Clients in the SwapClear Business Category shall be subject to gross margin requirements ~~in respect of their FCM Client~~on all such positions~~, calculated separately for~~ within each such Business Category of FCM Contract. FCM Clients and FCM Contract positions established for FCM Clients in the EnClear Business Category and the Nodal Business Category shall be subject to net margin requirements on all such positions within each such Business Category of FCM Contract~~ applicable to such~~. Each FCM Clearing Member~~.~~ shall require its FCM Clients to satisfy such requirements as applicable.

~~(q)~~ FCM Contract positions established in an FCM Clearing Member's Proprietary Account on its own behalf and for its Affiliates shall be subject to net margin requirements with respect to each 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 Contract positions of itself and its Affiliates for each Business Category of FCM Contract in which it holds positions in its Proprietary Accounts.

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Regulation 10 **Official Quotations and Reference Price**

(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.

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Regulation 11 **Market Disorders, Impossibility of Performance, Trade Emergency**

(a) If the Clearing House, in relation to FCM Contracts, determines that one of the following conditions exists, 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 organisation, 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 Open Contracts which are FCM 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. 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 Open 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 contracts invoiced back notwithstanding any further change of circumstances.

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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, labour 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.

(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 in respect of affected FCM Contracts, 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 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.

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Regulation 13 **Invoicing Back**

(a) Invoicing back of an FCM Clearing Member's FCM Contracts pursuant to FCM Regulation 11 or FCM Regulation 12 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 Open Contracts in their names on the same FCM Contract Terms as the FCM Contracts invoiced back under paragraph (a) above.

(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.

(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 or, in the case of FCM Nodal Contracts, at a price or (where applicable) a premium fixed or determined by the board or applicable governing body of Nodal, and shall be binding as a final settlement upon the parties affected by invoicing back. 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 Open 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 Open 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.

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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 OTC Client Segregated Depository Accounts and FCM Omnibus OTC Clearing Product 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.

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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.

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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(~~e~~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.

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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.

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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.

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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.

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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.

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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.

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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.

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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 judg~~e~~ment) and execution or enforcement of any judg~~e~~ment 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 have any liability whatsoever to any FCM Clearing Member, or to any other person in contract, tort (including without limitation, 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 ~~nature~~ 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(f) 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 have any liability under any circumstances (including, without limitation, 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, without limitation, any FCM Client) in contract, tort (including, without limitation, 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 OTC Clearing Product Client ~~Segregated Depository~~ Accounts with LCH:

(1) the FCM Clearing Member shall determine two net amounts under paragraph (d)(iii); one net amount in respect of gains and losses arising on FCM Contracts registered in the FCM Clearing Member's FCM Omnibus OTC Clearing Product Client ~~Segregated Depository~~ Account with LCH (or in its multiple FCM Omnibus OTC Clearing Product Client ~~Segregated Depository~~ Accounts with LCH as combined, if applicable; provided, that an FCM Omnibus OTC Nodal Client Account with LCH shall not be combined with any other FCM Omnibus OTC Clearing Product Client Accounts with LCH for these purposes) and a second net amount in respect of gains and losses arising on all other FCM Contracts; and

(2) the two net amounts determined under paragraph (iv)(1) 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 5(i)).

Regulation 24B **Distribution of Assets**

(a) Where (after the netting and set-off provided for in FCM Regulation 24A and FCM Regulation 5(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)~~bears to 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 ~~Clearing House's~~ "UK General Regulations~~")~~) of the Clearing House.

Regulation 25 **Rules Relating to FCM OTC Client Segregated Accounts**

(a) Notice of Deficiency in FCM Segregated Accounts. Whenever an FCM Clearing Member knows or should know that the aggregate amount of funds on deposit in its FCM Segregated 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.

(b) Segregation of Funds.

(i) All FCM Client funds (deposited in connection with FCM Transactions and FCM Contracts other than FCM Nodal Transactions and FCM Nodal Contracts) shall be separately accounted for and segregated as belonging to FCM Clients and shall be part of a separate account class, treated as a Cleared Swaps Account Class. FCM Client funds deposited in connection with FCM Nodal Transactions and FCM Nodal Contracts shall be separately accounted for and segregated (including separately accounted for and segregated from the Client funds referred to in the foregoing sentence) as belonging to FCM Clients. All such funds must be held by the applicable Clearing Member or deposited with the Clearing House, any bank, trust company or another FCM Clearing Member, and such funds shall be deposited under an account name which identifies them as such and shows that they are segregated as required by the FCM Rulebook. Each FCM Clearing Member shall obtain and retain in its files for the period provided in CFTC Regulation 1.31 a written acknowledgment from such bank, trust company or FCM that it was informed that the funds deposited in the FCM Segregated Accounts maintained by such bank, trust company or FCM 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. For the avoidance of doubt, all FCM Segregated Accounts maintained by an FCM Clearing Member shall be treated as segregated accounts and shall be subject to the requirements of the CEA and CFTC Regulations applicable to segregated accounts and to this FCM Regulation 25, regardless of the location of any such account. Without limitation of the foregoing, under no circumstances shall any portion of FCM Client funds held in FCM Segregated Accounts be obligated to the Clearing House, an FCM Clearing Member, any depository, or any other person except to purchase, margin, guarantee, secure, transfer, adjust or settle trades, contracts or transactions of FCM Clients. No person, including the Clearing House or any depository, that has received FCM Client funds for deposit in an FCM Segregated Account, as provided in this rule, may hold, dispose of, or use any such funds as belonging to any person other than the FCM Clients of the FCM Clearing Member which deposited such funds.

(ii) All FCM Client funds received by the Clearing House from an FCM Clearing Member to purchase, margin, guarantee, secure or settle FCM Contracts 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 the Clearing House shall not hold, use or dispose of such FCM Client funds except as belonging to such FCM Clients. Such FCM Client funds, when deposited in a bank or trust company, shall be deposited under an account name which clearly shows that they are the FCM Client funds of FCM Clearing Members, and are 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, an acknowledgment from such bank or trust company that it was informed that the funds deposited in any LCH OTC Clearing Product Client Segregated Depository Accounts and any PPS Account(s) maintained by LCH are those of FCM Clients of FCM Clearing Members and are being held in accordance with the provisions of the CEA, CFTC Regulations and the FCM Rulebook.

(iii) Each FCM Clearing Member shall treat and deal with FCM Client funds as belonging to such FCM Clients. All FCM Client funds 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 Client funds in respect of any Business Category of FCM Contracts, other than the Nodal Business Category of FCM Contract, in an FCM Omnibus OTC Clearing Product Client Account with LCH and in an LCH OTC Clearing Product Client Segregated Depository Account may be physically commingled (although separately accounted for in accordance with these FCM Regulations) with other FCM Omnibus OTC Clearing Product Client Accounts with LCH and LCH OTC Clearing Product Client Segregated Depository Accounts~~,~~ (other than with FCM Omnibus OTC Nodal Client Accounts with LCH or with the LCH OTC Nodal Client Segregated Depository Account), respectively, subject to and in accordance with the CEA and CFTC Regulations; provided, further, that FCM Client funds may be invested in accordance with FCM Regulation 25(g).

(iv) In no event may FCM Client funds (deposited or held in connection with FCM Transactions and FCM Contracts) be held or commingled and deposited with (A) FCM Client funds in the same account or accounts required to be separately accounted for and segregated pursuant to the provisions of Section 4d of the CEA and the regulations thereunder, or (ii) money, securities or property representing the foreign futures or foreign options secured amount held in accordance with CFTC Regulation 30.7.

(v) An FCM Clearing Member is required to maintain an FCM Omnibus OTC Clearing Product Client Account with LCH in respect of each Business Category of FCM Contract in which such FCM Clearing Member is approved by the Clearing House to clear such Business Cate~~e~~gory of FCM Contract; provided, that Account Assets of FCM Clients in respect of ~~all~~the SwapClear and EnClear Business Categories of FCM Contracts are permitted to be physically commingled in the same FCM OTC Client Segregated Depository Account when such Account Assets are not being

held in an FCM Omnibus OTC Clearing Product Account with LCH. For the avoidance of doubt, the Account Assets of FCM Clients in respect of the Nodal Business Category of FCM Contracts are required to be held in a separate FCM OTC Client Segregated Depository Account of the FCM Clearing Member applicable only to FCM Client business relating to FCM Nodal Contracts.

(c) Care of Money and Securities Accruing to FCM Clients. 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 cleared FCM Contracts made by or through 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. The value of money and securities accruing in connection with an FCM Client's Open Contracts in an FCM Omnibus OTC Clearing Product Client Account with LCH need not be separately credited to individual FCM Client accounts but may be treated and dealt with as belonging undivided to FCM Clients having open cleared FCM Contracts which if closed would result in a credit to such FCM Client's accounts.

(d) Use of FCM Client Funds Restricted. No FCM Clearing Member shall use, or permit the use of, FCM 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 Client funds held in an FCM OTC Client Segregated Depository Account (other than FCM Client funds in an FCM OTC Client Segregated Depository Account used to margin or secure FCM Nodal Contracts) shall not be used to carry trades or positions of the same FCM Client other than in connection with FCM Contracts (but excluding FCM Nodal Contracts) or other Cleared Swaps. FCM Client funds held in an FCM OTC Client Segregated Depository Account used to margin or secure FCM Nodal Contracts shall not be used to carry trades or positions of the same FCM Client other than in connection with FCM Nodal Contracts.

(e) Interest of FCM Clearing Members in FCM Client Funds; Additions and Withdrawals. FCM Regulation 25(b), which prohibits the commingling of FCM Client funds with the funds 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 by the CEA, 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 the segregated FCM Client funds such amount or amounts of money, from its own funds or unencumbered securities from its own inventory, of the type permitted under FCM Regulation 25(g), as it may deem necessary to ensure that its FCM Segregated Accounts hold at all times, at a minimum, an aggregate 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 such FCM Client funds to its own order, to the extent of its actual interest therein, including the withdrawal of securities held in FCM Segregated Accounts held by the Clearing House, a bank, trust company or other FCM Clearing Member; provided, that any such withdrawals do not result in any such account holding less in segregated FCM Client assets than such account is required to contain at such time. Such withdrawal shall not result in FCM Client

funds being used to purchase, margin or carry the trades, contracts or transactions, or extend the credit of any other FCM Client or other person.

(f) Funds Held in FCM Segregated Accounts; Exclusions Therefrom. Money held in FCM Segregated Accounts 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 it may use for any purpose other than to purchase, margin, guarantee, secure, transfer, adjust, or settle the FCM Contracts of the FCM Clients of such FCM Clearing Member.

(g) Investments of FCM Client Funds. An FCM Clearing Member or the Clearing House may invest FCM Client funds subject to the terms and conditions set forth in CFTC Regulation 1.25, which regulation shall apply to such funds in accordance with the provisions of the CEA and CFTC Regulations thereunder related to transactions in the Cleared Swaps Account Class~~.~~ (and which, for the avoidance of doubt, shall also apply under these FCM Regulations to FCM Client funds relating to FCM Nodal Transactions and FCM Nodal Contracts regardless of whether FCM Nodal Contracts are not part of the Cleared Swaps Account Class).

(h) Deposit of Instruments Purchased with FCM Client Funds.

(i) Each FCM Clearing Member that invests FCM Client funds in instruments permitted under FCM Regulation 25(g) shall separately account for such instruments and segregate such instruments as belonging to such FCM Clients. Such instruments, when deposited with the Clearing House, a bank, trust company or another FCM Clearing Member, 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 Segregated Account, shall obtain and retain in its files an acknowledgment from such bank, trust company or other FCM Clearing Member 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 bank, trust company or other FCM Clearing Member 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 25(g), 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, on behalf of all FCM Clients of all FCM Clearing Members, at one or more permitted depositories). Such instruments, when deposited with a bank or trust company, 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 bank or trust company 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 bank or trust

company shall allow inspection of such instruments at any reasonable time by representatives of the Clearing House.

(i) 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 25(g).

(j) Valuation of Instruments Purchased with FCM Client Funds. FCM Clearing Members who invest FCM Client funds in instruments permitted under FCM Regulation 25(g) shall include such instruments in their FCM Segregated Account records and reports 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.

(k) Increment or Interest Resulting from Investment of FCM Client Funds. The investment of FCM Client funds in instruments permitted under FCM Regulation 25(g) 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.

(l) FCM Segregated 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 Client funds on deposit in its FCM Segregated Accounts on behalf of FCM Clients;

(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 Segregated Accounts on behalf of such FCM Clients; 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 Segregated 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 the Clearing House, a bank, trust company or another FCM Clearing Member. 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 25 must be completed by the FCM Clearing Member prior to noon on the next Business Day and must be kept, together with all supporting data, in accordance with the requirements of CFTC Regulation 1.31.

(m) Classification of Positions. 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: a description of the securities or property received; the name

and address of such FCM Client; the dates when the securities or property were received; the identity of the depositories or other places where such securities or property are segregated; the dates of deposits and withdrawals from such depositories; 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.

(n) Change in Law or Regulations. The Clearing House shall enforce the rules set forth in this FCM Regulation 25 (and set forth in these FCM Regulations generally) at all times in accordance with and subject to the CEA and CFTC Regulations. In the event that a change in law or in 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 CFTC Regulations and applicable law.

(o) Notwithstanding any other provision of these FCM Regulations, any assets held in or credited to an FCM Omnibus OTC Clearing Product Client Account with LCH, an LCH OTC Clearing Product Client Segregated Depository Account or a PPS Account held by LCH shall be treated as segregated assets, to the same extent and with the same force and effect as required with respect to margin held in connection with transactions in futures contracts under the CEA and CFTC Regulations and will, without limitation, be held in trust in accordance with the CEA and CFTC Regulations (other than Part 22 until compliance therewith becomes mandatory under the CFTC Regulations).

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Regulation 26 **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) 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;

(f) the Clearing House will not hold any assets transferred to it on behalf of any individual FCM Client or an Affiliate;

(g) 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

(h) 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 securities or other assets of such FCM

Client or Affiliate in the FCM Clearing Member's possession, and to repledge such property to the Clearing House, as cover for the purposes of clearing FCM Contracts entered on behalf of the FCM Client or Affiliate.

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Regulations 27-29: [Reserved]

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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 ~~Clearing Member~~ to ~~submit~~register an FCM SwapCear Contract in respect of the registration of an FCM SwapClear Transaction~~ for registration as an FCM SwapClear Contract~~, the FCM~~ Clearing Member~~ 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 ~~an~~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 ~~Rulebook~~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.~~ It is a condition for registration as an FCM SwapClear Contract that both sides of the underlying FCM SwapClear Transaction be presented for clearing (as one FCM SwapClear Contract and one Non-FCM SwapClear Contract, or as two FCM SwapClear Contracts, as the case may be).~~

(b) Where an Executing Party enters into an FCM SwapClear Transaction on an FCM Approved Trade Source and such FCM SwapClear Transaction is to be cleared through an FCM Clearing Member, the Clearing House shall notify the FCM Clearing Member of such FCM SwapClear Transaction and request acceptance for registration in accordance with the FCM Procedures. Upon receipt of acceptance for registration by the Clearing House from the FCM Clearing Member, (i)~~-~~ 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 and (ii)~~-~~ such FCM Clearing Member shall be obligated to pay, upon request of the Clearing House, all cover required by the Clearing House in connection with the registration of the FCM SwapClear Transaction.

(c) Without prejudice to the Clearing House's rights under paragraph (~~f~~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 pursuant to the presentation of particulars of an FCM SwapClear Transaction by it, and by the other FCM Clearing Member or Non-FCM Clearing Member, as applicable.

(d) ~~Without prejudice to the~~The Clearing ~~House's rights under paragraph (f) of this~~House shall register an FCM ~~Regulation 30,~~ SwapClear Contract in respect of an FCM SwapClear Transaction~~, particulars~~ presented for registration within a commercially reasonable time, provided that:

(i) both sides of ~~which are~~ the relevant FCM SwapClear Transaction have been properly presented and submitted for ~~registration as an~~clearing by (or on behalf of) the Executing Parties;

(ii) the relevant FCM SwapClear ~~Contract, must meet~~Transaction meets the eligibility criteria prescribed in ~~these FCM Regulations and~~ the FCM

~~Procedures~~Rulebook at the time the particulars of the FCM SwapClear Transaction are presented to the Clearing House and ~~must continue~~continues to meet such criteria at the Registration Time~~ in order to be registered as~~;

(iii) such FCM SwapClear Contract is consented to by the relevant FCM Clearing Member (automatically or otherwise) in accordance with paragraph (b) above and Section 2A.3.2 of the FCM Procedures;

(iv) the applicable FCM Clearing Member has paid or transferred, upon request of the Clearing House and in accordance with FCM Regulation 9 and such other applicable provisions of the FCM Rulebook, all cover in respect of such FCM SwapClear Contract prior to registration; 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 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, without limitation, any SwapClear Dealer (as such term is defined in the UK General Regulations)) in contract, tort (including without limitation, 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.

~~(d)~~(e) Notwithstanding the satisfaction of the conditions in paragraph (d) of this FCM Regulation 30 in respect of an FCM SwapClear Contract, the Clearing House may decline at ~~which time the~~its discretion to register such FCM SwapClear Contract where it has not received sufficient cover in respect of FCM SwapClear Contracts ~~(~~and/or ~~the~~ Non-FCM SwapClear Contracts which are "other SwapClear Contracts" in relation to that FCM SwapClear Contract ~~and the Non-FCM SwapClear Contract,~~ as ~~the case may be) shall replace and supersede such corresponding FCM SwapClear Transaction~~described in Section 2A.3.4 of the Procedures.

~~(e)~~(f) 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)~~(g) ~~Ineligible Registered FCM SwapClear Transactions.~~ 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 submitted

for registration did not, at the Registration Time, meet the eligibility criteria for registration ~~as an FCM SwapClear Contract~~ pursuant to the FCM Rulebook ~~in existence at the Registration Time~~, the Clearing House shall, as soon as practicable thereafter, set aside such FCM SwapClear ~~Contracts (or~~ Contract. Upon the FCM SwapClear Contract ~~and the Non-FCM SwapClear Contract, as the case may be). Upon an FCM SwapClear Contract~~ being set aside under this ~~paragraph (f),~~FCM Regulation 30, the particulars of the corresponding FCM SwapClear Transaction in question shall be deemed never to have been submitted to the Clearing House. Any payment made under, or in respect of, an FCM SwapClear 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 ~~-~~ 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 FCM SwapClear 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 SwapClear Contract.

~~(g)~~(h) Where the FCM Procedures so provide, the Clearing House may require the FCM Clearing Members in whose names one or more FCM SwapClear ~~Transactions~~Contracts are to be registered to furnish it with cover as a condition of registration of such FCM SwapClear ~~Transaction~~Contract(s), and such cover shall be furnished to the Clearing House in accordance with FCM Regulation ~~9~~10 and such other applicable provisions in the FCM Rulebook.

~~(h)~~(i) 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 shall (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, without limitation, the furnishing of additional cover by any FCM Clearing Member in whose name any such FCM SwapClear Transaction is to be registered.

~~(i)~~(j) ~~Registration of FCM SwapClear Transactions.~~ 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 ~~Non-FCM~~SwapClear Clearing Member or directly with the Clearing House in its capacity as a ~~Non-FCM~~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 ~~Non-FCM~~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 ~~Non-FCM~~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.

~~(iii)~~ In each of the foregoing cases ~~in clauses (i) and (ii) above~~, 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)~~(k) ~~Effect of Registration of FCM SwapClear Transactions.~~ With effect from the registration of an FCM SwapClear Transaction in accordance with FCM Regulation ~~-~~ 30(~~i~~i) above:

~~(1)~~(i) ~~S~~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~~.~~;

~~(2)~~(ii) ~~E~~each FCM SwapClear Contract registered under FCM Regulation 30(~~i~~i) above shall be governed by the FCM SwapClear Contract Terms as applicable to that FCM SwapClear Contract~~.~~;

~~(3)~~(iii) ~~S~~subject to sub-paragraph (~~2~~ii) above, in respect of the Economic Terms, ~~an~~the FCM Clearing Member ~~paying (or clearing on behalf of a person paying) Rate X under an FCM SwapClear Transaction~~ 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 ~~Contract registered by it in respect of such FCM SwapClear~~ Transaction; and

~~(4)~~(iv) ~~S~~subject to sub-paragraph (~~2~~ii) above, in respect of the Economic Terms, ~~an~~the FCM Clearing Member ~~paying (or clearing on behalf of a person paying) Rate Y under an FCM SwapClear Transaction~~ 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 ~~Contract registered by it in respect of such FCM SwapClear~~ Transaction.

In ~~subsections (3~~subparagraphs (iii) and (~~4~~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)~~(l) 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)~~(m) 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)~~(n) An FCM Clearing Member approved to provide FCM SwapClear Clearing Services may provide ~~any of its approved~~ 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)~~(o) ~~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, ~~then, to the extent permitted in the FCM Procedures with respect to a category of FCM SwapClear Contract,~~ 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(~~n~~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~~o) 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~~o) 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 cover 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)~~(p) SwapClear Accounts. All FCM Omnibus OTC SC Client Accounts with LCH shall not be permitted to contain any FCM Contracts other than FCM SwapClear Contracts or associated cover and other payments and deliveries other than in connection with FCM SwapClear Contracts. Furthermore, the LCH OTC SwapClear Client Segregated Depository Account shall not contain any FCM Contracts other than FCM SwapClear Contracts or associated cover and other payments and deliveries other than in connection with FCM SwapClear Contracts.

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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 cover 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 cover (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 cover (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.

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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.

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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~~o), 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.

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Regulations ~~36~~34-39: [Reserved]

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PART III – [*RESERVED*]

Regulations 40-49: [Reserved]

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PART IV – REGULATIONS APPLICABLE TO FCM ~~FOR~~E~~X~~NCLEAR CONTRACTS

~~*Regulation 40*~~*Regulation 50* Registration of FCM ~~Forex~~EnClear 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) Where an Executing Party enters into an FCM ForexClear Transaction on an FCM Approved Trade Source and such FCM ForexClear Transaction is to be cleared through an FCM Clearing Member, the Clearing House shall notify the FCM Clearing Member of such FCM ForexClear Transaction and request acceptance for registration in accordance with the FCM Procedures. Upon receipt of acceptance for registration by the Clearing House from the FCM Clearing Member, (i) the FCM Clearing Member shall be deemed to have presented the FCM ForexClear 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 ForexClear Transaction subject to, and in accordance, with these FCM Regulations and the FCM Procedures and (ii) such FCM Clearing Member shall be obligated to pay, upon request of the Clearing House, all cover required by the Clearing House in connection with the registration of the FCM ForexClear Transaction.~~

(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.

~~(c)~~(b) Without prejudice to the Clearing House's rights under ~~paragraph (f) of this~~ FCM Regulation ~~40,~~ 50(f), an FCM EnClear Clearing Member shall be bound by an FCM ~~Forex~~EnClear Contract registered in its name ~~on behalf of an FCM Client or an Affiliate~~ pursuant to the presentation of particulars of an FCM ~~Forex~~EnClear Transaction by it~~, and~~ or on its behalf, or by ~~the other~~an Approved Broker or presented by another FCM EnClear Clearing Member ~~or Non-~~provided that the particulars of such FCM EnClear Transaction are submitted to the Clearing ~~Member,~~House through such means as ~~applicable~~shall be prescribed by the FCM Procedures.

~~(d)~~(c) Without prejudice to the Clearing House's rights under ~~paragraph (f) of this~~ FCM Regulation ~~40,~~ 50(f), an FCM ~~Forex~~EnClear Transaction, the particulars of which are submitted for registration as an FCM ~~Forex~~EnClear Contract, must meet the eligibility criteria prescribed in these FCM Regulations and the FCM Procedures at the time the particulars of ~~the~~such FCM ~~Forex~~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 ~~Forex~~EnClear 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~~.

(d) The Clearing House shall be deemed to register an FCM ~~Forex~~EnClear Contract, in accordance with this FCM Regulation ~~40~~ 50 in the name of an FCM EnClear 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~~

(e) For the avoidance of doubt, any transaction of which details have been submitted by, or on behalf of, an FCM EnClear Clearing Member~~, and the FCM Client or Affiliate if applicable, will be deemed to be bound by the relevant FCM ForexClear~~ or by an Approved Broker for registration as an FCM EnClear Contract ~~on the~~ which is not so registered shall remain in effect or be terminated, as the case may be, according to any terms ~~entered into~~agreed between the ~~FCM Clearing Member~~parties thereto, and the Clearing House ~~automatically~~(and each other member of the LCH.Clearnet Group 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~~their respective officers, employees and ~~Schedule B hereto~~agents) shall have no obligations or liability in relation thereto.

~~(f) Ineligible Registered FCM ForexClear Transactions.~~

~~(i)~~ If at any time after registration of an FCM ~~Forex~~EnClear Contract~~,~~ the Clearing House determines that the corresponding ~~FCM ForexClear Transaction~~ transaction of which details were submitted for registration was not an FCM EnClear Transaction or did not, at the Registration Time, meet the eligibility criteria for registration as an FCM ~~Forex~~EnClear Contract ~~pursuant to the FCM Rulebook 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~~ 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 ~~Forex~~EnClear 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 under this paragraph as a termination shall be repayable to the person who made the 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 eligibility criteria for the registration of FCM ForexClear Contracts.

(iii)(f) Without prejudice to FCM Regulation- 24 and its obligations under this FCM Regulation 40, 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 ForexEnClear 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 ForexEnClear 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 cover as a condition of registration of such FCM Transaction(s), and such cover 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, without limitation, the furnishing of additional cover by any FCM Clearing Member in whose name any such FCM ForexClear Transaction is to be registered.

Registration of FCM ForexClear Transactions. An FCM ForexClear

Regulation 51 FCM EnClear Contracts

(i) An FCM EnClear 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)(a) in the case where one Executing Party clears its side of suchas two FCM ForexClear Transaction either through a Non-FCM Clearing MemberEnClear Contracts 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 ForexClearone FCM EnClear Contract pursuant to the UK General Regulations applicable to Non-FCM Clearing Members and one FCM ForexClearand one Non-FCM EnClear Contract pursuant to these FCM Regulations, where (i) the FCM ForexClear Contract shall be registered , one between the FCMFirst EnClear Clearing Member being the seller, or party paying a Fixed Price (as the Reference Currency Buyercase may be) and the Clearing House as the Reference Currency Seller (or vice versa buyer, or the party paying a Floating Price (as applicablethe case may be), and (ii) the Non-FCM ForexClear Contract shall be registeredthe other 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); orseller 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:

(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 "*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 ForexClear Contracts (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 ~~if applicable, the~~ the Non-FCM EnClear Contract, as the case may be, party to the corresponding FCM ~~ForexClear~~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 ~~Forex~~EnClear Contract~~), and~~ , as the case may be, under FCM Regulation 51(a):

(i) the parties to ~~such FCM ForexClear Transaction~~ 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 ~~under such FCM ForexClear Transaction~~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) ~~E~~each FCM ~~Forex~~EnClear Contract registered under FCM Regulation ~~40(i~~ 51(a) shall be governed by the relevant FCM ~~Forex~~EnClear Contract Terms as applicable to that FCM ~~Forex~~EnClear Contract~~.~~;

(iii) ~~Subject~~subject always to sub-paragraph (ii) above, in respect of the Economic Terms, ~~an FCM~~the First EnClear 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 ~~Forex~~EnClear Contract ~~registered by it~~ 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 ~~such FCM ForexClear~~its counterparty under the corresponding FCM EnClear Transaction; and

(iv) ~~Subject~~subject always to sub-paragraph (ii) above, in respect of the Economic Terms, ~~an FCM~~the Second EnClear 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 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 ~~ForexClear Contract registered by it in respect of such FCM ForexClear~~EnClear Transaction.

In ~~subsections~~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 ~~Forex~~EnClear Transaction (it being assumed, for this purpose, that such FCM ~~Forex~~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.

~~(k)~~(c) If an FCM ~~Forex~~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 ~~Forex~~EnClear Contract arising under this FCM Regulation ~~40~~51 (including any subsequent FCM EnClear Contract novated or ~~any other applicable provision of~~transferred in accordance with the FCM Rulebook~~.~~, if applicable).

~~(l)~~(d) In the case of an FCM ~~Forex~~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 ~~40~~ 51 shall take effect.

~~(m) An FCM Clearing Member may provide any of its approved FCM 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 OTC FX Client Accounts with LCH shall not be permitted to contain any FCM Contracts other than FCM ForexClear Contracts or associated cover and other payments and deliveries other than in connection with FCM ForexClear Contracts. Furthermore, the LCH OTC FX Client Segregated Depository Account shall not contain any FCM Contracts other than FCM ForexClear Contracts or associated cover and other payments and deliveries other than in connection with FCM ForexClear Contracts.~~

~~***Regulation 41*** **Cancellation of FCM ForexClear Contracts**~~

Regulation 52 ~~**An FCM Clearing Member may, in accordance with this FCM Regulation 41 and**~~

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Daily Settlement

~~(a)~~ Where 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~~ so provide, in respect of any FCM EnClear Transaction ~~(referred to in this~~ and any FCM ~~Regulation 41 as the "*Second ForexClear*~~EnClear Contract~~"), and vice versa.~~

~~(d) The date and time of the cancellation of an FCM ForexClear Contract shall be as reported by~~ arising therefrom, 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.~~

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~~Regulation 42~~ **~~Variation Margin~~**

(a) ~~The Clearing House shall, at least~~ the daily ~~and in accordance with and at the times stated in the Procedures, pay to, or require payment from, an FCM Clearing Member cash cover for variation margin in respect of any FCM ForexClear Contracts registered on behalf~~settlement to market, 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.~~ open FCM EnClear Contracts in accordance with the FCM Procedures.

~~(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 cover 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 OTC FX Client Account with LCH.~~

~~(e) This FCM Regulation 42 is without prejudice to the Clearing House's right to require cover to be provided to it under FCM Regulation 9.~~

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(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 43Regulation 53 Withdrawal of the FCM ForexEnClear Service by the Clearing House

(a) If at any time the Clearing House decides to withdraw theits FCM ForexEnClear 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 ForexEnClear Contracts) of the applicable Withdrawal Date. The accidental omission by the Clearing House to give notice under this FCM Regulation 4352 to, or the non-receipt of notice under this FCM Regulation 4352 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 authorised 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 ForexEnClear Contract (, other than a Closing-out Contract) after notice to withdraw the applicable service(s) has been given under FCM Regulation 4352(a).

(c) If, five Business days prior toat the Withdrawal Date, an FCM Clearing Member or Non-FCM Clearing Member has not closed out all of the applicable open FCM ForexEnClear Contracts registered in its name, the Clearing House may, inshall, at its sole discretion and upon five Business Days' notice to the FCM Clearing Members providing FCM ForexClear Clearing Services: , be entitled to:

(i) liquidate any or all of such FCM ForexEnClear Contracts and require such FCM ForexClear Contractscontracts to be cash settled at a price determined by the Clearing House; orand

(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

(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, without limitation, the furnishing of cover for 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, 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 was not an FCM Nodal Transaction or 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;

(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 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;

(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.

Regulation 63 Exercise of Options; Delivery Contract Arising upon the Exercise of an Option and Event Protection Contracts

(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 Nodal's 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 Nodal's Rules, or if no such day is so prescribed, on the next business day.

(b) Subject to Nodal's Rules an option may be exercised by notice in writing or in such other form as may be prescribed by Nodal's 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 Nodal's Rules so provide, be deemed to have been exercised in accordance with Nodal's Rules or, where relevant, the Procedures.

(c) Subject to Nodal's Rules, an option may be abandoned by notice in writing or in such other form as may be prescribed by Nodal's 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 Nodal's Rules or, where relevant, the FCM Procedures.

(d) If permitted under Nodal's Rules or, where relevant, the FCM Procedures, an option may be exercised or abandoned by or on behalf of a Member prior to the day and time referred to in paragraph (a) above in accordance with Nodal's 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 without making any enquiry, investigation or check as to whether it complies with Nodal's Rules or as to the authority of any person purporting to exercise or abandon an option on behalf of an FCM Nodal Clearing Member save that the Clearing House may reject any notice of exercise or abandonment (or exercise or abandonment made in such other prescribed form, as the case may be) if it does not appear to comply with Nodal's Rules or the FCM Procedures notwithstanding that it 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 by the Clearing House may be cancelled or withdrawn.

(g) Where the Clearing House is a buyer under the terms of an option contract, the Clearing House may exercise or abandon an option in accordance with Nodal's 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 63, the option contract shall be replaced by novation by an Open Contract on the terms specified in the option contract at the strike price or at some other price in accordance with the terms of such option contract.

(i) Subject to these FCM Regulations open contracts which are delivery contracts shall be fulfilled in accordance with Nodal's Rules. No delivery 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 such other amount or quantity as may be specified for the commodity in Nodal's Rules from time to time after agreement with the Clearing House.

(j) Where an Open Contract which is a delivery contract arises by novation (pursuant to paragraph (h) above) upon the exercise or deemed exercise of an option, the buyer under the terms of the delivery contract shall give to the Clearing House such information as may be prescribed by Nodal's Rules or, where relevant, the FCM Procedures by the time and in the manner specified in Nodal's Rules or the FCM Procedures. The Clearing House as buyer under the terms of a delivery contract shall, in accordance with FCM Regulation 2, give to the seller under the terms of such contract, such information as may be prescribed by Nodal's Rules or the FCM Procedures.

(k) The seller under the terms of a delivery contract shall deliver the commodity to the Clearing House as buyer in such manner and at such time as may be prescribed in Nodal's Rules or, where relevant, the FCM Procedures, and the Clearing House as seller under the terms of a delivery contract shall, in accordance with FCM Regulation 2, deliver the commodity the subject of such contract to an FCM Nodal Clearing Member (or Nodal Service Clearing Member, if applicable) as buyer under the terms of such contract.

(l) The buyer shall pay the price and such other amounts to the Clearing House as may be required by Nodal's Rules or, where relevant, the FCM Procedures in the form and manner and by the time prescribed in Nodal's Rules or the FCM Procedures, and the Clearing House shall, in accordance with FCM Regulation 2, pay the seller his price and such other amounts as may be required by Nodal's Rules or, where relevant, the FCM Procedures.

(m) Notwithstanding paragraphs (k) and (l) above, the Clearing House may in its absolute discretion in accordance with the FCM Procedures:

(i) direct an FCM Nodal Clearing Member or Nodal Service Clearing Member who is a seller under a delivery contract to deliver the commodity the subject matter of such contract to such other FCM Nodal Clearing Member (or Nodal Service Clearing Member, if applicable), being a buyer under a delivery contract, as the Clearing House may appoint; and

(ii) direct an FCM Nodal Clearing Member or Nodal Service Clearing Member who is a buyer under a delivery contract to pay the price and any other amounts payable pursuant to such contract to such other FCM Nodal Clearing Member (or Nodal Service Clearing Member, if applicable), being a seller under a delivery 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 Nodal Clearing Member agrees that it will accept delivery of a commodity, or as the case may be, payment of the price, from an FCM Nodal Clearing Member (or Nodal Service Clearing Member, if applicable) 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 delivery contract.

(n) If an invoice is not ready when payment becomes due pursuant to this FCM Regulation 63, payment shall be made and received on account.

Regulation 64 **Obligation to Make and Accept Tender under Cleared Exchange Contracts; Delivery Contracts; Open Contracts Subject to Tender; Open Contracts Subject to Tender; Restrictions on Clearing House's Obligations and Liability; Arbitration; Cover in Event of a Claim; Default of a Member; Substituted Obligation**

(a) Obligation to Make and Accept Tender under Cleared Exchange Contracts.

(i) Subject to these FCM Regulations open contracts which are FCM Nodal Contracts shall be fulfilled in accordance with Nodal's Rules or the FCM Procedures. No FCM Nodal Contract shall be for a unit or quantity smaller than one lot and the amount or quantity tendered shall be for one lot or such other amount or quantity as may be specified for the commodity in Nodal's Rules from time to time after agreement with the Clearing House. Where the terms of an FCM Nodal Contract so permit, the Clearing House may give directions to one or more FCM Nodal Clearing Members concerning the performance of such contract and in such case each such FCM Nodal Clearing Member shall be bound by and shall comply with any such direction.

(ii) Paragraphs (iii) to (xii) below and FCM Regulations 64(c) and 64(d) shall not apply to FCM Nodal Contracts which are contracts for differences or such option contracts as the FCM Procedures may prescribe. FCM Nodal Clearing Members shall fulfil their obligations to the Clearing House under the terms of such contracts in the manner and by the time prescribed by Nodal's Rules, these FCM Regulations and the FCM Procedures. The Clearing House shall fulfil its obligations as seller or buyer, as the case may be, under the terms of such contracts in accordance with FCM Regulation 2. FCM Regulation 64(b) shall apply and paragraphs (iii) to (xi) below shall not apply to delivery contracts.

(iii) An FCM Nodal Clearing Member, as seller in respect of an FCM Nodal Contract in its name which is not to be settled pursuant to FCM Regulation 62, shall give a tender to the Clearing House as buyer, together with such other documents as may be required by Nodal's Rules or the FCM Procedures by the time specified in Nodal's Rules or the FCM Procedures in respect of an FCM Nodal Contract for a particular delivery month or prompt date, and in the form and manner prescribed by Nodal's Rules or the FCM Procedures. The Clearing House, as seller in respect of an FCM Nodal Contract which is not to be settled pursuant to FCM Regulation 62, shall in accordance with FCM Regulation 2 give a tender to the buyer under the terms of such contract, together with such other documents as may be required by Nodal's Rules or the FCM Procedures.

(iv) A seller or buyer shall give to the Clearing House such additional documents or information required by Nodal's Rules to be given in respect of an open contract subject to tender by the time prescribed by Nodal's 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 open contract subject to tender shall in accordance with FCM Regulation 2 give such additional documents or information to the buyer (or seller) under the terms of such contract.

(v) The Clearing House shall be under no obligation to check a tender or documents received from an FCM Nodal Clearing Member pursuant to paragraph (iii) or (iv) above. The passing on by the Clearing House of such tender or such documents received from a seller (or buyer as the case may be) pursuant to the terms of an open contract subject to tender, to a buyer (or seller as the case may be) pursuant to the terms of an open contract subject to tender, shall not constitute acceptance by the Clearing House of such tender or such documents, and if the FCM Nodal Clearing Member to whom it passed on such tender or such documents rejects the same where permitted by Nodal's Rules, the Clearing House shall be entitled to reject the same as against the FCM Nodal Clearing Member from whom it received such tender or such documents.

(vi) Every buyer (not being the Clearing House) that has an FCM Nodal Contract in its name for the current delivery period or prompt date shall be bound to accept in fulfilment of the Clearing House's obligations as seller under paragraph (iii) any tender or documents complying with Nodal's Rules which is given to it by the Clearing House in accordance with FCM Regulation 2.

(vii) Subject to paragraph (v), no tender may be withdrawn or substituted by the seller once such tender is received by the buyer except with the consent of such buyer or otherwise in accordance with Nodal's Rules.

(viii) Where permitted by Nodal's Rules, a tender together with such other documents as may be required by Nodal's Rules or the FCM Procedures may be given to the Clearing House by or on behalf of a seller in respect of an original exchange contract to which the seller is party, such tender to be given to the Clearing House together with such particulars of the contract as may be required by the Clearing House, including if required the name of the buyer in respect of such contract, by the time specified in Nodal's Rules or the FCM Procedures. Registration of such contract in the name of the seller shall be effected as prescribed by the FCM Procedures.

(ix) The Clearing House may give a tender, together with such other documents as may be required by Nodal's Rules or the FCM Procedures, to a buyer in respect of an original exchange contract to which the buyer is party. Such particulars of the contract as the Clearing House may require shall be furnished by or on behalf of the buyer to the Clearing House in accordance with Nodal's Rules or the FCM Procedures. Registration of such contract in the name of the buyer shall be effected as prescribed by the FCM Procedures.

(x) The Clearing House may give a tender and documents received from a seller pursuant to paragraph (viii) above to a buyer in respect of an original exchange contract to which the buyer is party, and shall do so as agent for the seller. The furnishing of particulars and the registration of such contract in the name of a buyer shall be effected as provided in paragraph (ix) above. Upon registration of an original exchange contract pursuant to paragraph (viii), the giving of the tender 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 fulfilment of their obligations under paragraph (iii) and (vi) above.

(xi) In implementing this FCM Regulation 64(a), the Clearing House may effect and register such FCM Nodal Contracts in an FCM Nodal 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.

(xii) If Nodal's Rules require a buyer to give a tender and a seller to receive a tender in respect of an FCM Nodal Contract, a reference in this FCM Regulation 64(a) and in FCM Regulation 64(c) to a seller giving a tender shall be construed as being a reference to a buyer giving a tender and a reference to a buyer receiving a tender shall be construed as being a reference to a seller receiving a tender.

(b) Delivery Contracts.

(i) The obligations of FCM Nodal Clearing Members under delivery contracts shall be performed in accordance with the terms of such delivery contracts and in the manner and by the time prescribed by Nodal's 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 a delivery contract in accordance with FCM Regulation 2 and the FCM Procedures.

(ii) Where the terms of an open contract so permit, the Clearing House may give directions to one or more FCM Nodal Clearing Members concerning the performance of such open contract and in such case each such FCM Nodal Clearing Member shall be bound by and shall comply with any such direction.

(c) Open Contracts Subject to Tender.

(i) Without prejudice to the provisions of FCM Regulation 64(d)(i), under an open contract subject to tender or a delivery contract:

(1) 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 Nodal's Rules or the FCM Procedures;

(2) 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;

(3) subject to Nodal's Rules any compensation, adjusting payment, or other allowance payable by or to either the buyer or seller under the terms of the open contract shall be paid to or by the Clearing House;

(ii) Every tender and accompanying documents (except documents which, in accordance with Nodal's 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 64(a)(iii) shall for the purposes of these FCM Regulations be deemed to comply with Nodal's Rules unless the buyer notifies the Clearing House, by 10.00 hours on the business day following the day on which the tender and accompanying documents were given to him by the

Clearing House in accordance with Nodal's Rules or the FCM Procedures, that the tender 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 on such business day, to notify the seller to it under the terms of an open contract from whom it received such tender and accompanying documents that such tender and accompanying documents do not so comply.

(iii) Notwithstanding that open contracts may have been settled under FCM Regulation 62, a seller may, with the agreement of the Clearing House and by the time specified in the FCM Procedures, give the Clearing House a tender in respect of any such contract so settled. Upon receipt of such tender, the Clearing House shall (unless the FCM Procedures otherwise allow) effect on the FCM Nodal Clearing Member's behalf re-opening contracts (that is a sale by the FCM Nodal Clearing Member to the Clearing House and a purchase by the FCM Nodal Clearing Member from the Clearing House of one lot, each on the same terms (including delivery) as the settled contract except as to price) and register such contracts as open contracts in the FCM Nodal 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 tender in accordance with the FCM Procedures shall constitute confirmation of any such re-opening contracts and the seller's tender (or buyer's as the case may be) shall be deemed to have been made pursuant to his sale (or purchase) under the respective re-opening contract.

(iv) Notwithstanding that an open contract may have been settled under FCM Regulation 62, the Clearing House may in accordance with the FCM Procedures give a tender to a buyer under FCM Regulation 64(a) as if the contract were still open and on so doing the Clearing House shall effect on the FCM Nodal Clearing Member's behalf re-opening contracts (defined as in paragraph (iii) above and to be effected as there described) and register such contracts as open contracts in the FCM Nodal Clearing Member's name. The receipt by the Buyer of such tender shall constitute confirmation of the re-opening contract and shall be deemed to occur pursuant to the FCM Nodal Clearing Member's purchase under the respective re-opening contract.

(v) In implementing this Regulation, the Clearing House may effect and register such contracts in an FCM Nodal 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.

(d) Arrangements for Delivery and Payment of Price.

(i) In respect of its obligations under the terms of any open 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 FCM Nodal Contract to the seller, the Clearing House may in its absolute discretion in accordance with the FCM Procedures:

(1) direct an FCM Nodal Clearing Member or Nodal Service Clearing Member who is a seller under an open contract to deliver the commodity the subject matter of such contract to such other FCM Nodal Clearing Member (or Nodal Service Clearing Member, if applicable), being a buyer under an open contract as the Clearing House may appoint, and

(2) direct an FCM Nodal Clearing Member or Nodal Service Clearing Member who is a buyer under an open contract to pay the price and any other amounts payable pursuant to such contract to such other FCM Nodal Clearing Member (or Nodal Service Clearing Member, if applicable), being a seller under an open 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 Nodal 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 Nodal Clearing Member (or Nodal Service 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 an open contract.

(ii) If an invoice is not ready when payment becomes due, payment shall be made and received on account.

(iii) An FCM Nodal Clearing Member may from time to time agree in writing with the Clearing House in respect of such FCM Nodal Contracts as are prescribed in the FCM Procedures that he shall pay to and receive from the Clearing House in accordance with the FCM Procedures a net amount in respect of his 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.

(iv) If a buyer, where permitted by Nodal's 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 open contract subject to tender, 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 open contract subject to tender, 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.

(e) Restrictions on Clearing House's Obligations and Liability.

(i) This FCM Regulation 64(e) shall apply to open contracts subject to tender and delivery contracts and shall not apply to contracts for differences or option contracts.

(ii) 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 an

open contract subject to tender or a delivery contract by an FCM Nodal Clearing Member concerning:

(1) a tender given by the Clearing House; or

(2) any documents accompanying a tender as required by Nodal's Rules or the FCM Procedures; or

(3) the performance by the Clearing House of its obligations under an open contract to make delivery of a commodity or to pay the price; or

(4) any other dispute or matter arising under the terms of such contract;

unless the conditions set out in paragraphs (iii), (iv) and (v) below are satisfied.

(iii) The FCM Nodal Clearing Member shall (without prejudice to his taking any other steps which may be required of or open to him under Nodal's Rules or the FCM Procedures) give written notice and particulars of his claim to the Clearing House not later than 17:00 hours (such time to be of the essence) on the seventh business day following the day on which, in accordance with Nodal's 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 (such time to be of the essence) on the seventh business day following the last day on which the buyer, in accordance with Nodal's Rules or the FCM Procedures, must take delivery of the commodity (whether or not the buyer fulfils such obligation).

(iv) Where Nodal's Rules provide for arbitration, the FCM Nodal Clearing Member shall refer all disputes referred to in paragraph (ii) above in respect of the FCM Nodal Contract to arbitration under Nodal's Rules, shall give to the Clearing House notice of such referral pursuant to Nodal's Rules and details of any award made.

(v) The FCM Nodal Clearing Member shall promptly provide the Clearing House with such further particulars of his claim, as the Clearing House may from time to time require in writing.

(f) Arbitration: Cleared Exchange Contracts, Turquoise Derivatives Cleared Exchange Contracts, EquityClear Contracts or LCH EnClear OTC Contracts (for Physical Delivery).

(i) Subject to subparagraph (vi) below, a dispute arising from or in relation to any FCM Nodal Contract or in relation to these FCM Regulations relating to the clearing of FCM Nodal Contracts shall, unless resolved between the Clearing House and the FCM Nodal Clearing Member, be referred to arbitration under Nodal's Rules and arbitration shall be conducted in accordance with Nodal's Rules. The Clearing House shall be entitled to call upon an FCM Nodal Clearing Member who is a buyer and an FCM Nodal Clearing Member who is a seller, under the terms of FCM Nodal Contracts, which have been matched by the Clearing House and in respect of which reference to arbitration has been made under Nodal's

Rules, to conduct the arbitration between them under Nodal's Rules as applicable.

(ii) In the event that the Clearing House elects to call upon a seller and a buyer to arbitrate between them pursuant to FCM Regulation 64(f)(i) above and Nodal's Rules, the following procedures shall apply:

(1) the Clearing House shall give notice of such election to the buyer, the seller and Nodal, in accordance with Nodal's Rules;

(2) 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 case against the seller, in either case, subject to the provisions of this FCM Regulation 64(f);

(3) 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;

(4) 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

(5) 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.

(iii) 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 Nodal 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 Nodal Contract, which has been matched by the Clearing House as referred to in paragraph (i) 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.

(iv) 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.

(v) No person may refer to arbitration under Nodal's 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.

(g) 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 Nodal's Rules or FCM Regulation 64(e) in respect of an open FCM Nodal Contract, any or all cover standing to the credit of the accounts of an FCM Nodal Clearing Member who is

party to one or more contracts under dispute (whether such cover is held with respect to a 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 Nodal Clearing Member of additional cover, in such amount as it may deem appropriate in respect of such contract or contracts, 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 Nodal Clearing Member to the Clearing House shall be assessed by reference to such circumstances as the Clearing House in its discretion deems relevant.

(h) Default of a Member: Substituted Obligation. Where an FCM Nodal Clearing Member defaults in performance of an open FCM Nodal Contract subject to tender, and by the operation of Default Rules the FCM Nodal 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 FCM Nodal Clearing 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 open contracts subject to tender with one or more other FCM Nodal Clearing Members or Nodal Service Clearing Members, as applicable, (such open FCM Nodal Contracts and such other FCM Nodal Clearing Members or Nodal Service 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 Nodal Clearing Member shall question the settlement amount or any determination made by the Clearing House under this FCM Regulation 64(h).

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. ("I*SDA*"), 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 ~~information~~ in respect of ~~(i), (viii) or (ix) (not both) for~~ vanilla interest rate swaps with constant notional principal and variable notational 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 Schedule[1];

(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).

(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);

[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%.

(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)

(d) 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);

(e) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)[4];

(f) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);

(g) 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~~))~~);

(ii) 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;

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[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 spead 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 spead is variable it can be set out in a Spread schedule.

(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)

(d) 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);

(e) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition)[5];

(f) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);

(g) 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~~)~~).

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

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

(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);

(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);

[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 spead is variable it can be set out in a Spread schedule.

(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):

FRA Yield Discounting (see Article 8.4. (e) for definition).

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

(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:

(ii) the Payer of the Additional Payments/Fees (if any);

(iii) the amount of the Additional Payments/Fees (specify zero if none);

(a) Business Days (see Article 1.4 for definition);

(b) Business Day Convention (see Article 4.12 for definition);

(c) Fixed Rate Payer (see Article 2.1 for definition);

(d) Fixed Rate Payer Payment Dates;

(e) Fixed Rate;

(f) Floating Rate Payer (see Article 2.2 for definition);

(g) Floating Rate Payer Payment Dates;

(h) Floating Rate Option (see Article 6.2(i) for definition);

(i) Designated Maturity (see Article 7.3(b) for definition);

(j) Spread (see Article 6.2(f) for definition);

(k) Reset Dates (see Article 6.2(b) for definition);

(l) Floating Rate Day Count Fraction (see Article 6.2(g) for definition).

(m) FRA Discounting (see Article 8.4 (b) for definition):

(n) Discount Rate (see Article 8.4. (c) for definition):

(o) Discount Rate Day Count Fraction (see Article 8.4. (d) for definition):

(p) FRA 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.

~~2.4~~2.6 Financial Centers

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

Financial Center	Marketwire/FpML
Sydney	AUSY
Brussels	BEBR
Montreal	CAMO
Toronto	CATO
Geneva	CHGE
Zurich	CHZU
Prague	CZPR
Frankfurt	DEFR
Copenhagen	DKCO
Madrid	ESMA
Helsinki	FIHE
Paris	FRPA
London	GBLO

Financial Center	Marketwire/FpML
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 eligibility criteria, set out in paragraph 1.2(A), (B) and 1.3, below for 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.

1.2 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 Indices[6]	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	~~736~~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	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)
		definition				
		USD-Federal Funds H.15-OIS-COMPOUND See article 7.1(ab)(xxxix) for definition	Fixed vs. Floating	Single currency	~~736~~10,970 days	
	Euro (EUR)	EUR-LIBOR-BBA See Article 7.1(f)(vii) for definition EUR-EURIBOR-Telerate See ~~a~~Article 7.1 (f)(ii) for definition	Fixed vs. Floating Floating vs. Floating	Single currency	18,275 days	0.01- 99,999,999,999.99
		EUR-EONIA-OIS-COMPOUND See Article 7.1(f) (viii) for definition	Fixed vs. Floating	~~736~~10,970 days		
	Australian Dollar (AUD)	AUD-BBR-BBSW	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99

Instrument	Acceptable Currencies	Acceptable Indices[6]	Types		Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
		See Article 7.1(a) (iv) for definition	Floating vs. Floating			
Vanilla interest rate swaps with constant notional principal		AUD-LIBOR-BBA				
		See Article 7.1(a) (viii) for definition				
	Canadian Dollar (CAD)	CAD-BA-CDOR	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99
		See Article 7.1(b) (ii) for definition	Floating vs. Floating			
		CAD-LIBOR-BBA				
		See Article 7.1(b) (viii) for definition				
		CAD-CORRA-OIS-COMPOUND	Fixed vs. Floating	Single currency	736 days	.01-99,999,999,999.99
		See Article 7.1(b) (xii) for definition				
	Czech Koruna	CZK-PRIBOR-	FIXED vs.	Single currency	3670 days	0.01-99,999,999,9

Instrument	Acceptable Currencies	Acceptable Indices[6]	Types		Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
	(CZK)	PRBO	FLOAT			99.99
		See Article 7.1r(i) for definition	FLOAT vs. FLOAT			
	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				

Instrument	Acceptable Currencies	Acceptable Indices[6]	Types		Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
	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 definition	FLOAT vs. FLOAT			
	Japanese Yen (JPY)	JPY-LIBOR-BBA	Fixed vs. Floating	Single currency	~~10970~~14,620 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	~~3670~~5495 days	0.01-99,999,999,999.99
		See Article 7.1(l) (iii) for definition	Floating vs. Floating			
	New Zealand Dollar (NZD)	NZD-BBR-FRA	Fixed vs. Floating	Single currency	~~3670~~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 Dolar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3670 days	0.01-99,999,999,999.99

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

Instrument	Acceptable Currencies	Acceptable Indices[6]	Types	Maximum Residual Term	Notional Amount (Min-Max of the relevant currency unit)
		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,3,4m,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,10,11m, 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,10,11m, 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,10,11m,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,10,11m, 1y	Min 3 Max 375
Forward Rate Agreement	EUR	EUR-EURIBOR - REUTERS	Fixed v floating	Single currency	1105 days		1w,2w, 3w 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,10,11m, 1y	Min 3 Max 375
Forward Rate Agreement	JPY	JPY-LIBOR-BBA	Fixed v floating	Single currency	1105 days		1w,2w 1m,2m,3m,4m,5m,6m,7m,8m,9m,10,11	Min 3 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)
							m, 1y	
Forward Rate Agreement	NOK	NOK-NIBOR-NIBR	Fixed v floating	Single currency	740 days		1w, 1m,2m,3m,4m,5m,6m,7m,8m,9m,10,11m,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_WIBO	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 25 Max 375

2. [Intentionally Omitted]

3. Additional Criteria for an FCM SwapClear Transaction

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
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)	
(See Article 4.16(c) for definition)	AFI/365
Actual/360	

Fraction	SWIFT Code
(See Article 4.16(d) for definition)	ACT/360
30/360,360/360, Bond Basis	360/360
(See Article 4.16(e) for definition)	
30E/360	30E/360
(See Article 4.16(f) for definition)	

(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 >= 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 <= 3,670 days for DKK, HKD, NZD, NOK, PLN, ZAR, SAD, HUF & CZK (10 years)

Termination date - Today <= 10,970 days for AUD, CAD, CHF, JPY & SEK (30 years)

Termination date – Today <= 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:

Currency	**Maximum Residual Term to Maturity**
EUR, JPY, USD	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.)

For vanilla interest rate swaps with constant notional principal and variable notional swaps the Clearing House will only accept non-standard Calculation Periods ("*stub periods*") at either the start or end of the contract. Transactions with stub periods at both the start and end of the transaction will not be eligible as FCM SwapClear Transactions.

For variable notional swaps the stub rate should be detailed either as a percentage (i.e. 5.5%), an interpolation (i.e. 1 month/3months) 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 >= 1 week for IRS and basis swap and >=1 month for zero coupon swaps.

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

SCHEDULE B – [Reserved]

[Reserved]

SCHEDULE C – FCM ~~FOR~~E~~X~~NCLEAR CONTRACT TERMS AND PRODUCT ELIGIBILITY CRITERIA

Part A

FCM ~~Forex~~EnClear Contract Terms

~~The~~ 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 ~~Forex~~EnClear Contract shall include these FCM ~~Forex~~EnClear Contract Terms (these "Contract Terms") which shall comprise:

(1) ~~(1)~~ Interpretation and Definitions;

(2) ~~(2)~~ Economic Terms; ~~and~~

~~(3) Standard Terms, being both the:~~

(3) ~~A.~~ Specific Standard Terms~~;~~*; and

(4) ~~B.~~ 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 ~~Forex~~EnClear Contract Terms applicable to an FCM ~~Forex~~EnClear Contract to calculate the amounts due under the FCM ~~Forex~~EnClear Contract to, or from, the Clearing House in accordance with the FCM Procedures.

~~**4. Interpretation ("Interpretation")**~~

~~4.1 "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.~~

~~4.2 Words and expressions used in these FCM ForexClear Contract Terms which are not defined in~~Subject to 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.~~

~~4.3 In the event of an inconsistency, the FCM Regulations and the FCM Procedures will prevail over the ISDA Definitions.~~

~~4.4 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.~~

~~4.5 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.~~

~~4.6~~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~~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 ~~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).~~in accordance with the FCM Procedures.

~~4.7 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 a FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.~~

~~4.8 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.~~

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.

~~5.~~*Section 2* Economic Terms

~~5.1~~2.1 The Economic Terms of an FCM ~~Forex~~EnClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ~~ForexClear Transaction~~EnClear Transaction in respect of the terms designated as Economic Terms in this Schedule.

~~5.2~~2.2 ~~The~~ It is part of the eligibility criteria for registration as an FCM EnClear Contract that the particulars of an FCM ~~Forex~~EnClear Transaction presented to the Clearing House must include matched information in respect of ~~the following~~ all such designated Economic Terms with the exception of 2.3(viii) which ~~are not predetermined~~will be determined in accordance with the ~~EMTA Templates:~~ FCM Procedures.

~~(1) Trade Date (Section 1.25)~~

2.3 ~~Forward~~The Economic Terms comprise:

~~(2)~~ Fixed Rate ~~(Section 2.1(a))~~

~~(3)~~(a) ~~Reference Currency Notional Amount (Section 1.21)~~Payer or ~~Notional Amount (Section 1.17(b)) in USD~~seller;

~~(4) Reference Currency Buyer (Section 1.20)~~

~~(5) Reference Currency Seller (Section 1.22)~~

(b) ~~scheduled Settlement Date (Section 1.24) (without prejudice to the adjustments~~ 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).

~~(6)~~ PROVIDED, however, that, as 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).~~

~~5.3 However, as set out more particularly in~~ FCM Regulation ~~40,~~50 where the FCM ~~Forex~~EnClear Transaction specifies an FCM ~~ForexClear~~ Clearing Member as the ~~Reference Currency Seller,~~party paying the Fixed Price or being the seller ("the First EnClear Clearing Member") with the other FCM ~~ForexClear Member as the Reference Currency Buyer,~~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 ~~Forex~~EnClear Contract ~~to which~~ it is party to pursuant to the corresponding FCM ~~Forex~~EnClear Transaction, shall be (i) the ~~Reference Currency Buyer~~party paying the Floating Price or the buyer to the First EnClear Clearing Member under the FCM EnClear Contract; and (ii) the ~~Reference Currency Seller~~party paying the Fixed Price or seller to the Second EnClear Clearing Member under ~~such~~the FCM ~~Forex~~EnClear Contract~~, respectively~~.

~~6.~~*Section 3* Specific Standard Terms ~~("Specific Standard Terms")~~For FCM EnClear Contracts

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

~~6.1 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.~~

~~6.2 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~~

~~6.3 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:~~

~~(7) Date of Annex A (Section 4.2):~~

~~Annex A to the ISDA Definitions is incorporated as amended as at the Trade Date.~~

~~(8) Reference Currency (Section 1.19):~~

~~To be determined by using the EMTA Template appropriate to the particular Currency Pair.~~

~~Calculation Agent (~~[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 ~~1.3):~~3.5 not applicable to the FCM EnClear Service]

~~(9) The Clearing House is the Calculation Agent.~~

~~6.4 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.~~

Section 4 **General Standard Terms** (“

7. 4A. The following General Standard Terms”) apply to all FCM EnClear Contracts:

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

7.1 **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.

7.2 **Withholding Tax Provisions**

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

(a) All payments due under an FCM ForexEnClear 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

(b) The Clearing House shall make any payments due to an FCM Clearing Member net of which suchany deduction or withholding for or on account of any tax it is required to be made, by themake from such payments.

7.2.1(c) The FCM ForexClear Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding,indemnify 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 madeagainst 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.

7.2.2 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.

7.3 4.A.2 **Payment of Stamp Tax**

EachThe FCM ForexClear Clearing Member will pay any Stamp Tax or other similar duty levied or imposed upon it in respect of any FCM ForexEnClear Contract to which it is a party by a jurisdiction in which it is incorporated, organised, 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~~.

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.

~~7.4~~ 4.A.3 **Payments under an FCM ~~Forex~~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 ~~Forex~~EnClear 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 Regulations and the FCM Procedures.

~~7.5~~ 4.A.4 **FCM Regulations**

~~An~~This FCM ~~Forex~~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 ~~Forex~~EnClear Contract Terms and the FCM Regulations and/or the FCM Procedures, the FCM Regulations and the FCM Procedures will prevail.

~~7.6~~ 4.A.5 **Governing Law**

~~Each FCM ForexClear Contract, and any non-contractual obligations arising out of or in connection with it,~~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 ~~ForexClear~~ Clearing Member party ~~hereto~~to this FCM EnClear Contract irrevocably submits to such jurisdiction and ~~agrees~~ to waive any objection it might otherwise have to such jurisdiction, save that this submission to the exclusivie jurisdiction of the courts of the State of New York, Borough of Manhattan in the Untied 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.

~~7.7~~ 4.A.6 **Third Party Rights**

A person who is not a party to this FCM ~~Forex~~EnClear Contract shall have no rights under or in respect of ~~it.~~this FCM EnClear Contract. Rights of third parties to enforce any terms of this FCM ~~Forex~~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 ~~Forex~~EnClear Contract~~ - Product Eligibility Criteria~~

~~8. 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:~~

1. ~~the transaction meets the~~ **FCM EnClear Transactions**

(a)

~~(a)~~1.2 **Product Eligibility Criteria** ~~set out in paragraph 2 below~~ **for** ~~an~~ **FCM** ~~ForexClear Transaction;~~ **EnClear Transactions**

~~(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.~~

1.2.1 [This section has been removed]

1.2.2 [This section has been removed]

~~9.~~1.2.3 Product Eligibility Criteria for ~~an FCM ForexClear Contract~~FCM EnClear Transactions in the Freight Division

~~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, or~~
	~~6. KRW - South Korean Won.~~
~~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~~

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.

Exhibit A-2
FCM Procedures
See Attached

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FCM ~~procedures~~PROCEDURES

Except where the context otherwise requires, defined terms used herein have the meaning ascribed to them in the FCM Regulations or in other portions of the FCM Rulebook.

1. FCM CLEARING MEMBER STATUS

1.1 FCM Clearing Member Application Procedure

(a) Application Procedure: An application for FCM Clearing Member status of the Clearing House must be made on the appropriate form which can be obtained from the Clearing House's Membership Department. Additional information (including legal documents) must be supplied where required and submitted to the Clearing House with the completed form.

Applicants approved by the Clearing House for FCM Clearing Member status ("**Approved Applicants**") must, within three months of notification of their approval as an applicant, fulfill all conditions attached to their approval. If an Approved Applicant does not fulfill all such conditions within the~~ei~~s~~e~~ three~~ months~~-month period, the Clearing House may, at its sole discretion, require that an Approved Applicant re-apply for FCM Clearing Member status.

Approved Applicants will become FCM Clearing Members with the right to clear one or more Products (categories of FCM Contracts~~.~~ as defined in the FCM Regulations). Separate approval from the Clearing House is required in order to clear each ~~Business Category of FCM Contract. Existing~~Product. An existing FCM Clearing Member~~s~~ may apply to clear additional ~~Business Categories of FCM Contract~~Products that ~~they do~~it does not currently clear. Please note that FCM Clearing Member status does not provide membership of the company LCH.Clearnet Limited or any right to a shareholding therein, nor does it provide the right to any shareholding in LCH.Clearnet Group Limited or any entitlement or right to participate in any way in LCH.Clearnet SA or the clearing services it offers. LCH.Clearnet SA has its own arrangements and admission criteria for Clearing Member status – see the LCH.Clearnet SA sections of the LCH.Clearnet website for further details.

(b) FCM Clearing Member Status: The terms and conditions binding on each FCM Clearing Member are set out in the FCM Rulebook (which includes these FCM Procedures), the FCM Clearing Membership Agreement, the FCM Default Management Process Agreement and the FCM Default Fund Agreement, each as amended from time to time. Two copies of the FCM Clearing Membership Agreement and the FCM Default Fund Agreement will be provided to the applicant who must sign both copies of each (but not date them) and return them to the Clearing House's Membership Department along with the application documentation.

The applicant must pay the stipulated application fee to the Clearing House. This fee must accompany the application for FCM Clearing Member status and is non-refundable.

If and when FCM Clearing Member status is granted, new FCM Clearing Members will receive a duly executed (and dated) copy of the FCM Clearing Membership Agreement and the FCM Default Fund Agreement together

with the notification of acceptance and details of any condition(s) attached to FCM Clearing Member status. If granted, FCM Clearing Member status is subject to a Contribution to the Default Fund of the Clearing House (DF), as determined by the Clearing House under the Default Fund Rules.

(c) Conditions of Application: An applicant for FCM Clearing Member status must accept that the Clearing House:

(i) is entitled to make enquiries of any nature about the applicant and any person connected or associated with the applicant;

(ii) is entitled to ask the applicant to supply additional information and take whatever steps are necessary to verify information;

(iii) is entitled to provide and/or disclose information to an exchange, governmental department, regulatory organization, other authority, or to the Clearing House's insurers in connection with any form of insurance, or to any person pursuant to the provisions of the CEA, any rules ~~made~~promulgated thereunder, or in accordance with any other statutory or regulatory requirement, and in accordance with the terms of the FCM Clearing Membership Agreement;

(iv) may disclose to any other party the name, address, registered number and details of any exchange or clearing memberships held or applied for; and

(v) will endeavo~~u~~r to process, consider and decide upon an application in a timely fashion, but owes no duty or obligation to the applicant to do so.

1.1.1 **General**

(a) An applicant must, in accordance with the FCM Regulations satisfy the criteria set out in the FCM Regulations and these FCM Procedures in order to be considered for FCM Clearing Member status. These requirements are without prejudice to the provisions of the FCM Clearing Membership Agreement and the FCM Default Fund Agreement which must be executed by the applicant, and must equally be met by FCM Clearing Members.

The Clearing House may, in its sole discretion, refuse an application for membership where it considers it appropriate to do so in accordance with its internal risk management policies and procedures as amended from time to time.

The applicant and those of its staff who exercise an executive or managerial role, must have a high standard of integrity and a level of knowledge, as determined by and acceptable to the Clearing House, of the nature, risks and obligations of trading in the market they wish to clear.

The applicant must satisfy the minimum Net Capital requirements, as set out in the FCM Regulations or such greater amounts as may be required by the Clearing House.

The applicant must open Protected Payments System (PPS) bank account(s) at one or more of the bank branches participating in the PPS system:

~~(i)~~(i) in London in each currency including in US dollars and GBP;

~~(ii)~~(ii) in the USA in US dollars,

and must execute all necessary PPS mandates for House and Client accounts.

The applicant must maintain a back office:

~~(i)~~(i) remote from the trading desk;

~~(ii)~~(ii) with adequate systems (including but not limited to computer and communications systems) and records;

~~(iii)~~(iii) with an adequate number of administrative staff fully conversant with procedures for the management of business transacted in the contracts cleared by the Clearing House in which the applicant participates; and

~~(iv)~~(iv) with such technology and connectivity as may be stipulated by the Clearing House.

Applicants for FCM Clearing Member status and FCM Clearing Members must at all times respond promptly to enquiries or requests for information made by the Clearing House. Such enquiries may require FCM Clearing Members to demonstrate compliance with the applicable FCM clearing membership criteria and/or applicable laws and regulations.

~~(d)~~(b) Termination of FCM Clearing Member Status: In the event that an FCM Clearing Member wishes to terminate its FCM Clearing Member status, it may do so by giving notice of not less than three months ahead of its proposed termination date. By the close of business on the termination date, the FCM Clearing Member shall ensure that all registered FCM Contracts in its name have been closed-out or transferred so as to ensure that there are no Open Contracts to which it is party to at the termination date. A resigning FCM Clearing Member should note that any and all Executing Parties for which it clears FCM Transactions will be required to find alternative clearing arrangements by this date or will be unable to enter into FCM Transactions unless such Executing Party already has other clearing arrangements in place. For further information on the resignation process, FCM Clearing Members should contact the Clearing House's Membership Department.

If an FCM Clearing Member has not been active in a market for a continuous period of three months, it will be asked to confirm that they intend to utilize their FCM Clearing Member status and, failing a satisfactory response, they may be required to resign their FCM Clearing Member status.

FCM Clearing Members are required to notify promptly or pre-notify the Clearing House of any changes which may result in non-compliance with the

FCM Clearing Member status criteria as stated in the FCM Regulations and these FCM Procedures.

1.2 Net Capital

1.2.1 Net Capital Requirements

FCM Clearing Members are required to maintain a minimum level of net capital as set out in the FCM Regulations.

1.2.2 Additional Net Capital Requirements

Additional resources will be required when, in the Clearing House's assessment, an FCM Clearing Member's Net Capital is not commensurate with its level of business.

The Clearing House shall, on a daily basis, compare the market risk associated with each FCM Clearing Member's FCM Contracts with their level of net capital as reported to the Clearing House in order to ascertain whether, in the Clearing House's opinion, such FCM Clearing Member is sufficiently capitali~~s~~zed to support the level of risk associated with the FCM Contracts to which they are counterparty. In determining whether an FCM Clearing Member is sufficiently capitali~~s~~zed, the Clearing House may also consider:

~~1.~~ 1. the ratio of FCM Contracts entered into on behalf of an FCM Client compared to those entered for its own account or that of an Affiliate;

~~2.~~ 2. the FCM Clearing Member's aggregate exposure to other clearing providers and other entities; and

~~3.~~ 3. the total amount of cover deposited with, transferred to or otherwise delivered to the Clearing House by the FCM Clearing Member.

In the event that the Clearing House considers that the FCM Clearing Member is not sufficiently capitali~~s~~zed to support the level of risk associated with its open FCM Contracts, the Clearing House may perform one or more of the following:

~~1.~~ 1. require that the relevant FCM Clearing Member furnish the Clearing House with additional cover; or

~~2.~~ 2. prevent or limit the extent to which an FCM Clearing Member may register additional FCM Contracts; or

~~3.~~ 3. require that the FCM Clearing member provide the Clearing House with additional information relating to its exposure to other clearing providers or other entities.

1.3 Calculation Of Net Capital

~~Net~~The net capital of FCM Clearing Members is calculated by the Clearing House in ~~line~~accordance with CFTC Regulation 1.17.

1.4 **Reporting**

FCM Clearing Members ~~must~~shall provide (without limitation of any other provisions in the FCM Rulebook) the information detailed ~~below~~in this Section 1.4 to the Clearing House.

1.4.1 **Provision of Information**

(a) ~~All~~Each FCM Clearing Member~~s~~ must, within six months from the date on which ~~their~~its annual accounts are made up, provide the Clearing House with an English-language copy of ~~their~~ its income statement (or profit and loss ~~account~~statement) and balance sheet, together with a statement that ~~their~~its auditors have reviewed and approved them, ~~drawn up~~ in accordance with applicable law in the relevant jurisdiction and in accordance with the requirements of CFTC Regulation 1.16 ~~requirements~~ or otherwise in accordance with the requirements of the Clearing House. In addition, the Clearing House may at its discretion require the provision of financial accounts for the ultimate or immediate parent of the FCM Clearing Member.

(b) ~~All~~Each FCM Clearing Member~~s~~ must provide the Clearing House in a prompt and timely manner with:

(i) copies of all financial returns/reports made to ~~their~~its regulators, and upon request from the Clearing House, any other notifications made to the CFTC as required under the CFTC~~'s~~ Regulations (including CFTC Regulation 1.12);

(ii) those financial reports detailed in CFTC Regulation 1.10;

(iii) any information concerning any financial or business development that that the FCM Clearing Member reasonably considers may materially affect the clearing member's ability to comply with the FCM clearing membership criteria or applicable laws or regulations;

(iv) copies of all reports that are required to be filed with the CFTC pursuant to parts 17 and 20 of the CFTC Regulations;

(v) information and documents regarding the FCM Clearing Member's risk management policies and practices as requested by the Clearing House. Such information shall include, without limitation, information and documents relating to the liquidity of that FCM Clearing Member's financial resources and their settlement procedures;

(vi) any other financial information that the Clearing House determines is necessary to assess whether membership criteria are being met on an ~~ongoing~~on-going basis; and

(vii) notice if the FCM Clearing Member becomes the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or any other event to which it is required to notify the Clearing House under the FCM Clearing Membership Agreement or the FCM Rulebook.

In addition, and upon request from the Clearing House or the CFTC, each FCM Clearing Member shall promptly provide the information detailed in (v) above directly to the CFTC.

1.4.2 **Reduction in Net Capital**

All FCM Clearing Members must immediately notify the Clearing House of any significant reduction (usually 10% or more), from the figures shown in their last financial returns, in:

(a) shareholders' funds;

(b) ~~Net Capital~~net capital.

1.5 **Additional Requirements**

1.5.1 **Notification of Changes of Ownership**

FCM Clearing Members are required to notify or pre-notify the Clearing House of changes in controlling holdings (defined as the exercise or control of 20% or more of the voting power of the firm). In cases of changes in ownership, and particularly where those potentially acquiring a dominant stake in an FCM Clearing Member are not known to the Clearing House, FCM Clearing Members are required to pre-notify the Clearing House of their plans. The proposed change of ownership may be subject to an approval process involving the Risk Committee and Board of the Clearing House (LCH.Clearnet Limited).

1.5.2 Each FCM Clearing Member shall maintain current written risk management policies and procedures which address the risks that the relevant FCM Clearing Member may pose to the Clearing House, including any policies and procedures that the Clearing House may reasonably request be incorporated therein. Upon the request of the Clearing House, an FCM Clearing Member shall promptly provide the Clearing House with a copy of its current policies and procedures for review by the Clearing House.

1.5.3 Pursuant to, and in accordance with, FCM Regulation 9(o), where an FCM Client enters into an FCM Transaction that is non-hedging in nature, the relevant FCM Clearing Member shall collect from that FCM Client additional collateral at a level of:

(i) in respect of FCM SwapClear Contracts, 10% above the amount that the Clearing House would normally require for such contracts; ~~and~~

(ii) ***[reserved]***

~~(ii)~~(iii) in respect of FCM ~~Forex~~EnClear Contracts, 10% above the amount that the Clearing House would normally require for such contracts~~.~~; and

(iv) in respect of FCM Nodal Contracts, 10% above the amount that the Clearing House would normally require for such contracts.

In connection with FCM Regulation 9(o) and this Section 1.5.3, FCM Clearing Members are not required to lodge Initial Margin with the Clearing House which is in excess of the Required Margin.

1.6 **Other Conditions**

The Clearing House may, at any time, impose additional conditions relating to continued FCM Clearing Member status, and at any time vary or withdraw any such conditions. These conditions may include, but are not limited to, a requirement to deposit additional security in cash or other collateral as determined by the Clearing House.

~~2. [INTENTIONALLY LEFT BLANK]~~

2. PRODUCT-SPECIFIC PROCEDURES

Section 2 of these FCM Procedures contains certain requirements and procedures that are specific to individual Products cleared by the Clearing House. The clearing of FCM SwapClear Contracts is discussed in Section 2A, Section 2B is reserved for a future clearing service, the clearing of FCM EnClear Contracts is discussed in Section 2C and the clearing of FCM Nodal Contracts is discussed in Section 2D.

FCM SWAPCLEAR

2A SWAPCLEAR

2A.1 The Clearing Process

The FCM SwapClear Service is an interface that processes and stores all FCM SwapClear Transactions received from an FCM Approved Trade Source System.

Only FCM Clearing Members are authori~~s~~zed by the Clearing House to submit trades for clearing in the FCM SwapClear Service.

2A.1.1 FCM SwapClear Service Functions

The following functions are performed within the FCM SwapClear Service:

(a) processing and settlement of coupon payments;

(b) processing and settlement of consideration (fee) payments;

(c) calculation of initial and variation margin requirements;

(d) calculation of Price Alignment Interest;

(e) adjustment of cash payments to conform with Opening Days and the SwapClear Calendars;

(f) allocation and designation of trades to a position-keeping account; and

(g) reporting of registered trades.

FCM SwapClear Transactions submitted via an FCM Approved Trade Source System (i.e., new trades submitted for intra-day registration or existing trades submitted for overnight registration – see Sections 2A.3.~~2~~4 and 2A.3.~~3~~5) will, subject to meeting all requirements prescribed by the Clearing House, be processed and stored within the FCM SwapClear clearing system. Information regarding FCM SwapClear Contracts and margin reporting will be disseminated via the Clearing House's FCM Clearing Member Reporting (see Section 2A.1.3).

2A.1.2 Clearing House System Requirements

An FCM Clearing Member must, in order to submit FCM SwapClear Transactions to the Clearing House, be a user of an FCM Approved Trade Source System.

2A.1.3 SwapClear FCM Clearing Member Reporting

There are ~~two~~three methods of notification to FCM Clearing Members of FCM SwapClear Contract registrations and other information:

- Report 001;
- Via the FCM Approved Trade Source System; and
- Via SwapClear API.

An end-user report generation and analytical capability is provided by the Clearing House to FCM Clearing Members. All FCM SwapClear reports will be disseminated via the Clearing House's secure password access FCM Clearing Member-only website. These reports are the definitive record as to registration by the Clearing House.

The Clearing House is not liable for any corruption or alteration of messages or loss of data which may take place within any FCM Approved Trade Source System.

FCM Clearing Members will be able to customize and produce reports either to print locally or to download in machine-readable data-file format. Queries about the FCM Clearing Member-only website should be directed to the Clearing House's Service Desk ~~on~~at +44 (0)20 7426 7200.

2A.2 Operating Times And Calendars

2A.2.1 Opening Days

The Clearing House will publish a circular detailing the days on which the FCM SwapClear clearing system will be open.

2A.2.2 Opening Hours

The FCM SwapClear clearing system will be operational during the following hours:

07:30 to 24:00 hours, London time (a "**Business Day**~~)~~").

2A.2.3 FCM SwapClear Clearing System Calendars

The FCM SwapClear clearing system uses the SwapsMonitor Financial Calendar for its processing. This will require all FCM Clearing Members to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM SwapClear clearing system, will be available online for inspection and for file download from FCM Clearing Member Reporting (see Section 2A.1.3).

2A.3 Registration

2A.3.1 Submission for Registration

The Clearing House receives details of a new eligible FCM SwapClear Transaction using agreed format messages via an FCM Approved Trade Source System. The FCM Approved Trade Source System will send these trades to the Clearing House once they have been bi-laterally agreed by two Executing Parties and will confirm which FCM Clearing Member(s) has been elected to register the FCM SwapClear Transaction.

2A.3.2 Clearing House Notification

Following receipt of information from the FCM Approved Trade Source System, the Clearing House will notify the relevant FCM Clearing Member(s), via member reports, the SwapClear API or otherwise, that an Executing Party has elected it to register the FCM SwapClear Transaction with the Clearing House (the "**FCM Notification**").

Following receipt of the FCM Notification, an FCM Clearing Member may choose to accept or refuse to register the FCM SwapClear Transaction on behalf of the Executing Party.

Where an FCM Clearing Member accepts registration of the FCM SwapClear Transaction and notifies the Clearing House of such acceptance, the FCM Clearing Member shall, pursuant to FCM Regulation 30(b), (i) be deemed to have presented the FCM SwapClear Transaction for clearing and (ii) become obligated to pay all cover required by the Clearing House in connection with the registration of the FCM SwapClear Transaction upon request of the Clearing House.

It is a condition for registration of an FCM SwapClear Transaction that, where both Executing Parties intend to register the FCM SwapClear Transaction through an FCM Clearing Member, both FCM Clearing Members accept the FCM Notification (or where such Executing Parties nominate the same FCM Clearing Member, and such FCM Clearing Member accepts both acceptances) and therefore submit the FCM SwapClear Transaction to the Clearing House. In accordance with Section 2A.3.4 of these FCM Procedures, it is a condition for registration of an FCM SwapClear Contract that the applicable FCM Clearing Member provide sufficient cover to the Clearing House in respect of such FCM SwapClear Contract prior to registration.

2A.3.3 SwapClear FCM Approved Trade Source Systems

Currently the FCM Approved Trade Source Systems designated by the Clearing House for SwapClear are MarkitWire, Bloomberg and Tradeweb. Where the Clearing House approves additional FCM Approved Trade Source Systems, it will notify FCM Clearing Members via member circular.

FCM SwapClear Transactions submitted through an FCM Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.

Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any FCM SwapClear Transaction details by that FCM Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FCM Clearing Members and that FCM Approved Trade Source System.

The Clearing House will process any FCM SwapClear Transaction reported to it by an FCM Approved Trade Source System on an “as is” basis, and subject to the FCM Regulations and these FCM Procedures, will register any such FCM SwapClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and approved by the relevant FCM Clearing Member. The Clearing House has no obligation to verify that the details received, properly reflect the trade entered into by the relevant Executing Parties.

The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to an FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM SwapClear Contract on the basis of incorrect or corrupted data sent to it by

an FCM Approved Trade Source System and accepted by an FCM Clearing Member, the FCM Clearing Member concerned shall be bound by the terms of such FCM SwapClear Contract. The Clearing House shall use its reasonable endeavour~~u~~rs to assist the relevant FCM Clearing Members in re-registering the trade on the correct basis but the Clearing House shall not be liable to the FCM Clearing Member or anyone else with regard to the registration (or lack of registration or re-registration) of any such FCM SwapClear Contract.

FCM Clearing Members shall ensure that transaction details accepted for registration are accepted by appropriately authori~~s~~zed personnel. Apart from the foregoing acceptance, the Clearing House is not able to, and will not, verify the authori~~s~~zation of the source of any details of any transaction reported to it for registration by any FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FCM Clearing Member suffers any loss through the unauthori~~s~~zed acceptance of an FCM Notification.

2A.3.4 Registration of New Trades

~~New trades are registered on an intra-day basis. Following acceptance by an FCM Clearing Member, the FCM SwapClear Clearing System will respond, after processing, with a message either confirming the registration or giving a reason for rejection (see Section 2A.3.7). The registration notification or rejection message will be sent via the originating FCM Approved Trade Source System, the SwapClear API or otherwise. The definitive report of a registered FCM SwapClear Contract will be shown on Reporting (see Section 2A.1.3) on the FCM Clearing Member reporting account in the FCM SwapClear clearing system.~~

The Clearing House will perform regular, intra-day registration runs on each business day. FCM SwapClear Transactions duly submitted to the Clearing House for registration will ordinarily be included in the next following registration run unless the Clearing House determines to register such an FCM SwapClear Transaction prior to such run.

Prior to it registering an FCM SwapClear Contract, the Clearing House will require ~~an~~the FCM Clearing Member in whose name ~~an open contract~~such FCM SwapClear Contract is to be registered to provide it with cover for initial and variation margin ~~prior~~in respect of such contract as a precondition to registration. In accordance with FCM Regulation 30(~~b~~d)(iv), an FCM Clearing Member becomes obligated to ~~pay~~provide such cover to the Clearing House ~~upon~~ at the time when both FCM SwapClear Contracts, or the FCM ~~Clearing Member's acceptance for registration of an FCM SwapClear~~ SwapClear Contract and the Non-FCM SwapClear Contract (as applicable), relating to the relevant FCM SwapClear Transaction ~~and the~~ have been submitted or deemed to be submitted (as applicable) by the relevant FCM Clearing Member(s) or the relevant SwapClear Clearing Member and FCM Clearing Member ~~shall pay~~(as the case may be) and such FCM Clearing Member(s) or such FCM Clearing Member and such SwapClear Clearing Member shall provide such cover prior to registration upon request of the Clearing House. Variation margin can be covered intra-day in non-cash collateral.

~~FCM SwapClear Transactions that are submitted for registration after 14:30 are registered the following morning subject to the normal requirements for margin (unless the FCM Clearing Member has provided excess cover).~~

In order for registration of an FCM SwapClear Contract (the "actual FCM SwapClear Contract") to occur, where such actual FCM SwapClear Contract is part of a registration run containing other FCM SwapClear Contracts and/or Non-FCM SwapClear Contracts (the "other SwapClear Contracts"), cover for margin from each SwapClear Clearing Member and each FCM Clearing Member which would be a party to such other SwapClear Contracts is required to be provided to the Clearing House in advance and, if any one or more of such SwapClear Clearing Members or such FCM Clearing Members does not provide such cover, the Clearing House will take such steps as it deems appropriate to seek to register the actual FCM SwapClear Contract as soon as practically possible.

Upon an FCM SwapClear Transaction being submitted to the Clearing House for registration and the conditions to registration specified in FCM Regulation 30 having been satisfied in respect of the related FCM SwapClear Contract(s), the SwapClear clearing system will respond, after processing, with a message confirming the registration. The registration notification message will be sent using the SwapClear Clearing Member reporting system (including by way of the originating Approved Trade Source System). The definitive report of a registered SwapClear Contract will be shown within the SwapClear Clearing Member reporting system (see section 2A.1.3) on the SwapClear Clearing Member reporting account.

2A.3.5 Backloading of Existing Trades

The Clearing House provides the facility for FCM Clearing Members to load eligible existing FCM SwapClear Transactions, through an FCM Approved Trade Source System (currently only MarkitWire). Where the Clearing House approves additional FCM Approved Trade Source Systems for this purposes, it will notify FCM Clearing Members via member circular. Backloading requires bilateral agreement between the relevant Executing Parties and acceptance by the FCM Clearing Member(s) and the SwapClear Clearing Member, if any, of the full particulars required by the Clearing House for each such FCM SwapClear Transactions. Following acceptance, the backloaded trade shall be deemed to have been presented by the FCM Clearing Member(s) and the SwapClear Clearing Member, if any, for registration by the Clearing House. In any backloading of transactions where one leg is to be registered as an ~~SCM~~Non-FCM SwapClear Contract, the UK General Regulations will apply with respect to such registration of ~~an SCM~~a Non-FCM SwapClear Contract.

The Clearing House will, in the case of FCM SwapClear Transactions that have a Trade Date of greater than ten calendar days prior to the date of submission, hold the FCM SwapClear Transaction overnight for registration the following day. For backloaded trades the Clearing House will notify FCM Clearing Members of their submission and status via FCM Clearing Member Reporting (see Section 2A.1.3). It is a pre-condition of registration that sufficient cover for initial and variation margin is provided.

2A.3.6 Notification

The Clearing House will notify FCM Clearing Members of the registration or rejection of FCM SwapClear Transactions, or contracts purported as such, via the SwapClear FCM Clearing Member Reporting System (see ~~S~~section 2A.1.3) and the originating FCM Approved Trade Source System messaging service for onward transmission to the submitting FCM Clearing Member.

2A.3.7 Rejected Trades

Trades submitted for registration that do not meet the product or other eligibility criteria prescribed from time to time by the Clearing House or which contain invalid or incomplete message data will be rejected. If, at any time, the Clearing House does not register a trade presented for registration it will notify the contracting parties of the reasons for rejection.

2A.4 Position Accounts

2A.4.1 FCM Accounts

For identification purposes each FCM Clearing Member is assigned a unique three-character mnemonic with respect to its accounts relating to FCM SwapClear Contracts. An FCM Clearing Member's position and financial information are further identified by a single character code: C for client business; and H for house business.

2A.4.2 Position-Keeping Accounts

FCM Clearing Member Accounts

The account types are: H for house business (Proprietary Account); and C for segregated client business (an FCM Omnibus OTC SC Client Account with LCH). An FCM Clearing Member's FCM SwapClear Contract positions are also recorded within the FCM SwapClear clearing system in SwapClear ~~A~~accounts.

All registered FCM SwapClear Contracts will be identifiable to FCM Clearing Members via ~~FCM~~ SwapClear FCM Clearing Member Reporting (see Section 2A.1.3). All registered FCM SwapClear Contracts will be maintained only in SwapClear accounts (identified as such by a unique three letter mnemonic~~) and separate from all accounts containing ForexClear Accounts (provided that all FCM Contracts and related cover may be physcially commingled in the same depository accounts).~~). Each FCM SwapClear Contract will also be assigned a unique trade identifier. The SwapClear FCM Clearing Member Reporting functionality also allows each FCM Clearing Member~~s~~ to identify all FCM SwapClear Contracts registered in ~~their~~its name.

2A.5 Financial Accounts

FCM Clearing Member accounts have financial accounts associated with them. These are, inter alia, used to record cash balances and securities/ documentary credits. Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

2A.5.1 Relationship with Position-Keeping Accounts

Trading Account	Financial Account		
H	House	H	Proprietary Account
C	Client	C	LCH OTC SC Client Segregated Depository Account

2A.5.2 Other Financial Accounts

At the Clearing House's discretion, further financial accounts, used only to record financial balances, may be opened as follows:

	Code
~~Buffer~~Additional Margin accounts (House), used for holding additional cash in relation to Proprietary business	B
~~Buffer~~Additional Margin account (Client), used for holding additional cash in relation to FCM Client Business	E

2A.5.3 **Default Fund (DF) Account**

Each ~~FCM's Default Fund~~FCM Clearing Member's Contribution is held in a separate financial account. The DF account code is "F".

2A.6 FCM SwapClear Contract Valuation

2A.6.1 **Net Present Value**

The Clearing House will calculate the Net Present Value (NPV) of each eligible FCM SwapClear Contract using the Clearing House's zero coupon yield curves.

It is a condition of registration that sufficient cover, as determined by the Clearing House, is held with the Clearing House to cover both the NPV and Initial Margin of each FCM SwapClear Transaction.

All FCM SwapClear Contracts credited to an FCM Clearing Member will, on submission to the Clearing House, be marked-to-market, in accordance with FCM Regulation ~~31~~12(d). The Net Present Value so determined must, subject to Intra-day Registration (see Section 2A.3.4), be paid by the FCM Clearing Member in cash in the currency of the FCM SwapClear Contract. Where an FCM SwapClear Transaction is registered intra-day, and the NPV is covered with non-cash collateral, the Clearing House will, the following Business Day, require payment of the full cash amount.

2A.6.2 **Zero Coupon Yield Curve Construction**

The Clearing House will determine, at its sole discretion, appropriate instruments, points and market prices for the construction of zero coupon curves and portfolio valuation. Details of the construction method and Instruments used are available on request from the Clearing House Risk Management Department at +44 (0)20 7426 7549, but may be subject to change without prior notification.

2A.6.3 **Official Quotations**

Zero Coupon Yield curves will use prices and rates taken at:

All times quoted, are London time.

AUD	12:00
CAD	20:00
CHF LIBOR & OIS	16:15

CZK	16:15
DKK	16:15
EURO	
LIBOR	16:15
GBP	
LIBOR	16:15
HKD	12:00
HUF	16:15
JPY	12:00
NOK	16:15
NKD	12:00
PLN	16:15
SEK	16:15
SGD	12:00
USD	
LIBOR & OIS	20:00
ZAR	16:15
EURO	
OIS	18:15
GBP	
OIS	17:15

Zero coupon yield curves used for daily marking to market will be published on the Clearing House's Member Reporting website after the end of each Business Day.

2A.6.4 **Variation Margin**

On the date of registration, the Net Present Value of an FCM SwapClear Contract will be credited to or debited from the applicable FCM Clearing Member's financial accounts in cash in denomination currency.

On all subsequent days, the change in the Net Present Value from one Business Day to the next will be credited to or debited from such FCM Clearing Member's financial accounts in cash in denomination currency.

2A.6.5 **Price Alignment Interest**

In order to compensate for the payment of changes in NPV on a daily basis for FCM SwapClear Transactions~~s~~ cleared through the Clearing House, the Clearing House will for each FCM Clearing Member either charge interest on cumulative variation margin received, or pay interest on cumulative variation margin paid (see

Section 3.5.2). Price Alignment Interest is debited, credited and netted in accordance with the Clearing House's normal practices.

2A.7 Coupon Payments

2A.7.1 Calendars and Coupons

Payment dates for coupon payments will be set based on the SwapsMonitor Financial Calendar (see Section 2A.2.3). Changes to the calendar that affect FCM SwapClear Contracts will be published and made available to FCM Clearing Members by the Clearing House in an FCM Clearing Member Report. The central control and publication of these calendars will assist the reconciliation of coupon payments between FCM Clearing Members and the Clearing House. Coupon payments will be adjusted, in the event of a holiday amendment, in accordance with the FCM SwapClear Contract Terms.

2A.7.2 Calculation of Fixed Amount

The Clearing House will calculate the Fixed Amount payable by a party on a Payment Date as either:

(a) if an amount is specified for the FCM SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, such amount; or

(b) if an amount is not specified for the FCM SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, an amount calculated on a formula basis for that Payment date or for the related Calculation Period as follows:

Fixed Amount	=	Calculation Amount	x	Fixed Rate	x	Fixed Rate Day Count Fraction

2A.7.3 Calculation of Floating Amount

The Clearing House will calculate the Floating Amount payable by a party on a Payment Date as an amount calculated on a formula basis for that Payment Date or for the related Calculation Period as follows:

Floating Amount	=	Calculation Amount	x	Floating Rate (+/- Spread)	x	Floating Rate Day Count Fraction

2A.7.4 OIS Coupon Calculation

Compounding Rate Calculations

The rate used for the OIS rate is calculated according to ISDA 2006 ~~d~~Definitions. The formula for these calculations is given below.

USD-Federal Funds-H.15-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{\text{FEDFUND}_i \text{ x } n_i}{360}\right)-1\right] \text{x } \frac{360}{d}$$

Where:

"d0" for any Calculation Period is the number of New York Banking Days in the relevant Calculation Period;

"i" is a series of whole numbers from 1 to d0, each representing the relevant New York Banking Days in chronological order from, and including, the first New York Banking Day in the relevant Calculation Period;

"FEDFUNDi", for any day "i" in the relevant Calculation Period, is a reference rate equal to the rate set forth in H.15(519) in respect of the day under the caption "EFFECT", as such rate is displayed on the Reuters Screen FEDFUNDS1 Page, in respect of any day "i", the rate for that will be agreed between the parties, acting in good faith and in a commercially reasonable manner. If the parties cannot agree, the rate for that day will be the rate displayed on the Reuters FEDFUNDS1 Page, in respect of the first preceding New York Banking Day;

"ni" is the number of calendar days in the relevant Calculation Period on which the rate is FEDFUNDi; and

"d" is the number of calendar days in the relevant Calculation Period.

CHF-TOIS-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{\text{TOIS}_i \times n_i}{360}\right)-1\right] \times \frac{360}{d}$$

Where:

"d0" for any Calculation Period is the number of Zurich Banking Days in the relevant Calculation Period;

"i" is a series of whole numbers from 1 to d0, each representing the relevant Zurich Banking Days in chronological order from, and including, the first Zurich Banking Day in the relevant Calculation Period;

"TOISi", for any day "i" in the relevant Calculation Period, is a reference rate equal to the rate for tomorrow next deposits in Swiss Francs which appears on the Reuters Screen CHFTOIS= as of 11:00 a.m., Zurich time, on the day that is one Zurich Banking Day preceding that day;

"ni" is the number of calendar days in the relevant Calculation Period on which the rate is TOISi; and

"d" is the number of calendar days in the relevant Calculation Period.

GBP-WMBA-SONIA-COMPOUND

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

Where:

"d0" for any Calculation Period is the number of London Banking Days in the relevant Calculation Period;

"i" is a series of whole numbers from 1 to d0, each representing the relevant London Banking Days in chronological order from, and including, the first London Banking Day in the relevant Calculation Period;

"SONIAi", for any day "i" in the relevant Calculation Period, is a reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers' Association and appearing on the Reuters Screen SONIA Page in respect of that day;

"ni" is the number of calendar days in the relevant Calculation Period on which the rate is SONIAi; and

"d" is the number of calendar days in the relevant Calculation Period.

EUR-EONIA-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{EONIA_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

Where:

"d0" for any Calculation Period is the number of TARGET Settlement Days in the relevant Calculation Period;

"i" is a series of whole numbers from 1 to d0, each representing the relevant TARGET Settlement Days in chronological order from, and including, the first TARGET Settlement Days in the relevant Calculation Period;

"EONIAi", for any day "i" in the relevant Calculation Period, is a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day;

"ni" is the number of calendar days in the relevant Calculation Period on which the rate is EONIAi; and

"d" is the number of calendar days in the relevant Calculation Period.

CAD-CORRA-OIS-COMPOUND

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{CORRAi \times ni}{365}\right)-1\right]\frac{365}{d}$$

Where:

"d0" for any Calculation Period is the number of Toronto Banking Days in the relevant Calculation Period;

"i" is a series of whole numbers from one to d0, each representing the relevant Toronto Banking Day in chronological order from, and including, the first Toronto Banking Day in the relevant Calculation Period;

"CORRAi", for any day "i" in the relevant Calculation Period, is a reference rate equal to the daily fixing for Canadian Dollar overnight repurchase rate as published at approximately 9:00 am, Toronto time, on the day that is one Toronto Banking Day following that day "i" on the Bank of Canada website page address http://www.bankofcanada.ca/fmd/monmrt.htm. If such rate does not appear on such Bank of Canada website page in respect of any day "i", the rate for that day will be as agreed between the parties, acting in good faith and in a commercially reasonable manner. If the parties cannot agree, the rate for that day will be the rate displayed on the Bank of Canada website page http://www.bankofcanada.ca/fmd/monmrt.htm in respect of the first preceding Toronto Banking Day;

"ni" is the number of calendar days in the relevant Calculation Period on which the rate is CORRAi; and

"d" is the number of calendar days in the relevant Calculation Period.

2A.7.5 **Calculation of Compounded Amount**

Depending on whether the FCM SwapClear Contract is submitted under ISDA 2000 or ISDA 2006 Definitions, the Clearing House will calculate the compounded floating amount payable by an FCM Clearing Member on a Payment Date as an amount calculated in accordance with Articles 6.1 to 6.3 inclusive of the relevant ~~D~~definitions.

~~2A.7.6~~2A.7.6 **Calculation of FRA Discounting (Article 8.4 of the 2006 ISDA Definitions)**

Where FRA Discounting is specified for CAD, CHF, CZK, DKK, EUR, HUF, JPY, NOK, PLN, SEK, USD, ZAR the FRA Amount will be calculated in accordance with the following formula:

$$\text{FRA Amount} = \frac{\text{Calculation Amount} \times \left[(\text{Floating Rate} + \text{Spread}) - \text{Fixed Rate} \times \text{Floating Rate Day Count Fraction} \right]}{1 + \left[\text{Discount Rate} \times \text{Discount Rate Day Count Fraction} \right]}$$

Where FRA Discounting is specified for AUD Forward Rate Transactions and NZD Forward Rate Transactions then FRA Yield Discounting will be applied and the FRA Amount calculated in accordance with the following formula:

$$\text{FRA Amount} = \text{Calculation Amount} \times 365 \times \left\{ \frac{1}{365 + \left[R_1 \times ND \right]} - \frac{1}{365 + \left[R_2 \times ND \right]} \right\}$$

Where:

R1 is the sum of the Floating Rate and the Spread on the payment date, expressed as a decimal

R2 is the Fixed Rate, expressed as a decimal

ND is the actual number of days in the calculation period

2A.7.7 **Business Day and Business Day Convention**

In determining whether a day is a Business Day the Clearing House will only apply the Financial Cent~~r~~ers specified in the matched FCM SwapClear Transaction message. The Clearing House will in the event of non-business days apply the Business Day Conventions as specified in the matched FCM SwapClear Transaction message.

2A.7.~~7~~8 **Payment of Coupons**

After adjusting coupons, in accordance with the appropriate Business Day and Business Day Conventions, the Clearing House will credit or debit FCM Clearing Members' Accounts with the appropriate Fixed or Floating Amount with a value date matching the Coupon Payment Date. In the event of SwapClear being closed on a Coupon Payment Date it will pay the Fixed and Floating Amounts on the next Business Day following the Coupon Payment Date.

2A.7.~~8~~9 **Calculation Periods**

In respect of any Calculation Period that is a not a whole calendar month (a stub period), the Reset Rate for the Reset Date in respect of that Calculation Period shall be determined by the Clearing House with reference to the rate(s) specified in the matched format message.

2A.7.~~9~~10 **Day Count Fractions: ISDA 2000**

Day count fractions will be applied to deal legs independently as they are communicated via the matched format message.

Where the FCM SwapClear Transaction is submitted under the ISDA 2000 Definitions, the Clearing House will calculate Day Count Fractions in accordance with the following principles:

(a) if "Actual/365" or "Actual/Actual" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(b) if "Actual/365 (Fixed)" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

(c) if "Actual/360" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

(d) if "30/360", "360/360", "Bond Basis", "30E/360" or "Eurobond Basis" is specified the actual number of days in the Calculation Period in respect of which payment is being made will be determined in accordance with the following formula:

((Y2 -Y1) *360) + ((M2 -M1) *30) + (D2 -D1)

where D1, M1 and Y1 are the day, month and year respectively on which the period begins and D2, M2 and Y2 are the day, month and year respectively on which the period ends (coupon payment date).

In accordance with this formula the following will be applied:

(i) if "30/360", "360/360" or "Bond Basis" is specified the Clearing House will

if D1 is 31 amend it to 30,

if D2 is 31 amend it to 30 only if D1 is 30 or 31; or

(ii) if "30E/360" or "Eurobond Basis" is specified the Clearing House will

if D1 is 31 then amend it to 30

if D2 is 31 then amend it to 30.

(e) For Actual/Actual (ISMA): "The [Fixed/Floating] Amount will be calculated in accordance with Rule 251 of the statues, by-laws, rules and recommendations of the International Securities Market Association, as published in April 1999, as applied to straight and convertible bonds issued after December 31, 1998, as though the [Fixed/Floating] Amount were the interest coupon on such a bond".

2A.7.~~10~~11 Day Count Fractions: ISDA 2006

Day count fractions will be applied to deal legs independently as they are communicated via the matched format message.

Where the FCM SwapClear Transaction is submitted under the ISDA 2006 Definitions, the Clearing House will calculate Day Count Fractions in accordance with the following principles:

(a) if "Actual/Actual", "Actual/Actual (ISDA)", "Act/Act", or "Act/Act-(ISDA)" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided

by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(b) if "Actual/365 (Fixed)" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

(c) if "Actual/360" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

(d) "30/360", "360/360" or "Bond Basis" is specified the number of days in the Calculation Period or Compounding Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{((360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1))}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation or Compounding Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period or Compounding Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation period or Compounding Period, unless such number would be 31, in which case D1 will be 30 and

"D2" is the Calendar day, expressed as a number, immediately following the last day included in the Calculation Period or Compounding Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

(e) if "30/E60" or "Eurobond basis is specified, the number of days in the Calculation or Compounding Period in respect of which payment is being made divided by 360, calculate on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{((360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1))}{360}$$

where: "Y1" is the year, expressed as a number, in which the first day of the Calculation or Compounding Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period or Compounding Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation period or Compounding Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation or Compounding Period, unless such number would be 31, in which case D2 will be 30.

(f) if 30E/360(ISDA) is specified, the number of days in the Calculation or Compounding period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{((360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1))}{360}$$

where: "Y1" is the year, expressed as a number, in which the first day of the Calculation or Compounding Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period or Compounding Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation or Compounding Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation period or Compounding Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation or Compounding Period, unless (i) that day is the last day of February but NOT the termination date or (ii) such number would be 31, in which case D2 will be 30.

(g) If "Actual/Actual" (ICMA) or "Act/Act" (ICMA) is specified, a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non-US Dollar denominated straight and convertible bonds issued after December 21, 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period or Compounding Period in respect of which payment is being made.

2A.7.~~11~~12 **Reset Rates**

Reset Rates will be published by the Clearing House via the Rate Reset reports.

The Clearing House will apply the following principles in calculating Reset Rates:

(a) "GBP-LIBOR-BBA" means that the rate for a Reset Date will be the rate for deposits in Sterling for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 Page as of 11:00 hours, London time, on that Reset Date.

(b) "USD--LIBOR-BBA" the rate for US Dollar deposits for a period of the Designated Maturity which appears on Reuters Screen LIBOR01 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.

(c) "Euro-LIBOR-BBA" the rate for Euro deposits for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 as of 11:00 hours, London time, on the day that is two TARGET Settlement Days preceding that Reset Date.

(d) "Euro-EURIBOR-Telerate (ISDA2000)" / "Euro-EURIBOR-Reuters" the rate for Euro deposits for a period of the Designated Maturity which appears on the Reuters Screen EURIBOR01 as of 11:00 hours, Brussels time, on the day that is two TARGET Settlement Days preceding that Reset Date.

(e) "JPY-LIBOR-BBA" the rate for Japanese Yen deposits or a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.

(f) "CHF-LIBOR-BBA" means that the rate for a Rest Date will be the rate for deposits in Swiss Francs for a period of the Designated Maturity which appears on the Reuters Screen LIBOR02 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.

(g) "AUD-BBR-BBSW'' means that the rate for a Reset Date will be the average mid-rate, for Australian Dollar bills of exchange having a tenor of the Designated Maturity, which appears on the Reuters screen BBSW Page at approximately 10:10 hours, Sydney time, on that Reset Date.

(h) "AUD-LIBOR-BBA" means that the rate for a Reset Date will be the rate for deposits in Australian Dollars for a period of the Designated Maturity which appears on the Reuters Screen LIBOR02 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.

(i) "CAD-BA-CDOR'' means that the rate for a Reset Date will be the average rate for Canadian Dollar bankers acceptances for a period of the Designated Maturity which appears on the Reuters Screen CDOR page as of 10:00 hours, Toronto time, on that Reset Date.

(j) "CAD-LIBOR-BBA" means that the rate for a Reset Date will be the rate for deposits in Canadian Dollars for a period of the Designated Maturity which appears on the Reuters Screen LIBOR01 as of 11:00 hours, London time, on the day that is two London Banking Days preceding that Reset Date.

(k) "CZK-PRIBOR-PRBO" means that the rate for a Reset Date will be the rate for deposits in Czech Koruna for a period of the Designated Maturity which appears on the Reuters Screen PRBO page as of 10:00 hours, Prague time, on the day that is two Prague Banking days preceding that Reset Date.

(l) "DKK-CIBOR-DKNA13" means that the rate for a Reset Date will be the rate for deposits in Danish Kroner for a period of the Designated Maturity which appears on the Reuters Screen DKNA13 Page as of 11:00 hours, Copenhagen time, on that Reset Date.

(m) "DKK-CIBOR2-DKNA13" means that the rate for a Reset Date will be the rate for deposits in Danish Kroner for a period of the Designated Maturity which appears on the Reuters Screen DKNA13 Page as of 11:00 hours, Copenhagen time, on the day that is two Copenhagen Banking Days preceding that Reset Date.

(n) "HKD-HIBOR-HIBOR~~="~~=" means that the rate for a Reset Date will be the rate for deposits in Hong Kong Dollars for a period of the Designated Maturity which appears on the Reuters Screen HIBOR1=R Page (for Designated Maturities of one month to six months, inclusive) or the Reuters Screen HIBOR2=R Page (for Designated Maturities of seven months to one year, inclusive), in each case across from the caption ''FIXING@11:00'' as of 11:00 hours, Hong Kong time, on that Reset Date.

(o) "HKD-HIBOR-HKAB" means that the rate for a Reset Date will be the rate for deposits in Hong Kong Dollars for a period of the Designated Maturity which appears on the Reuters Screen HKABHIBOR as of 11:00 hours, Hong Kong time, on that Reset Date.

(p) "HKD-HIBOR-ISDC" (ISDA2000) means that the rate for a Reset Date will be the rate for deposits in Hong Kong Dollars for a period of the Designated Maturity which appears on the Reuters Screen ISDC Page as of 11:00 hours, Hong Kong time, on that Reset Date.

(q) "HUF-BUBOR-Reuters" means that the rate for a Reset Date will be the rate for deposits in Hungarian Forint for a period of the Designated Maturity which appears on the Reuters Screen BUBOR= page as of 10:00 hours, Budapest time, on the day that is two Budapest Banking days preceding that Reset Date.

(r) "NOK-NIBOR-NIBR" means that the rate for a Reset Date will be the rate for deposits in Norwegian Kroner for a period of the Designated Maturity which appears on the Reuters Screen NIBR Page as of 12:00 noon, ~~Oslotime~~Oslo time, on the day that is two Oslo Banking Days preceding that Reset Date.

(s) "NZD-BBR-Telerate" (ISDA2000) means that the rate for a Reset Date will be the fixed midrate for New Zealand Dollar bills of exchange for a period of the Designated Maturity which appears on the Telerate Page 2484 as of 11:00 hours, Wellington time, on that Reset Date.

(t) "NZD-BBR-FRA" means that the rate for a Reset Date will be the rate for the New Zealand Dollar bills of exchange for a period of designated

maturity which appears on the Reuters Screen BKBM Page opposite the caption of "FRA" as of 11:00 hours, Wellington time, on that Reset Date.

(u) "SEK-STIBOR-SIDE" means that the rate for a Reset Date will be the rate for deposits in Swedish Kronor for a period of the Designated Maturity which appears on the Reuters Screen SIDE page under the caption ''FIXINGS'' as of 11:00 hours, Stockholm time, on the day that is two Stockholm Banking days preceding that Reset Date.

(v) "SGD-SOR-Reuters" means that the rate for a Reset Date will be the rate for deposits in Singapore Dollars for a period of the Designated Maturity which appears on the Reuters Screen ABSIRFIX01 as of 11:00 hours, Singapore time, on the day that is two Singapore Banking days preceding that Reset Date.

(w) "PLN-WIBOR-WIBO" means that the rate for a Reset Date will be the rate for deposits in Polish Zloty for a period of the Designated Maturity which appears on the Reuters Screen WIBO page under the caption "FIXINGS" as of 11:00 hours, Warsaw time, on the day that is two Warsaw Banking days preceding that Reset Date.

(x) "ZAR-JIBAR-SAFEX" means that the rate for a Reset Date will be the mid-market rate for deposits in South African Rand for a period of the Designated Maturity which appears on the Reuters screen SAFEY page under the caption "YIELD" as of 11:00 hours, Johannesburg time, on that reset date. If such rate does not appear on the Reuters screen SAFEY page, the rate for that Reset Date will be determined as if the parties had specified "ZAR-JIBAR-Reference Banks" as the applicable Floating Rate Option.

(y) "CHF-TOIS-OIS-COMPOUND" means that the rate for a Reset Date, calculated in accordance with the formula set forth in Section 2A.7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the arithmetic mean of the daily rates of the day-to-day Swiss interbank money market).

(z) "GBP-WMBA-SONIA-COMPOUND" means that the rate for a Reset Date, calculated in accordance with the formula set forth in Section 2A.7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the Sterling daily overnight reference rate).

(aa) "USD-Federal Funds-H.15-OIS-Compound" means that the rate for a Reset Date, calculated in accordance with the formula set forth in Section 2A.7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the daily effective federal funds rate determined by the Federal Reserve as the weighted average of the rates on brokered trades).

(bb) "EUR-EONIA-OIS-COMPOUND" means that the rate for a Reset Date, calculated in accordance with the formula set forth in Section 2A.7.4, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the

arithmetic mean of the daily rates of the day-to-day Euro-zone interbank euro money market).

In the event of no rate being available the Clearing House will, at its sole discretion, determine an applicable rate.

2A.7.~~12~~13 Applying Reset Rate

The Clearing House will identify the reset dates of floating legs that require the application of a Reset Rate. The Reset Rate will be applied to the appropriate floating legs and the coupon payments calculated.

The coupon payments will be adjusted to fall on actual business days according to the Calendar(s) and Business Day Convention specified.

2A.7.~~13~~14 Negative Interest Rate Method

FCM Clearing Member should note the provisions of Section 3.3 of Part A of ~~the~~ Schedule A to the FCM Regulations regarding the applicability of the Negative Interest Rate Method, to an FCM SwapClear Contract. FCM Clearing Members may, in the circumstances, wish to ensure that any trade submitted for registration follows that Negative interest Rate Method.

2A.8 Initial Margin

The Clearing House will require FCM Clearing Members to post ~~initial margin.~~Initial Margin. This amount will be determined by the prevailing market conditions and the expected time to close out the portfolio. The Portfolio Approach to Interest Rate Scenarios (PAIRS) will be used to calculate ~~initial margin~~Initial Margin requirements for FCM SwapClear Contracts.

Separate ~~initial margin~~Initial Margin calculations are performed for an FCM Clearing Member's house "H" and client "C" accounts.

The Clearing House reserves the right to require additional amounts of cover from a specific FCM Clearing Member or from all FCM Clearing Members in accordance with FCM Regulation 9.

2A.8.1 Liquidity Multiplier

Risk Management applies a liquidity multiplier based on Worst Case Loss (WCL) exceeding certain thresholds on the FCM Clearing Member's whole portfolio and individual currencies. The threshold amounts and multipliers are reviewed on an ~~ongoing~~on-going basis.

2A.8.2 Intra-day Margin Calls

In accordance with the Clearing House's FCM Regulations, the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it is considered necessary. Intra-day margin calls can be called at any time throughout the business day (08:30 to 21:00 hours, London time). Intra-day margin calls will usually be made via the Protected Payments System (PPS) (see Section 2A.9).

In certain circumstances the Clearing House may wish to make a call for additional funds after the closure of London PPS facilities at 16:00 hours, London time. In this event the Clearing House will require payment of additional funds through PPS facilities in the USA (see Section 3.2.~~2~~1). Members must ensure, in these circumstances, that they are in a position to fund such calls through their nominated US PPS account within one hour of the call.

2A.8.3 **Calculation of Initial Margin**

(a) Portfolio Approach to Interest Rate Scenarios (PAIRS)

The PAIRS calculation is a VAR based approach based on filtered historical simulations. All positions in each currency are re-valued under a series of cross portfolio yield curve scenarios to estimate the highest forecast loss and therefore the ~~initial margin~~Initial Margin requirement. Further details of this method are available upon request and are detailed in the PAIRS TIP document. The PAIRS document and further information relating to Initial Margin calculations can be obtained from the Rates team at +44 (020) 7426 6325 or +44 (020) 7426 7428.

2A.9 Intra-Day Margin Call: Collateral Management

2A.9.1 **General – Intra-day Margining**

Following an intra-day margin call and unless notified otherwise by an FCM Clearing Member at the time of an intra-day margin call the Clearing House will deduct cash, in the appropriate currency, directly from the relevant FCM Clearing Member's PPS account to cover that intra-day margin call.

Cash payments in respect of intra-day cover are accepted only in USD by the Clearing House.

It is the responsibility of the FCM to ensure that they have sufficient cash funds in place with their PPS Bank(s) in order to avoid any intra-day liquidity issues.

2A.10 Declearing and Compression

Pursuant to FCM Regulation ~~31(n~~30(o), an FCM Clearing Member may compress existing FCM SwapClear Contracts in accordance with that FCM Regulation. There are two options available to an FCM Clearing Member that wishes to compress existing FCM SwapClear Contracts:

(a) An FCM Clearing Member can request that all FCM SwapClear Contracts entered into (i) on behalf of a designated FCM Client, (ii) on behalf of a designated Affiliate or (iii) on such FCM Clearing Member's own behalf be considered for compression by the Clearing House. Such a request shall be reconsidered by the Clearing House automatically each day (and the results notified to the FCM Clearing Member by 19:00 hours, New York City time, on each applicable day) until the FCM Clearing Member notifies the Clearing House to discontinue such compression of FCM SwapClear Contracts. FCM Clearing Members should contact the Clearing House's Membership Department to request such a compression of FCM SwapClear Contracts.

(b) An FCM Clearing Member may notify the Clearing House directly through the SwapClear API, specifying which FCM SwapClear Contracts should be compressed. The FCM Clearing Member will be notified by 19:00 hours, New York City time, on the applicable day whether compression has occurred and the Clearing House will not automatically reconsider such compression request on subsequent days regardless of whether compression has occurred.

In order to declear an FCM SwapClear Contract, an FCM Clearing Member must register with an FCM Approved Trade Source System an offsetting FCM SwapClear Contract and shall then follow the process for compression as set out above.

The Clearing House shall process the compression of all FCM SwapClear Contracts as notified to it prior to 18:00 hours, New York City time, shortly after 18:00 hours, New York City time, and shall notify the applicable FCM Clearing Member by 19:00 hours, New York City time, of the result of such compression procedure. A notification received after 18:00 hours, New York City time, shall be treated as if such notification was submitted on the following day prior to 18:00 hours, New York City time, and as such shall be considered shortly after 18:00 hours, New York City time, on such following day and the results notified to the applicable FCM Clearing Member by 19:00 hours, New York City time, on such following day.

Following the compression process described above and as further set out in FCM Regulation 30(~~n~~o), the applicable FCM Clearing Member shall promptly notify the Clearing House if it believes that any errors have occurred in the compression process or if its books and records do not reconcile with those of the Clearing House in respect of the compressed FCM SwapClear Contracts as notified to the FCM Clearing Member by the Clearing House.

2A.11 Affiliate Clearing

Under FCM Regulation 4(c), FCM Clearing Members are permitted to clear for Affiliates through their Proprietary accounts.

2A.12 Transfer of FCM Clients

In certain circumstance the Clearing House will transfer FCM SwapClear Contracts from one Carrying FCM Clearing Member to a Receiving FCM Clearing Member on behalf of an FCM Client and pursuant to FCM Regulation 8(b) or 8(c).

2A.12.1 Partial Transfers

Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of a portion of such FCM Client's portfolio of FCM Swap~~c~~Clear Contracts held with a Carrying FCM Clearing Member, it shall provide the Clearing House with an FCM Client Partial Transfer Form (see Appendix 2A.B), signed on behalf of the relevant FCM Client. Such form shall list all of the FCM SwapClear Contracts that are to be transferred pursuant to this procedure. Following receipt of an FCM Client Partial Transfer Form, the Clearing House shall notify the Carrying FCM Clearing Member that a request has been received to transfer FCM SwapClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Section 2A.12.4.

In the event that any of the conditions set forth in FCM Regulation 8(c) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM SwapClear Contracts.

2A.12.2 **Full Transfers**

Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of such FCM Client's entire portfolio of FCM SwapClear Contracts held with a Carrying FCM Clearing Member, it shall provide the Clearing House with an FCM Client Full Transfer Form (see Appendix ~~2C~~2A.C), signed on behalf of the relevant FCM Client. Such form shall confirm that all FCM SwapClear Contracts attributable to the applicable FCM Client shall be transferred pursuant to this procedure. Where a Receiving FCM Clearing Member submits an FCM Client Full Transfer Form, it must confirm whether or not the FCM Client also wishes to transfer the cover held by the Clearing House in respect of the transferring FCM SwapClear Contracts. Following receipt of an FCM Client Full Transfer Form, the Clearing House shall notify the Carrying FCM Clearing Member that a request has been received to transfer FCM SwapClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Section 2A.12.4.

In the event that any of the conditions set forth in FCM Regulation 8(b) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM SwapClear Contracts or the transfer of Account Assets (when applicable).

Following receipt of a Full Transfer Form, the Carrying FCM Clearing Member shall not be permitted to register additional FCM SwapClear Contracts on behalf of the FCM Client whose FCM SwapClear Contracts are subject to transfer, until such transfer (and the transfer of the related Account Assets, if applicable) is actually effected or is rejected.

2A.12.3 **Collateral Transfers**

Where a Receiving FCM Clearing Member notifies the Clearing House that an FCM Client wishes to transfer cover from a Carrying FCM Clearing Member to a Receiving FCM Clearing Member, the Clearing House shall notify the Carrying FCM Clearing Member of such transfer in accordance with the timetable below.

Following such notification and upon request from the Clearing House, the Carrying FCM Clearing Member shall confirm to the Clearing House (using the Carrying Member Response form at Appendix ~~2D~~2A.D) which cover is attributable to the transferring FCM Client and the associated FCM SwapClear Contracts. In the event that the Carrying FCM Clearing Member fails to do so in accordance with the timetable below, the Clearing House shall transfer sufficient cash or non-cash cover from the FCM Clearing Member's FCM Omnibus OTC SC Client Account with LCH (such cover as selected in the Clearing House's sole discretion) to enable the transfer. Following the Clearing House's determination of the cover that is to be transferred, it shall notify the Carrying FCM Clearing Member and the Receiving FCM Clearing Member of the cover that will be transferred in accordance with the timetable below.

In the event that any of the conditions set forth in FCM Regulation 8(b) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the related cover. In such circumstances, the Clearing House will notify the Receiving FCM Clearing Member that the associated cover will not be transferred and, in order to proceed with the transfer of the associated FCM SwapClear Contracts, the Receiving FCM Clearing Member will have to provide the Clearing House with sufficient cover in respect of the transferring FCM SwapClear Contracts.

In the event that the Clearing House transfers cover pursuant to these FCM Procedures and the FCM Regulations, it will also transfer the aggregate Variation Margin and next day settlement coupons and fees associated with the transferring FCM SwapClear Contracts.

2A.12.4 Timetable for FCM Client Transfer

Time (all references below are to New York City ~~T~~time)	Partial Transfer	Full Transfer (with collateral)	Full Transfer (without collateral)
Day 0: 15:00	Deadline for receipt from Receiving FCM Clearing Member of FCM Client Partial Transfer Form.	Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form and confirmation that cover is to be transferred.	Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form.
Day 1: 05:00	Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer certain FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.	Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.	Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.
Day 2: 09:00	Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in	Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 8(b)(v))	Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 8(b)(v)) and that the Carrying FCM

	accordance with FCM Regulation ~~9~~8(c)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.	and that the Carrying FCM Clearing Member is therefore objecting to the transfer. Deadline for confirmation from Carrying FCM Clearing Member of the collateral which is to be ported to the Receiving FCM Clearing Member.	Clearing Member is therefore objecting to the transfer.
		~~Deadline for confirmation from Carrying FCM Clearing Member of the collateral which is to be ported to the Receiving FCM Clearing Member.~~	
Day 2: 09:00 to 10:00		LCH notifies the Receiving FCM Clearing Member of the collateral that will be transferred or that collateral will not be transferred. Where collateral will not be transferred, transfer is treated as a full transfer (without collateral).	
Day 2: 14:30	Deadline for receipt by the Clearing House of consent of transfer from the Receiving FCM Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer and associated collateral from the Receiving FCM Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer from the Receiving FCM Clearing Member.
Day 3: 03:00	Target deadline for notification by Clearing House to the Carrying FCM Clearing Member or the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.	Target deadline for notification by Clearing House to the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.	Target deadline for notification by Clearing House to the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.
Day 3: 04:00	Deadline for receipt by Clearing House of any additional cover	Deadline for receipt by Clearing House of any additional cover from	Deadline for receipt by Clearing House of any additional cover from the

	from the Carrying FCM Clearing Member or the Receiving FCM Clearing Member required to enable the transfer.	the Receiving FCM Clearing Member required to enable the transfer.	Receiving FCM Clearing Member required to enable the transfer.
Day 3: 04:00	Clearing House transfers FCM SwapClear Contracts.	Clearing House transfers FCM SwapClear Contracts and associated collateral.	Clearing House transfers FCM SwapClear Contracts.

2A.13 Proprietary Account Position Transfers

The FCM SwapClear clearing system provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account, either in respect of FCM SwapClear Contracts held on an FCM Clearing Member's own behalf or in respect of FCM SwapClear Contracts held on behalf of an Affiliate. In either case, any such transfer may only occur if the Receiving FCM Clearing Member is an Affiliate of the Carrying FCM Clearing Member. An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House's Risk Management Department.

Transfers will only be effected once adequate cover has been provided by both parties to the transfer. Transfers of Affiliate positions shall not be permitted to another FCM Clearing Member's Proprietary Account unless such Affiliate is an Affiliate of the FCM Clearing Member receiving the transferred position.

2A.13.1 Legal Documentation

The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authori~~s~~zed by both parties and by individuals with appropriate signing authority.

2A.13.2 Position Transfer Notice Period

The Clearing House will usually require five Business Days notice ahead of an intended transfer.

2A.14 Amendment of Trade References

Sometimes FCM Clearing Members wish to change their own trade reference numbers/codes by which they identify trades registered in the FCM SwapClear Service. Subject to any such FCM Clearing Member meeting all the Clearing House's requirements including under these FCM Procedures, the Clearing House will, as part of its service to FCM Clearing Members, amend its records in order to reflect any such change. Such change has no effect whatsoever on the terms of any registered FCM SwapClear Contract or any other obligations of the FCM Clearing Member party to such contract.

2A.14.1 Trade Reference Amendment Request Form

The Clearing House requires a completed Trade Amendment Request Form (in the form prescribed by the Clearing House) to be submitted by any FCM Clearing

Member wishing to amend a trade reference. The form must be signed by two persons from within the FCM Clearing Member with appropriate signing authority and must set out the required full details of each registered trade in respect of which the FCM Clearing Member wishes to change its trade reference. Evidence of such signing authority may be required by the Clearing House. All parts of the form must be properly and fully completed, including the requested date for trade reference amendment, and, in respect of each trade identified therein, details of the current trade reference and the new trade reference and the Clearing House trade reference number.

The requested date for trade reference amendment must be no earlier than two Business Days (the "**Trade Reference Amendment Notice Period**") after the date upon which the form is received by the Clearing House. While the Clearing House will do what it reasonably can to meet the requested date for the amendment it is under no obligation to do so. The date for the amendment in the Clearing House's records and FCM SwapClear clearing system is a matter entirely within the discretion of the Clearing House and the FCM Clearing Member will be advised in due course of the date set by the Clearing House.

2A.14.2 **Multi-trade Amendments**

If an FCM Clearing Member requests amendment to several trades it must (in addition to providing the hard copy Trade Reference Amendment Request Form) provide to the Clearing House an electronic text file containing all the relevant details required by the Trade Reference Amendment Request Form. Detail of the required formats of the file can be obtained from SwapClear Operations (Tel: +44 (0) 20 7426 7697). If the file is not submitted in the correct format and containing all the required details, the request for deletion will be rejected by the Clearing House and the FCM Clearing Member will be advised accordingly.

2A.14.3 **Processing**

The Clearing House will usually agree to process any request for amendment of trade reference properly submitted; however the Clearing House will reject any such request if:

- it is not made in accordance with these FCM Procedures;
- any trade reference notified to the Clearing House in the Trade Reference Amendment Request Form does not match the FCM Clearing Member's trade reference which the Clearing House has recorded;
- the Clearing House trade reference number notified in the Trade Reference Amendment Request Form does not refer to a trade registered in the FCM SwapClear clearing system;
- any trade referred to in the Trade Reference Amendment Request Form is not already registered in the FCM SwapClear clearing system or is not recorded by the Clearing House against the BIC code of the FCM Clearing Member requesting the amendment; or
- it would not be practical in all the circumstances or would subject the Clearing House to unacceptable cost if the Clearing House were to make the requested amendments or the Clearing House forms the view that to do so would adversely affect its risk.

Following notification of agreement to make the requested amendments, the Clearing House will use its reasonable endeavo~~u~~rs to process the amendments on the anticipated date of amendments; if, for whatever reason the Clearing House is unable to do so, it will notify the FCM Clearing Member and process the amendment as soon as reasonably practicable thereafter.

After close of business of the day of processing, the Clearing House will produce a report setting out details of the time and date that it has amended its records in accordance with the request, details of the old and new FCM Clearing Member trade references and the status of the amendment in respect of each trade set out in the Trade Reference Amendment Request – namely "amended" or "rejected". All records of the Clearing House and data held in the FCM SwapClear clearing system will then be updated overnight following the close of business on that day.

2A.14.4 **Legal Documentation**

The Clearing House will provide the requesting FCM Clearing Member with legal documentation in Clearing House standard form for that FCM Clearing Member to sign. No trade reference will be amended unless such documentation is completed and signed. The documentation must be signed by a person within the FCM Clearing Member with appropriate signing authority. Evidence of such authority may be required by the Clearing House. No amendment to such documentation will be accepted by the Clearing House.

2A.14.5 **Notification**

Subject to the requesting FCM Clearing Member meeting all the Clearing House's requirements (including completion and submission of all documentation and such other additional requirements as the Clearing House may be set by the Clearing House in its discretion), the Clearing House will notify the FCM Clearing Member of its agreement to the amendment of its records of the FCM Clearing Member trade reference in respect of the trades identified in the Trade Reference Amendment Request Form, and advise of the anticipated date of amendment (the "**anticipated date of amendment**").

2A.15 Default Management

2A.15.1 Portfolio Splitting:

As part of the SwapClear DMP, the Clearing House may divide an Auction portfolio into two or more individual Auction Portfolios. In circumstances where such portfolio splitting is adopted, the Clearing house will, in consultation with the SwapClear DMG (which, as defined in the Default Rules, refers to the advisory Default Management Group established by the Clearing House pursuant to the terms of the SwapClear DMP Annex to the Default Rules), seek to create:

~~(a)~~ (a) one or more individual Sub-portfolios which have comparatively greater levels of risk associated with them, thereby isolating such Sub portfolios from those which are more risk neutral; and

~~(b)~~ (b) one or more individual Sub portfolios which are more risk neutral.

2A.15.2 Acceptance of Bids

In deciding whether to accept a bid, the Clearing House will generally accept the best bid in respect of any individual Auction. However, the Clearing House is entitled to reject a bid in the event that it considers, in its reasonable discretion that accepting the bid may:

~~(a)~~ (a) cause the Clearing House to breach any legal or regulatory requirement applicable to it by virtue of its being a Recognised Clearing House or a Derivatives Clearing Organization;

~~(b)~~ (b) cause the Clearing House or its membership any reputational harm;

~~(c)~~ (c) cause legal action or proceedings to be taken against the Clearing House;

~~(d)~~ (d) endanger the Clearing House, any of its clearing members or the financial markets in which the Clearing House operates.

Where the Clearing House receives more than one bid from the same ~~SwapClear~~FCM Clearing Member and in respect of the same Auction the Clearing House is entitled to accept the last bid received by it in respect of that Auction. Where the Clearing House does not receive a bid that was made by ~~a~~an FCM Clearing Member or SwapClear Clearing Member for operational, technological or other similar reasons and as a result of which a bid does not reach the Clearing House, the Clearing House will be unable to accept a bid and shall not be liable for any failure to accept such bid.

2A.15.3 Affiliate Bidding

SwapClear Clearing Members are entitled to bid for an Auction Portfolio on behalf of an affiliated SwapClear Clearing Member or affiliated FCM Clearing Member. Where a SwapClear Clearing Member makes a bid and that SwapClear Clearing Member has an affiliated SwapClear Clearing Member or FCM Clearing Member that does not make a bid, the Clearing House shall not (unless instructed otherwise in accordance with the paragraph below) assume that the bidding SwapClear Clearing Member has made the relevant bid on behalf of a non-bidding, affiliated SwapClear Clearing Member or affiliated FCM Clearing Member.

A SwapClear Clearing Member may notify the Clearing House, in advance of an Auction, that it wishes to bid on behalf of an affiliated SwapClear Clearing Member or affiliated FCM Clearing Member. Where it wishes to do so, the SwapClear Clearing Member should contact the Clearing House's Membership Department ~~[insert details].~~at +44 (0)207 426 7891/7627/7063 or via e-mail at membership@lchclearnet.com.

Upon the request of an FCM Clearing Member that has successfully bid in an Auction (or in respect of which an LCH Approved Outsourcing Party, an affiliated SwapClear Clearing Member or a non-SwapClear Clearing Member Affiliate has made a successful bid on its behalf), the Clearing House shall transfer the rights and obligations arising out of the applicable Auction Portfolio to an affiliated SwapClear Clearing Member of such FCM Clearing Member or, through its House Account, to a non-SwapClear Clearing Member Affiliate clearing through such FCM Clearing Member, subject to such affiliate consenting to such transfer and meeting all the requirements imposed by the Clearing House from time to time in relation to accepting such rights and obligations (including executing any documents reasonably requested by the Clearing House), and subject to the

Clearing House's determination in its reasonable discretion that the transfer would not be likely to result in a material and adverse impact on the Clearing House, the SwapClear Service or another SwapClear Clearing Member. Until such time as such transfer has been effected, the FCM Clearing Member shall remain liable to perform its obligations (including in respect of the Auction Portfolio to be transferred) under the FCM Rulebook.

2A.15.4 Outsourcing

Pursuant to FCM Regulation 3(c)(vi) and 3(c)(vii), an FCM Clearing Member may appoint a third party to fulfill one or both of ~~the~~ the Clearing House's Membership requirements to: (i) participate in a SwapClear "fire drill" run by the Clearing House; and (ii) participate in the SwapClear DMP operated by the Clearing House. Where an FCM Clearing Member chooses to outsource one or both of these functions it must appoint and maintain at least three LCH Approved Outsourcing Agents.

The following entities are eligible for appointment as an LCH Approved Outsourcing Agent:

- A SwapClear Clearing Member
- An FCM Clearing Member
- An FCM Client
- Any other entity that the Clearing House deems appropriate in its sole discretion.

Where an FCM Clearing Member wishes to appoint a third party to carry out any obligation on its behalf, it should contact the Clearing House's Membership Department with the:

1. details of the third party entity that the FCM Clearing Member wishes to appoint as an LCH Approved Outsourcing Agent. Such information should include details of the applicant's regulatory status;

2. evidence of the existence of a legally binding agreement between the FCM Clearing Member and the third party; and

3. such other information that the Clearing House reasonably considers necessary for the purposes of determining whether an entity should be approved as an LCH Approved Outsourcing Agent.

Following the receipt of all of the information above, the Clearing House shall determine in its sole discretion, whether to approve the third party as an LCH Approved Outsourcing Agent. In making its determination, the Clearing House shall consider the third party's ability to demonstrate that it has the necessary operational infrastructure and appropriate asset class expertise.

Where an FCM Clearing Member successfully appoints an LCH Approved outsourcing Agent, that FCM Clearing Member may be subject to increased margin requirements to cater for the additional time required to invoke an outsourcing process in the event of a default

FCM Clearing Members should note that LCH Approved Outsourcing Agents may be subject to a more rigorous driving test and fire-drill than FCM Clearing Members (i.e., required to demonstrate an ability to price and bid a greater number of trades at tighter pricing tolerances and within more onerous timeframes). In addition, the Clearing House may require an FCM Clearing Member, that has appointed an LCH Approved Outsourcing Agent, to participate in an ad-hoc fire-drill or driving test with such notice as the Clearing House deems appropriate in its sole discretion.

The Clearing House reserves the right to revoke an entity's status as an LCH Approved Outsourcing Agent, in its sole discretion and without notice. In the event of such a revocation, the relevant FCM Clearing Member shall be required to assume those responsibilities that were previously outsourced. Such revocation may occur where the Clearing House considers that there is an insufficient number of third party entities that are providing outsourced default management services (usually a minimum of five providers at any one time).

Other than in exceptional circumstances and in the Clearing House's sole discretion, an LCH Approved Outsourcing Agent may not act on behalf of more than three clearing members.

The appointment of an LCH Approved Outsourcing Agent does not absolve an FCM Clearing Member of its obligations under the SwapClear DMP (including its obligation to participate in an Auction) and an LCH Approved Outsourcing Agent's participation in the SwapClear DMP on behalf of an FCM Clearing Member, in the event of a default, shall not extend beyond the provision of operational and other ancillary support to that FCM Clearing Member.

2A.15.~~4~~5 **SwapClear DMG**

The necessary involvement of FCM Clearing Members and the SwapClear DMG in the SwapClear DMP entails the assessment and dissemination of information that could give rise to conflicts of interest. To ensure that such potential conflicts are demonstrably contained, Appendix 2A.E establishes binding obligations of confidentiality, anonymity and the extent of dissemination of information on FCM Clearing Members (and their executives or directors who participate from time to time in the SwapClear DMG) and on the Clearing House.

Each FCM Clearing Member who makes available a representative to serve on the SwapClear DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the SwapClear DMG complies with Appendix 2A.E covering confidentiality, non-disclosure and other terms.

2A.16 Payment of Stamp Tax

Each FCM Clearing Member shall pay any stamp tax or duty levied or imposed upon it or in respect of its execution or performance of the FCM Clearing Membership Agreement, the FCM Default Fund Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM SwapClear Contract) by a jurisdiction in which it is incorporated, organi~~s~~zed, 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 shall indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of the FCM Clearing Membership Agreement, the FCM Regulations and the FCM Procedures

(including any registration of an FCM SwapClear Contract) by any such jurisdiction.

2A.17 Section 168, Finance Act 1994

Under section 696 Corporation Tax Act 2009 ("**CTA 2009**"), net payments in relation to certain derivative contracts (as defined in section 576 CTA 2009) by any company (company "A") to a non-UK resident are denied UK tax relief unless one or more of the following conditions in section 697 CTA 2009 are met:

Company A is a bank, building society, financial trader or recognised clearing house acting as principal who has entered into the qualifying contract for the purposes of a UK trade.

The non-UK resident holds the qualifying contract (as principal) for the purposes of its UK trade.

A double tax treaty, that makes provision for interest, is in force between the UK and the country of residence of the non-UK resident (or, if different, the country of residence of the beneficial counterparty to the contract).

The Clearing House is considered a "recognised clearing house" as defined in section 285 of FSMA 2000.

Any contract must not be submitted to the Clearing House by FCM Clearing Members for clearing where one or more of the conditions in section 697 CTA 2009 are not satisfied, thereby bringing the contract within section 696 CTA 2009, nor should any FCM Clearing Member knowingly permit any such contract to be submitted by a SwapClear Participant. Should this occur the SwapClear FCM Clearing Member in whose name the contract is to be or has been registered must promptly notify the Clearing House and, in any event, within 30 days of that FCM Clearing Member becoming aware of the situation. Having investigated the circumstances, the Clearing House has an obligation to notify the HM Revenue & Customs of the event and the Clearing House may, in its absolute discretion suspend any Executing ~~[Dealer]~~[Party~~]~~ (or any other party permitted by the Clearing House to submit FCM Transactions) submitting such a contract for registration from ~~the Register of Executing [Dealers][Parties].~~submitting FCM Transactions for registration. The Clearing House may also, in its absolute discretion take such action in respect of the SwapClear FCM Clearing Member as it deems fit in accordance with the Regulations. The SwapClear FCM Clearing Member shall indemnify the Clearing House against any Corporation Tax or any other tax levied or imposed upon the Clearing House in respect of any such contract, and any other costs and expenses incurred by the Clearing House in connection therewith.

If in doubt, FCM Clearing Members should consult their professional advisers as to the potential application of sections 696 and 697 CTA 2009 to their transaction.

APPENDIX 2A.A

SWAPCLEAR PROCESSING SCHEDULE

This table outlines the daily processes and timetable of the FCM SwapClear operation and constitutes a "Business Day" for the purpose of the FCM Regulations. FCM Clearing Members will be informed of changes to this timetable via member circular. All times shown are in London time.

SWAPCLEAR PROCESSING SCHEDULE

Time	
07:30	SwapClear Opens
by 09:30	Registration of Backloaded trades and confirmation of deleted trades from T-1 (see Section 2A.3.5)
16:00	Deadline for PPS calls in London
24:00	SwapClear Closes

APPENDIX 2A.B

FCM CLIENT – PARTIAL TRANSFER FORM

LCH.CLEARNET

FCM CLIENT - PARTIAL TRANSFER FORM

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Receiving FCM Clearing Member

Date:

We, ...[insert name of Receiving FCM Clearing Member] (the "Receiving FCM Clearing Member") have received a request from..... [insert name of transferring FCM Client] (the "FCM Client") to transfer part of its portfolio of FCM SwapClear Contracts from its Carrying FCM Clearing Member to us. We hereby request the transfer of the FCM SwapClear Contracts as identified below pursuant to FCM Regulation 8(c) and the FCM Procedures.

Please insert the LCH trade IDs of the transferring FCM SwapClear Contracts, using the Schedule below:

***Please insert the LCH trade ID and Approved Trade Source (ATS) ID of the transferring FCM SwapClear Contracts.*

***Please append a list of additional FCM SwapClear Contracts to this form, if required*

LCH Trade ID	ATS Trade ID

Signatories for and on behalf of the Receiving FCM Clearing Member:

We acknowledge and confirm the above and are authori~~s~~zed to sign for and on behalf of the Receiving FCM Clearing Member

1.

(Authori~~s~~zed Signatory)	Name	Position	Date

2.

(Authori~~s~~zed Signatory)	Name	Position	Date

Signatories for and on behalf of the transferring FCM Client:

To: Receiving FCM Clearing Member

We acknowledge and confirm:

~~i.~~ the request to transfer as detailed above;

~~ii.~~ that LCH.Clearnet will contact our Carrying FCM Clearing Member in relation to this transfer and will disclose our identity to such Carrying FCM Clearing Member;

~~iii.~~ that, in accordance with the FCM Rulebook, LCH.Clearnet is entitled to rely conclusively on the instructions and information received from the Receiving FCM Clearing Member and the Carrying FCM Clearing Member and shall have no liability or responsibility therefor;

~~iv.~~ that the transfer detailed above may require that additional cover be paid to LCH.Clearnet (and/or by us to the Receiving FCM Clearing Member listed above and/or our Carrying FCM Clearing Member), and that LCH.Clearnet is not required to affect the transfer if it has not received adequate cover in respect of the transfer or if any of the other conditions set forth in the FCM Rulebook applicable to the transfer are unsatisfied;

~~v.~~ that the FCM Client is not insolvent and has no outstanding obligations that are due and payable to the Carrying FCM Clearing Member and/or its Affiliates; and

~~vi.~~ that we are authori~~s~~zed to make these acknowledgements and confirmations and do so on behalf of the FCM Client listed above in accordance with the FCM Regulations.

For and on behalf of the FCM Client:

Authori~~s~~zed signatory	Authori~~s~~zed signatory
Date	Date

All forms should be returned to LCH.Clearnet Limited for the attention of Client Services.

Email: swapclearclientservices@lchclearnet.com

Telephone: +44 (0) 207 426 7651 **or** +1 212 513 8265

SwapClear Client Services	SwapClear Client Services
Aldgate House	~~Suite 4G~~
33 Aldgate High Street	~~14 Wall~~17 State Street
London EC3N 1EA	New York NY 10005

APPENDIX 2A.C

FCM CLIENT – FULL TRANSFER FORM

LCH.CLEARNET

FCM CLIENT - FULL TRANSFER FORM

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Receiving FCM Clearing Member

Date:

We, ...[insert name of Receiving FCM Clearing Member] (the "Receiving FCM Clearing Member") have received a request from..... [insert name of transferring FCM Client] (the "FCM Client") to transfer its entire portfolio of FCM SwapClear Contracts from its Carrying FCM Clearing Member to us. We hereby request the transfer of the FCM SwapClear Contracts as identified below pursuant to FCM Regulation 8(b) and the FCM Procedures.

Please insert EITHER:

i. Name of Carrying FCM Clearing Member:

.....

OR

ii. the LCH trade IDs of the transferring FCM SwapClear Contracts (using the Schedule on the next page).

In order to enable LCH.Clearnet to identify the relevant FCM SwapClear Contracts that are to be transferred.

Please tick the relevant box below to confirm whether the FCM Client wishes to transfer the associated Accounts Assets in accordance with FCM Regulation~~s~~ 8(d).

The FCM Client wishes to transfer Account Assets

The FCM Client does NOT wish to transfer Account Assets

Signatories for and on behalf of the Receiving FCM Clearing Member:

We acknowledge and confirm the above and are authori~~s~~zed to sign for and on behalf of the Receiving FCM Clearing Member

1. _____ _____ _____ _____
(Authori~~s~~zed Signatory) Name Position date

2. _____ _____ _____ _____
(Authori~~s~~zed Signatory) Name Position date

Signatories for and on behalf of the transferring FCM Client:

To: Receiving FCM Clearing Member

We acknowledge and confirm:

i. the request to transfer as detailed herein;

ii. that we will be unable to submit further FCM SwapClear Contracts through our Carrying FCM Clearing Member from the date that this form is received by LCH.Clearnet until the transfer has been effected;

iii. that LCH.Clearnet will contact our Carrying FCM Clearing Member in relation to this transfer and will disclose our identity to such Carrying FCM Clearing Member;

iv. that, in accordance with the FCM Rulebook, LCH.Clearnet is entitled to rely conclusively on the instructions and information received from the Receiving FCM Clearing Member and the Carrying FCM Clearing Member and shall have no liability or responsibility therefor;

v. that the transfer detailed above may require that additional cover be paid to LCH.Clearnet (and/or by us to the Receiving FCM Clearing Member listed above) even where Account Assets are transferred, and that LCH.Clearnet is not required to affect the transfer if it has not received adequate cover in respect of the transfer or if any of the other conditions set forth in the FCM Rulebook applicable to the transfer are unsatisfied;

vi. that, where we have requested the transfer of Account Assets, (x) we should contact our Carrying FCM Clearing Member to ensure that they contact LCH.Clearnet to identify the correct Account Assets to be transferred, and (y) while LCH.Clearnet will attempt to transfer the specified Account Assets to the Receiving FCM Clearing Member~~,~~ LCH.Clearnet is permitted to transfer alternative collateral as it deems appropriate in accordance with the FCM Rulebook;

vii. that the FCM Client is not insolvent; and has no outstanding obligations that are due and payable to the Carrying FCM Clearing Member and/or its Affiliates

viii. that we are authori~~s~~zed to make these acknowledgements and confirmations and do so on behalf of the FCM Client listed above in accordance with the FCM Regulations.

For and on behalf of the FCM Client:

Authori~~s~~zed signatory	Authori~~s~~zed signatory
Date	Date

All forms should be returned to LCH.Clearnet Limited for the attention of Client Services.

Insert email: swapclearclientservices@lchclearnet.com

Insert telephone number: +44 (0) 207 426 7651

SwapClear Client Services	SwapClear Client Services
Aldgate House	~~Suite 4G~~
33 Aldgate High Street	~~14 Wall~~17 State Street
London EC3N 1EA	New York NY 10005
UNITED KINGDOM	USA

Schedule of transferring FCM SwapClear Contracts:

**Please insert the LCH trade ID and Approved Trade Source (ATS) ID of one or more transferring FCM SwapClear Contracts in order that LCH.Clearnet can determine the identity of the relevant Carrying FCM Clearing Member.

	LCH Trade ID	ATS Trade ID

APPENDIX 2A.D

FCM CLIENT TRANSFER – CARRY FCM CLEARING MEMBER REPONSES FORM

LCH.CLEARNET

FCM CLIENT TRANSFER - CARRYING FCM CLEARING MEMBER RESPONSE FORM

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Carrying FCM Clearing Member

Date:

We, ...[insert name of Carrying FCM Clearing Member] (the "Carrying FCM Clearing Member") have received a request from LCH.Clearnet Limited in relation to .....'s [insert name of transferring FCM Client] (the "FCM Client") request to transfer [its entire/part of its*] portfolio of FCM SwapClear Contracts held by us. We are writing to inform you that:

* Delete as appropriate

(Please tick if applicable)	The transferring FCM Client has become insolvent and its FCM SwapClear Contracts should therefore not be transferred in accordance with FCM Regulation 8(b)(i) or FCM Regulation 8(c)(i), as applicable.
(Please tick if applicable)	The transferring FCM Client has outstanding obligations that are due and payable to us and/or our Affiliates and therefore its FCM SwapClear Contracts should not be transferred in accordance with FCM Regulation 8(b)(v) or FCM Regulation 8(c)(v), as applicable.
(Please tick if applicable)	The transferring FCM Client has asked that Account Assets be transferred and the relevant Account Assets are described in the schedule below.

Schedule of Account Assets:

The Account Assets of the FCM Client consist solely of cash in the following amount and currency:

CASH AMOUNT & CURRENCY

The Account Assets of the FCM Client consist of the following cash and non-cash collateral:

CASH AMOUNT & CURRENCY

ISIN	Notional Value

All forms should be returned to LCH.Clearnet Limited for the attention of Client Services.

Email: swapclearclientservices@lchclearnet.com

Telephone: +44 (0) 207 426 7651 **or** +1 212 513 8265

Fax: +1 212 513 8290

SwapClear Client Services	SwapClear Client Services
Aldgate House	~~Suite 4G~~
33 Aldgate High Street	~~14 Wall~~17 State Street
London	New York
EC3N 1EA	NY 10005
UNITED KINGDOM	USA

Signatories for and on behalf of the Carrying FCM Clearing Member:

We acknowledge and confirm the above and that we are authori~~s~~zed to sign for and on behalf of the Carrying FCM Clearing Member:

1.

_____	_____	_____	_____
(Authori~~s~~zed Signatory)	Name	Position	Date

2.

_____	_____	_____	_____
(Authori~~s~~zed Signatory)	Name	Position	Date

APPENDIX 2A.E

CONFIDENTIALITY, NON-DISCLOSURE AND PARTICIPATION IN THE DEFAULT MANAGEMENT GROUP

1. Definitions

1.1 "**Confidential Material**" means data (including but not limited to portfolio data) and documents, which are not in the public domain and which are disclosed to the FCM Clearing Member, its associated companies and advisers, or to which the FCM Clearing Member, its associated companies and advisers obtains or otherwise has access as a result of participation in the SwapClear DMP, (which, for the avoidance of doubt, does not include any information, data or documents provided to the Clearing House by the FCM Clearing Member).

1.2 "**DMG Member**" means an individual appointed by a Nominating FCM Clearing Member.

1.3 "**Nominating FCM Clearing Member**" means a SwapClear Member who, through their obligations under the SwapClear DMP, makes available a representative to serve on the SwapClear DMG.

1.4 "**Permitted Purpose**" means proper fulfillment by the FCM Clearing Member of its duties under the SwapClear DMP Annex and includes, after the completion of the Auction, the use by the FCM Clearing Member, its associated companies and advisers (to be determined by it at its discretion) of any data or documents related to portfolios successfully won through the Auction, for the purposes of its own ~~ongoing~~on-going portfolio management and to enable it to comply with ~~ongoing~~on-going legal or regulatory requirements.

1.5 References denoting the masculine (including "his" and "he") shall be construed as the feminine if the DMG Member is female.

1.6 All other terms have the meaning ascribed to them in the FCM Rulebook, which includes the Default Rules (including the SwapClear DMP Annex).

Confidentiality and Non-Disclosure: General Obligations of the FCM Clearing Member

2. Confidentiality

2.1 The FCM Clearing Member agrees that, in consideration of being given Confidential Material, it will keep all such Confidential Material in the strictest confidence, adhere to the provisions of this Appendix in respect thereof and, subject to ~~Clause~~paragraph 2.3, will not disclose it to any person without the prior written permission of the Managing Director, Risk of the Clearing House or a Director of Risk Management of the Clearing House, providing always that the FCM Clearing Member shall be relieved of such an obligation of confidentiality in respect of any Confidential Material if :

2.1.1 it comes into the public domain other than through a breach by the FCM Clearing Member of this Appendix; or

2.1.2 the FCM Clearing Member is expressly obliged to do so by order of a court of competent jurisdiction upon the application of a third party, or as a result of any request to disclose such part or parts of the Confidential Material in connection with any inquiry or other request by a regulatory authority or self-regulatory authority asserting jurisdiction over the FCM Clearing Member.

2.2 The FCM Clearing Member further agrees that it will not use any Confidential Material for any purpose other than the Permitted Purpose. In this regard the FCM Clearing Member expressly acknowledges and agrees that the Confidential Material may contain commercially sensitive information which if used inappropriately or otherwise than in accordance with this Appendix might result in the gaining of an unfair commercial advantage by the FCM Clearing Member over other members of the Clearing House SwapClear Service.

2.3 Subject to paragraph 2.5, the FCM Clearing Member may disclose any Confidential Material to any of its employees, representatives, associated companies and advisers on a "strictly need to know" basis, in the event that any such person needs that Confidential Material for the Permitted Purpose (and to that extent only).

2.4 The FCM Clearing Member agrees to establish and adhere to adequate procedures (including, without limitation, the establishment of appropriate Chinese walls) to ensure that any employee or representative to whom any Confidential Material is disclosed shall not use any part or all of that Confidential Material for any proprietary purpose outside the scope of the Permitted Purpose.

2.5 This paragraph and the duties hereunder shall survive the termination of this Agreement and, in relation to any Confidential Material, shall expire on the second anniversary of the date the Confidential Material was first provided to the FCM Clearing Member.

3. Secrecy

3.1 Except in accordance with the terms of this Annex, the FCM Clearing Member agrees that it shall treat as strictly confidential and shall not disclose or allow to be divulged to any person:

3.1.1 Confidential Material;

3.1.2 the fact that it has received any Confidential Material;

3.1.3 the existence of any discussions or negotiations between the parties in this matter;

3.1.4 details of the Permitted Purpose and any of the proposals, terms, conditions, facts or other matters relating to any of the forgoing. Subject only to the FCM Clearing Member being relieved of such an obligation because of the circumstances covered in paragraphs 2.1.1 and 2.1.2.

3.2 The Clearing House undertakes to ensure that the FCM Clearing Member is fully appraised of information on the SwapClear DMP that it makes public and which is accordingly of relevance to the FCM Clearing Member's obligations.

4. Property

4.1 The parties acknowledge that the property in the Confidential Material (or any part of it) shall not pass to the FCM Clearing Member or any FCM Clearing Member, and the property in the media on which it is conveyed to the receiving party shall not pass to the FCM Clearing Member or any FCM Clearing Member unless expressly so agreed by the Clearing House in writing.

5. Return of Confidential Material

5.1 Upon request by the Clearing House, and in any event upon fulfillment of the Permitted Purpose, the FCM Clearing Member shall promptly return to the Clearing House by a secure method of transportation all or any part of the Confidential Material and all copies thereof in its possession or control or that of its employees or representatives, including all other papers, programs and records incorporating any of that Confidential Material, or shall destroy such information and shall certify to the Clearing House in writing that it has done so provided that the FCM Clearing Member is permitted to retain copies of any Confidential Material which it requires as part of its portfolio management or otherwise for legal or regulatory reasons.

6. No Representations or Warranties; No Conflict of Interest

6.1 Subject to paragraph 7, the Confidential Material is disclosed by the Clearing House without any representation or warranty whatsoever as to its accuracy or completeness or otherwise.

6.2 The Clearing House acknowledges and agrees that, subject to compliance with the terms of this Appendix by the FCM Clearing Member and any of its employees or representatives to whom Confidential Material is provided in accordance with this Appendix, the FCM Clearing Member's participation in the SwapClear DMP shall not prevent the FCM Clearing Member from carrying out any transaction, or otherwise providing investment services in respect of, investments that the FCM Clearing Member may subsequently learn are the subject of Confidential Material and, furthermore, the Clearing House agrees that it shall not be able to assert that the FCM Clearing Member has a conflict of interest in doing so nor shall the Clearing House have a claim or action in respect of the foregoing against the FCM Clearing Member or any of its directors, employees or other representatives.

7. Liability

7.1 Subject to FCM Regulation 24~~ of the Agreement~~, the parties agree and acknowledge that neither the Clearing House nor any of its employees or representatives shall have any liability whatsoever to the FCM Clearing Member or any of employees or representatives, for any loss or damage of whatsoever kind howsoever arising directly or indirectly out of or in connection with the disclosed Confidential Material or its use.

7.2 The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and any fraud or willful default on the part of the Clearing House, for any actions that it may take on the basis of advice given to it by the SwapClear DMG, and for the accuracy of the information (confidential material as defined in the Annex

to this Agreement) that it distributes to the FCM Clearing Member in connection with the SwapClear DMP.

7.3 Under no circumstances shall the Clearing House have any liability to the FCM Clearing Member for (a) any consequential loss or other indirect loss of whatsoever kind or (b) loss of anticipated profit (whether direct or indirect).

8. Remedies

8.1 Without affecting any other rights or remedies that the Clearing House may have, the FCM Clearing Member acknowledges that the Clearing House may be irreparably harmed by any breach of the terms of this Appendix and that damages alone may not necessarily be an adequate remedy. Accordingly, the Clearing House will be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms, and not proof of special damages will be necessary to enforce this Appendix.

Confidentiality and ~~non-disclosure~~Non-Disclosure and ~~general terms~~General Terms of ~~p~~Participation in ~~Default Management Group~~SwapClear DMG

9. Conflict of interest

9.1 The FCM Clearing Member shall procure that, in the event that a DMG Member takes the view that a possible conflict of interest may arise with regard to any matter forming part of the business of the SwapClear DMG, he shall promptly report his view to the Chairman of the SwapClear DMG, who shall act accordingly, taking the advice of other SwapClear DMG Members as appropriate.

10. Confidentiality

10.1 Subject to paragraph 10.3 below, the FCM Clearing Member shall procure that the SwapClear DMG Member shall keep all Confidential Material strictly confidential to himself and will not disclose it to any person who is not a SwapClear DMG Member (including, for the avoidance of doubt, the FCM Clearing Member who recommended his appointment to the SwapClear DMG ("the Nominating FCM Clearing Member") or his employer (if different) or any other employee, adviser, officer or fellow worker of that FCM Clearing Member or his employer) without the prior written permission of the Managing Director, Risk of the Clearing House or his properly authori~~s~~zed delegate, providing always that the SwapClear DMG Member shall be relieved of such an obligation of confidentiality in respect of any Confidential Material if it comes into the public domain in the circumstances covered in paragraphs 2.1.1 and 2.1.2.

10.2 Subject to paragraph 10.3 below, the FCM Clearing Member shall procure that the SwapClear DMG Member shall not use any Confidential Material for any purpose other than the proper fulfillment of his duties as a SwapClear DMG Member.

10.3 The parties acknowledge that, in the event that a Default Notice is issued by the Clearing House in respect of any SwapClear Clearing Member, the SwapClear DMG Member may be required by the Nominating FCM Clearing Member and/or his employer (if

different) to provide certain services to the Clearing House in the management of the default. In such event, and only in such event, the parties acknowledge that the SwapClear DMG Member shall be entitled to disclose any part or parts of the Confidential Material as may be agreed by the Clearing House, in such manner and form and in accordance with such procedures as may prescribed by the Clearing House and/or the SwapClear DMG with regard to the management of that default.

10.4 Upon request by the Clearing House, and in any event upon termination of the membership of the SwapClear DMG Member of the SwapClear DMG, the FCM Clearing Member shall procure that the SwapClear DMG Member shall promptly return to the Clearing House by a secure method of transportation all or any part of the Confidential Material and all copies thereof in his possession or control, including all abstracts, notes, drawings and other papers, programs and records incorporating any of that Confidential Material, or shall destroy such information and shall certify to the Clearing House in writing that it has done so, provided that the SwapClear DMG Member is permitted to retain a copy thereof to comply with applicable legal or regulatory requirements.

11. Warranty and Representation

11.1 The FCM Clearing Member represents and warrants that it will procure that:

11.1.1 the Nominating FCM Clearing Member and the SwapClear DMG Member's employer (if different) are aware of the obligations of confidentiality arising out of this Agreement; and

11.1.2 nothing in this Appendix will cause the SwapClear DMG Member to breach any duty or obligation (whether arising pursuant to contract or otherwise) which he owes to the Nominating FCM Clearing Member or to his employer, if different, or any other contract counterparty of the SwapClear DMG Member.

12. Confidentiality and Non-Disclosure: General Obligations of the Clearing House

12.1 The Clearing House will treat all Confidential Material in the terms envisaged in this Annex to the Agreement, confining use to the SwapClear DMP, restricting its availability on a "strictly need to know basis", and exercising every duty of care required of it as a Recognised Clearing House and as a Derivatives Clearing Organi~~s~~zation.

13. Third Party Rights

13.1 A person who is not a party to this Annex shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

2B ~~FOREXCLEAR~~[*Reserved*]

~~2B~~

2C ENCLEAR

2C.1 General Matters

2C.1.1 **Introduction and Interpretation**

This Section 2B2C of the FCM Procedures governs the FCM ForexClear ServiceEnClear Clearing Services, form part of the FCM Rulebook and must be read in conjunction with the other parts of the FCM Rulebook.

A reference to an "FXCCM" is generic and encompasses both ForexClear Clearing FCM Clearing Members (as defined in the UK General Regulations) and FCM ForexClear Clearing Members.

Unless otherwise specified, all times are in local London time.

2B.2 Users of FCM ForexClear

The FCM ForexClear Service is an interface that processes and stores all FCM ForexClear Transactions. Those authorisedmust inform themselves fully of their obligations under the FCM Rulebook and other relevant documentation, such as the FCM Clearing Membership Agreement, and the terms of any approval by the Clearing House to submit trades (as defined below) for extend clearing in the FCM ForexClear Service fall into three categories – FCM Clearing Members approved by the Clearing House to clear in the FCM ForexClear Service ("**FX FCMs**"), FCM Clients of FX FCMs and Affiliates of FX FCMs. FX FCMs, FCM Clients of FX FCMs and Affiliates of FX FCMs are collectively known as ForexClear Participants ("**FXPs**"). For membership procedures, please see Section 1 of activities. It is to be noted that the FCM Rulebook (including these FCM Procedures. At least one party to each FCM ForexClear Transaction will be an FX FCM, acting through a client or house account; the other party may be another FX FCM or may be a ForexClear Clearing Member.

For identification purposes each FX FCM is assigned a unique three-character mnemonic for purposes of the FCM ForexClear Service.

2B.3 Termination of FX FCM Status

Clearing Members should contact the Clearing House Membership Department (+44 (0)207 426 7891/7627/7063; membership@lchclearnet.com) for details of how to resign) is subject to change from the FCM ForexClear Service.

2B.4 Service Scope

2B.4.1 **Eligibility**

Non-Deliverable FX Transactions as defined in Part A of Schedule B to the FCM Regulations ("**NDFs**") may be submitted for clearing through the ForexClear Service. To be eligible to be registered as a ForexClear Contract, a trade must meet the ForexClear Eligibility Criteria (as set out in Part B of Schedule B to the FCM Regulations).

~~2B.4.2 Service Operating Hours~~

~~*Opening Days:*~~

~~The FCM ForexClear Service will be open each day, except weekends, Christmas Day and New Year's Day.~~

~~*Opening Hours:*~~

~~The FCM ForexClear Service will be open between 20:00 local London~~ time to time ~~Sunday night and 01:00 local London time Saturday morning ("Opening Hours"). The FCM ForexClear Service will not accept FCM ForexClear Transactions outside of these hours~~.

~~2B.5 Position Accounts~~

~~2B.5.1~~ FCM ~~Accounts~~

~~For identification purposes each FCM~~EnClear Clearing ~~Member is assigned a unique three-character mnemonic with respect to its accounts relating to FCM ForexClear Transactions and FCM ForexClear Contracts. An FCM Clearing Member's position and financial information~~Services are ~~further identified by a single character code: C for client business; and H for house business.~~

~~2B.5.2 Position-Keeping Accounts~~

~~*FCM Clearing Member Accounts:*~~

~~The account types are: H for house business (Proprietary Account); and C for segregated client business (FCM Omnibus OTC FX Client Account with LCH). An FCM Clearing Member's FCM ForexClear Contract positions are also recorded within the FCM ForexClear Clearing System in ForexClear Accounts.~~

~~All registered FCM ForexClear Contracts will be identifiable to~~ provided to FCM Clearing Members ~~via FCM ForexClear Reporting (see Section 2B.20). All registered FCM ForexClear Contracts will be maintained only in ForexClear accounts (identified as such by a unique three letter mnemonic) and separate from all accounts containing FCM Contracts attributable to other Business Categories of FCM Contract (provided that all Business Categories of FCM Contracts and related cover may be physcially commingled in the same depository accounts). Each FCM ForexClear Contract will also be assigned a unique trade identifier. The FCM Clearing Member Reporting functionality also allows FCM~~authorized by the Clearing House to participate in it ("**FCM EnClear Clearing Members** ~~to identify all FCM ForexClear Contracts registered in their name.~~

~~Sub-accounts within the FX FCM's Proprietary Account may be set up (e.g. for branches~~" or ~~Affiliates). Each such sub-account will carry the unique Bank Identifier Code ("**BIC**") (or equivalent unique identifier) of the relevant branch/ Affiliate (please see Section 2B.5.4 below).~~

~~Sub-accounts within the FX FCM's Proprietary Account will be associated with the House financial account of the FX FCM and information contained across the Proprietary Account sub-accounts is consolidated into the House financial account of each FX FCM.~~

~~2B.5.3 **Clients**~~

~~Where an FX FCM enters into an agreement with an FCM Client in accordance with FCM Regulation 4(a), the FX FCM~~"**ECFCMs**") in respect of "**FCM EnClear Transactions**" executed by ECFCMs. Such transactions must ~~submit an "FCM Client Static Data" form to~~ comply with the Clearing House's ~~membership department. Positions of an FCM Client will be identifiable in ForexClear Reporting through that FCM Client's BIC/unique identifier.~~requirements (see the FCM Regulations).

~~2B.5.4 **Affiliates and Branches**~~

~~Under FCM Regulation 4(c), FX FCMs are permitted to clear for Affiliates through their Proprietary accounts.~~

~~Where an FX FCM enters into an agreement with an Affiliate in accordance with FCM Regulation 4(c), submission of an "FCM Affiliated Client Static Data" form to the Clearing House will allow the FX FCM to be provided with one or more sub-accounts for that Affiliate (for position-keeping purposes) within that FX FCM's house account.~~

~~Because the House financial account reflects the consolidated balances and liabilities of the FX FCM's proprietary business, the balances and liabilities associated with FCM ForexClear Transactions submitted by Affiliates (if applicable) and/or per branch (if applicable) will be provided as an estimate.~~

~~**2B.6 Financial Accounts**~~

~~FCM Clearing Member accounts have financial accounts associated with them. These are, inter alia, used to record cash balances and securities/ documentary credits. Information contained within position-keeping accounts is consolidated into financial accounts, as follows:~~

~~2B.6.1 **Relationship with Position-Keeping Accounts**~~

These FCM Procedures apply to all FCM EnClear Contracts on ECS in the Freight Division of the EnClear Service.

In the event of any conflict between any provision of these FCM Procedures and any requirement, rule or provision of any other documentation, these FCM Procedures shall prevail.

Except where otherwise stated, all times shown are London time and the twenty four hour clock is used.

2C.1.2 **Definitions**

The following terms shall have the meanings below for the purposes of this Section 2C of the FCM Procedures:

~~Trading Account~~**ECFCM**	~~Financial Account~~An FCM EnClear Clearing Member that has entered into a Clearing	

		Extension Agreement with the Clearing House for the purpose of participating in FCM EnClear Clearing Services.	
	ECS	The Extensible Clearing System, made available by the Clearing House for position management in the Freight Division of the FCM EnClear Clearing Services.	
	~~H~~**ClearWay**	~~House H~~A user interface made available by the Clearing House for the purpose of entering and confirming FCM EnClear Transactions for the EnClear market and for submission of FCM EnClear Transactions into ECS for clearing.	~~Proprietary Account~~
	Approved Broker	A broker that has entered into an FCM EnClear Clearing Services Approved Broker Agreement	
	~~C~~**OTP** ~~Client C~~	~~LCH OTC FX Client Segregated Depository Account~~OTC EnClear Trading Platform	

~~2B~~2C.1.3 **Agreements**

2C.1.3.1 **Clearing Approval**

Only FCM EnClear Clearing Members may clear FCM EnClear Contracts.

Details of how to obtain FCM Clearing Member status at the Clearing House or how to become approved by the Clearing House as an ECFCM of the Freight

Division can be obtained from the Clearing House's Membership Department at +44 (0)20 7426 7627/7521/7968.

FCM Clearing Members seeking approval from the Clearing House to clear FCM EnClear Transactions in the Freight Division must submit to the Clearing House the appropriate signed Clearing Extension Agreement(s) which can be obtained from the Membership department.

2C.1.4 Customers

Parties who are not ECFCMs or Non-ECFCM Clearing Members("**Customers**") may not directly clear trades through the FCM EnClear Clearing Services. However, any such Customer may enter into an agreement with an ECFCM who has been approved (on such terms as may be agreed between them) to clear that Customer's trades. Particulars of such a trade, if it is an FCM EnClear Transaction – that is, it meets all the relevant criteria published by the Clearing House from time to time – may be submitted for registration to the Clearing House by the ECFCM in accordance with the FCM Regulations and these FCM Procedures. For the Freight Division, a clearing arrangement is entered into if particulars relating to that trade are "accepted" by two relevant ECFCMs (or an ECFCM and a Non-ECFCM Clearing Member, as the case may be) who each agree to become counterparty to the appropriate FCM EnClear Contract (or FCM EnClear Contract a Non-FCM EnClear Contract) with the Clearing House, in accordance with the FCM Regulations and these FCM Procedures.

However, there is no relationship between the Clearing House and any Customer and no Customer has any rights against the Clearing House in respect of any FCM EnClear Contract.

2C.1.5 Approved Brokers

Only brokers who are expressly authorized by the Clearing House ("**Approved Broker**") may access ClearWay and submit FCM EnClear Transactions for registration. These brokers need to seek permission from the Clearing House to submit eligible trades under each product type separately:

- Freight (FFAs, Options and Containers)
- Iron Ore (Swaps and Options)
- Steel
- Coal (Swaps and Options)
- Fertilizer

The Rules of the Broker Scheme, which bind each Approved Broker and a copy of the Freight Agreement to be signed between the Clearing House and the Approved Broker, are available from the Clearing House.

Details of how to obtain Approved Broker status at the Clearing House of the Freight Division can be obtained from the Clearing House's Membership Department at +44 (0)20 7426 7627//7521/7968.

Where a broker who is not an Approved Broker purports to input particulars of a trade via ClearWay, that trade will not be registered by the Clearing House and will be rejected by the Clearing House.

PLEASE NOTE: If the two relevant ECFCMs accept an FCM EnClear Transaction which has been brokered, within the timeframe laid down by these FCM Procedures, it will be registered by the Clearing House in the names of those ECFCMs, whether or not those ECFCMs have appointed or authorized that broker to submit such a trade.

In the event that a trade is submitted to the Clearing House for registration by an Approved Broker and such trade is accepted for registration by that ECFCM, that ECFCM shall be bound by an FCM EnClear Contract arising there-from, notwithstanding that any trade particulars submitted by that Approved Broker in respect of such trade are erroneous or incorrect. An ECFCM shall accept full responsibility to the Clearing House for any trade notified to the Clearing House by an Approved Broker.

The Clearing House shall not be liable for any errors or omissions on the part of an Approved Broker who inputs a trade via ClearWay and which is registered by the Clearing House.

Approved Brokers do not act as agents for the Clearing House in participating in the services offered by the Clearing House in the FCM EnClear Clearing Services.

The Clearing House, in adding a broker to the list of Approved Brokers, makes no warranty or promise regarding the competence, ability, experience or professional skills of any Approved Broker, or at all, notwithstanding that such broker shall have been authorized by the Clearing House to submit trades under the relevant product types. The authorization of such brokers as Approved Brokers is purely to assist ECFCMs to submit trades to the Clearing House for registration in the names of those ECFCMs. No check is made regarding the skills, professionalism or competence of those brokers, nor is any consideration paid by any such, in return for authorization or at all.

2C.1.6 **OTPs**

OTPs may submit FCM EnClear Transactions for registration via the ClearWay ticket entry system.

LCH.Clearnet has signed agreements with the following OTPs:

- **Baltic Exchange Derivatives Trading Limited ("BEDT").** BEDT submit trades for clearing via ClearWay. Tickets therefore pass through the ClearWay Lot Limit Credit Filter and are automatically accepted by the ECFCMs (STP facility) and registered for clearing in ECS if they are within the parameters set. Transactions which are not within the parameters set, or where no limit has been set by the ECFCMs, will remain in ClearWay as pending transactions for ECFCMs to accept manually.

- **Cleartrade ("CT").** CT connects directly to ECS and has its own Credit Filter, monitored by CT itself. Trades are sent to the Clearing House pre-confirmed by the ECFCMs in the CT Credit Filter, meaning ECFCMs will not have to accept the trades in either ECS or ClearWay and they will be

registered as soon as received in ECS. On occasion, CT may manually enter details of trades transacted on their screen into ClearWay. These tickets will therefore pass through the ClearWay Lot Limit Credit Filter and be automatically accepted by the ECFCMs and registered for clearing in ECS if they are within the parameters set. Transactions which are not within the parameters set, or where no credit limit has been set by the ECFCMs, will remain in ClearWay as pending transactions for ECFCMs to accept manually.

PLEASE NOTE: If an ECFCM accepts an FCM EnClear Transaction which has been matched on BEDT, within the timeframe laid down by these FCM Procedures, it will be registered by the Clearing House in the name of that ECFCM, whether or not it is a participant of BEDT.

In the event that a trade is submitted to the Clearing House for registration by an OTP and such trade is "accepted" for registration by that ECFCM, that ECFCM shall be bound by an FCM EnClear Contract arising there-from, notwithstanding that any trade particulars submitted by that OTP in respect of such trade are erroneous or incorrect.

The Clearing House shall not be liable for any errors or omissions on the part of an OTP who inputs a trade directly to ECS or via ClearWay and which is registered by the Clearing House.

2C.1.7 Contract Terms

The FCM EnClear Contract Terms for contracts cleared in the Freight Division are set out in Section 3.4 of Part A of Schedule C to the FCM Regulations.

The Eligibility Criteria for each FCM EnClear Contract are set out in Part B of Schedule C to the FCM Regulations.

2C.1.8 Registration

2C.1.8.1 General

FCM EnClear Transactions in the Freight Division must be submitted to the Clearing House either via ClearWay or by an OTP for processing in the ECS System.

The Clearing House may require an ECFCM in whose name an FCM EnClear Contract is to be registered to provide it with cover for Initial Margin and Variation Margin as a condition of registration.

2C.1.8.2 EnClear Market User Systems

2C.1.8.2.1 ClearWay

ClearWay is an application used by ECFCMs, Approved Brokers and OTPs to enter FCM EnClear Transactions, which once confirmed by both ECFCM's, will be registered for clearing in ECS.

ClearWay contains a Lot Limit Credit Filter which enables ECFCMs to set limits for their position accounts. If a ticket is entered which falls within an ECFCM's set parameters, its side of the trade will be automatically confirmed.

Transactions which breach the parameters set, or where no credit limit has been set by the ECFCMs, will remain in ClearWay as pending transactions, for ECFCMs to accept manually.

In the event that a trade is submitted to the Clearing House for registration by an OTP, Broker or ECFCM and such trade is accepted for registration by the ECFCM, the ECFCM shall be bound by the terms set in FCM EnClear Contract.

2C.1.8.2.2 **ECS**

ECS is the clearing system which registers trades within the FCM EnClear Clearing Services: Freight Division. The following functionality is available to ECFCMs:

- position keeping
- position adjustments
- position transfers (LCH.Clearnet will perform the transfers on the request of ECFCMs)
- manual exercise/abandonment of Coal Options

2C.1.8.3 **Clearing House System Requirements**

ECFCMs and Approved Brokers must maintain an acceptable network connection from a location acceptable to the Clearing House for connecting to the ECS system and/or ClearWay in order to carry out their Clearing Member responsibilities within the clearing systems and to review their trades and positions as necessary.

2C.1.9 **Submission and Acceptance of FCM EnClear Transactions for Registration in the Freight Division**

For registration of FCM EnClear Transactions, ECFCMs must comply with all the requirements of the Clearing House as set out in the FCM Rulebook and other relevant documentation issued by the Clearing House in this regard.

An FCM EnClear Transaction submitted to the Clearing House, which complies with the Clearing House requirements for registration, will be deemed to be registered by the Clearing House immediately upon receipt by ECS, after the acceptance by both ECFCMs, whether the acceptance is explicit or is given via the parameters of a credit filter.

2C.1.10 **Novation**

Once a trade has been registered in ECS, novation replaces each FCM EnClear Transaction submitted through the FCM EnClear Clearing Services with either:

- two separate FCM EnClear Contracts: one between the selling ECFCM and the Clearing House and the other between the buying ECFCM and the Clearing House; or
- (where only one Clearing Member is an ECFCM) one FCM EnClear Contract between the Clearing House and the ECFCM, and the other

between the Clearing House and the non-ECFCM Clearing Member, with the latter being governed by the General Regulations.

2C.1.11 Rejection

If the Clearing House does not register a trade presented for registration it will notify the relevant ECFCMs concerned within a reasonable time, indicating the reasons for rejection.

2C.1.12 Notification

For the Freight Division, all FCM EnClear Contracts arising from registered FCM EnClear Transactions are listed on ECS and in the daily Trade report available through the Clearing House's Member reporting extranet site.

2C.1.13 Position Keeping Accounts

2C.1.13.1 Types of Accounts for the Freight Division

Positions with regard to LCH.Clearnet Freight Contracts are recorded within the ECS system in position-keeping accounts. For the avoidance of doubt, these position-keeping accounts in ECS are not "Member Accounts" as described in Regulation 5 of the General Regulations.

ECFCMs may open and utilize position accounts at their discretion. For example, an ECFCM may wish to have a separate account for each customer, several accounts for one customer or one account for several customers.

There is no restriction on the number of individual position accounts an ECFCM may open. The account reference for each position account within the Clearing House systems will be a free format alphanumeric code, as prescribed by the ECFCM.

2C.1.13.2 Basis of Position Keeping for the Freight Division

Position Accounts can be held net or gross, as required by the ECFCM. ECFCMs must notify the Clearing House of their requirements in this regard.

2C.1.13.3 Position Settlement (Gross Accounts) for Freight Division

Where a position account is held gross, the ECFCM may, if it so wishes, carry out a closeout by the manual settlement of open positions, using the position adjustment facility in the ECS system.

2C.1.13.4 Financial Accounts

Position accounts have financial accounts associated with them. These are, inter alia, used to record cash balances, securities/documentary credits and non-realized margin.

Where appropriate, ECFCMs' financial accounts are identified by a single character code: "C" for segregated client business; and "H" for house business.

Position accounts will map to either an ECFCM's "C" account or "H" account, as specified by that Member.

2C.13.5 Other Financial Accounts

At the Clearing House's discretion, further financial accounts, used only to record financial balances, may be opened as follows:

	Code
~~Buffer~~Additional Margin accounts (House), used for holding additional cash in relation to Proprietary ~~b~~Business	B
~~Buffer~~Additional Margin account (Client), used for holding additional cash in relation to FCM Client Business	E

~~2B~~2C.1.13.6~~.3~~ Default Fund (DF) Account

Each FCM Clearing Member's Default Fund Contribution is held in a separate financial account~~.~~, in accordance with the Default Fund Rules. The ~~DF~~Default Fund account code is "F". ~~Each FCM Clearing Member's Default Fund Contribution relating to~~

2C.1.14 Margins

2C.1.14.1 Initial Margins

Separate Initial Margin calculations are performed for an ECFCM's house "H" and client "C" accounts; no offset between these accounts is allowed. Accounts are margined net, meaning that if long and short positions are held in the same delivery month, Initial Margin is charged on the net position.

2C.1.14.2 Initial Margins Parameters

Initial Margin parameters are set by the Clearing House. However, in accordance with the FCM Regulations, the Clearing House retains the right at its discretion to vary the rates for the whole market or for an individual ECFCM's house and/or client accounts.

ECFCMs will be notified by the Clearing House of alterations to Initial Margin parameters no later than the day before calls are made based on the new rates.

2C.1.14.3 Calculation of Initial Margins

London SPAN

Initial Margins are re-calculated at the close of each business day using the London SPAN algorithm, which is an adaptation of the SPAN method developed by the Chicago Mercantile Exchange[1].

For full details of how London SPAN calculates margin, reference should be made to the SPAN technical information package available from the Clearing House's Service Desk at +44 (0)20 7426 7200. Technical questions should be directed to the Clearing House's Risk Management Department at +44 (0)20 7426 7620.

2C.1.14.4 Realized Variation Margin

The majority of FCM ~~Forex~~EnClear Contracts ~~is held in an account that is separate from any~~ are settled to market daily by the Clearing House in accordance with the relevant FCM EnClear Contract Terms. Profits or losses are either credited to or debited from ECFCMs' relevant financial ~~account containing such FCM Clearing Member's Default Fund Contribution relating to any~~ accounts (realized margin).

Realized margin is the calculated profit or loss arising from a comparison between the values of open positions at the relevant Reference Price with the value of positions recorded (i.e., the Fixed Price for new trades and the previous day's Reference Price for other ~~Business Categories~~positions).

2C.1.14.5 Contingent Variation Margin

Certain types of FCM EnClear Contracts~~.~~ (e.g., World Scale Wet Freight) are marked to market daily by the Clearing House in accordance with the relevant FCM EnClear Contract Terms. Unrealized margin is the calculated contingent profit or loss arising from a comparison between the values of open positions at the relevant Reference Price with the value of positions recorded (i.e., the original traded price).

~~2B.7 Novation and Registration~~

~~An NDF is an FCM ForexClear~~

2C.1.14.6 Option Variation Margin

As premium is paid up front, option Variation Margin is the value of unexpired options, calculated with reference to the official quotation. Bought and sold options generate credit and debit NLV (Net Liquidation Value) margin respectively.

2C.1.14.7 Intra Day Margin Calls

In accordance with the FCM Regulations the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it considers it necessary. Intra-day margin calls will be made through the Protected Payments System in London or the USA (USD) (see Sections 3.2.1 and 3.2.2 respectively).

[1] The Chicago Mercantile Exchange (CME) permitted the Clearing House to adapt the CME specifications for SPAN to produce London SPAN, which meets the particular requirements of the London futures and options markets. 'SPAN [TM] ®' is a registered trademark of the CME. The CME assumes no liability in connection with the use of SPAN or London SPAN by any person or entity.

2C.1.15 Trade Management for the Freight Division

PLEASE NOTE: FCM EnClear Transactions for the Freight Division may be submitted for clearing to be registered either:

(a) in the name of two ECFCMs; or

(b) an ECFCM and a non-ECFCM Clearing Member.

As such, for the purposes of this Procedure 2C.1.15, for the ease of expositions, references to an ECFCM, may, in the case of FCM EnClear Transactions of type (b) above, included a non-ECFCM Clearing Member.

2C.1.15.1 Trade Entry

FCM EnClear Transactions for the Freight Division may be submitted for clearing either directly by the ECFCM or by an Approved Broker via ClearWay, or through an OTP. A list of Approved Brokers is available from the Clearing House.

BEDT trades will be submitted via the Baltex screen, which is linked directly to ClearWay. Cleartrade trades may be entered via the Cleartrade screen, which is linked directly to ECS, or manually (by Cleartrade staff) via ClearWay.

The following particulars of FCM EnClear Transactions must be entered in ClearWay via its Ticket Entry screen:

- Product
- Series (Spot, Month, Quarter, Season or Calendar)
- Contract Type (Forward, Call or Put)
- Prompt (contract day, month, quarter, season or calendar)
- Strike (select from the dropdown list)
- Seller Ref (a sequential number)
- Buyer Ref (same as the Seller Ref)
- Seller Account (obtained from the customer or its ECFCM)
- Buyer Account (obtained from the customer or its ECFCM)
- Lots (per month (or day in the case of spot))
- Price

The following particulars of FCM EnClear Transactions must be entered in ClearWay via an Upload file:

- Type (always TICKET)
- Sell Trader (always LCH1)

- Sell Account (obtained from the customer or its ECFCM)
- Sell Broker (their 3 letter mnemonic)
- Buy Trader (always LCH1)
- Buy Account (obtained from the customer or its ECFCM)
- Buy Broker (their 3 letter mnemonic)
- Contract (combination of the product, series, contract type, prompt and strike)
- Quantity (in lots)
- Price
- Buy Client Ref (a sequential number)
- Sell Client Ref (same as the Buy Client Ref)
- Anonymous Trade (always Y)

In certain circumstances the Clearing House may enter trades upon request from an ECFCM, Approved Broker, OTP or other party. In such circumstances, the Clearing House shall have no liability to the ECFCM, Approved Broker, OTP or any other party for any failure to input trades or for inputting trade details incorrectly.

2C.1.15.2 Trades between persons who are not ECFCMs

Where an FCM EnClear Transaction ~~(*i.e.*,~~ is executed directly between two parties who are not ECFCMs, or between an ECFCM and another non-ECFCM party (who is not a non-ECFCM Clearing Member), the trade may be submitted for clearing provided that each party to that trade has an ECFCM who is prepared to "accept" that trade for clearing. Such FCM EnClear Transaction will then be submitted to the relevant ECFCMs via ClearWay for acceptance.

2C.1.15.3 Acceptance of Trades

Freight Trades must be accepted by ECFCMs in order to be cleared.

When details of an FCM EnClear Transaction are input via ClearWay, such trade details will be sent to the ECFCMs identified in such particulars, who may then accept or reject their side of that trade.

ECFCMs can accept and reject trades in ClearWay manually, but can also set lot limit parameters for their customers, such that trades which fall within those parameters are automatically deemed as accepted by those ECFCMs. Trades which do not pass the lot limit validation criteria set by an ECFCM will go to a pending state, and will not be cleared unless they are manually accepted on the same day by the ECFCM. If an ECFCM has a credit limit set up for an account and a trade is entered which is within that limit, that ECFCM will not have an opportunity to reject that trade.

Once a trade has been accepted by both ECFCMs in ClearWay, either manually or automatically via the credit filter, it is submitted to ECS for registration, where the trade is novated and a subsequent FCM EnClear Contract arises between each ECFCM and LCH.Clearnet.

Cleartrade trades need to be confirmed in Cleartrade's credit filter prior to being accepted by ECS for registration. ECFCMs can set credit limit parameters for their clients in Cleartrade and should refer to Cleartrade's procedures for further details of this.

If a trade is neither accepted nor rejected by both ECFCMs by close of business at the end of any business day, it shall cease to be eligible for registration ~~as an FCM ForexClear Contract) if it satisfies the FCM ForexClear Eligibility Criteria (~~in the name of that ECFCM or any other ECFCM and the trade will either remain open as a bilateral uncleared trade or be terminated, dependent upon what the trading parties have agreed in the event of non-registration and will automatically be deleted from the ClearWay system.

Acceptance by an ECFCM of any FCM EnClear Transaction means that the ECFCM so accepting agrees to be bound by an FCM EnClear Contract arising in respect of that FCM EnClear Transaction in accordance with the FCM Regulations and these FCM Procedures, and other applicable documentation. Once a trade has been accepted in accordance with the requirements of the Clearing House, as notified from time to time to ECFCMs, the trade may not be withdrawn, recalled or amended.

2C.1.15.4 Contra Trades

Where incorrect details of a trade have been accepted by both ECFCMs in accordance with the FCM Regulations and these FCM Procedures, the only available method to correct that trade will be by the entry of a contra trade.

A contra trade will not be required if the trade has a status of "pending" and has not been accepted by both counterparties, as the trade can be cancelled via ClearWay by the ECFCM or Approved Broker and input again with the correct details.

An accepted trade may need to be corrected by a contra trade for the following reasons:

- incorrect price;
- incorrect expiry month;
- incorrect product;
- incorrect lots (only where too many lots have been entered);
- incorrect buyer/seller.

ECFCMs will be able to view and confirm all contra trades in ClearWay. Contra trades will appear in ClearWay as new trades and it will be the responsibility of the ECFCMs to confirm the trades as appropriate. Where a contra trade is entered via ClearWay and passes the lot limit validation criteria set by an ECFCM, it will be automatically accepted by that ECFCM. Where a trade does

not meet the validation criteria, it will remain pending and need to be manually confirmed by that ECFCM.

Contra trades will attract the same clearing fees as a normal trade unless the Clearing House's Commercial Services are notified of the trade details at +44 (0)20 7426 7027/6311.

2C.1.16 Position Transfers

ECFCMs wishing to affect a position transfer from one ECFCM to another ECFCM should submit a request (a "**Position Transfer Request**") to the Clearing House's Membership Team by email to MembershipTeam@lchclearnet.com. Confirmation of a position transfer is required from both the transferor ECFCM and the transferee ECFCM.

ECFCMs are requested to forward the Position Transfer Request as early as possible, but no later than 12:00 hours, on a business day, to ensure timely input of the details into ECS/Synapse.

Provided that adequate cover is available from both ECFCMs, the transfer will normally be authorized. Should insufficient cover be available, the transfer may not be authorized until additional cover is provided.

2C.1.17 Reports

ECS

The ECS system will generate reports at the end of each business day detailing registered FCM EnClear Contracts in the Freight Division, margin requirements and positions. These reports are available to ECFCMs and some to Approved Brokers via the Clearing House Member Reporting site (a private member-only site).

It is the responsibility of each ECFCM and Approved Broker to preserve any report required for historic, audit or legal purposes, including, but not limited to, any margin reports.

ClearWay

ClearWay will retain 90 days of trade data only, showing details of all trades entered and whether or not they cleared, which can be accessed by ECFCMs and Approved Brokers through the ClearWay GUI and downloaded as a report.

2C.1.18 Fees

Fees arising for the provision of FCM EnClear Clearing Services will be collected from the ECFCMs monthly through the Members' accounts.

Details of tariffs and any changes thereto will be notified to ECFCMs by means of Member circulars.

For further details regarding fees (including details of how information regarding charges made for FCM EnClear Contracts registered by the Clearing House is communicated to ECFCMs), please see Section 3.6 of these FCM Procedures. ECFCMs should also have regard for the individual sections of this Section 2C of these FCM Procedures which may contain further information regarding fees.

2C.1.19 **Tax**

ECFCMs should take their own legal and accounting advice regarding any taxation liabilities in any country in which a liability to pay tax may arise.

In the event that the Clearing House incurs any liability to pay any tax in respect of or in connection with any FCM EnClear Contract, it shall have the right to require reimbursement of such tax liability, together with any costs or expenses incurred by the Clearing House in connection with the administration and processing of such tax liability, from the ECFCM who is or was party to that FCM EnClear Contract and whom, in the Clearing House's reasonable opinion, should be responsible for meeting such tax liability, costs and expenses. The Clearing House will collect such payments through the Clearing House Protected Payments System.

To the extent that VAT or any equivalent tax is due or becomes due in respect of a transaction under any FCM EnClear Contract, the consideration which the parties have agreed is due under the contract will be regarded as VAT exclusive and VAT will be charged in addition to this amount.

2C.2 Freight Division

2C.2.1 Introduction

This Section 2C.2 only applies to the Freight Division of the FCM EnClear Clearing Services.

References to "FCM EnClear Clearing Members" or "ECFCMs" in this section, means those ECFCMs who are party to, or accept, FCM EnClear Transactions in the Freight Division for clearing by the Clearing House. See Section 2C.1.3.1 for further details about obtaining approval to clear within the Freight Division.

2C.2.2 OTC Freight Division Products Eligible for Clearing

Only trades in products approved by the Clearing House for the LCH FCM EnClear OTC Freight Division ("**Eligible Products**") may be submitted for registration. The contract terms of Eligible Products for the Freight Division are set out in Section 3.4 of Part ~~B~~A of ~~the~~ Schedule ~~B~~C to the FCM Regulations~~) at the Registration Time~~ and may be amended from time to time.

~~Where an FX FCM accepts registration of the FCM ForexClear Transaction and notifies the Clearing House of such acceptance, the FX FCM shall, pursuant to FCM Regulation 40(b), (i) be deemed to have presented the FCM ForexClear Transaction for clearing and (ii) become obliged to pay all cover required by the Clearing House in connection with the registration of the FCM ForexClear Transaction upon request of the Clearing House. It is a condition for registration of an FCM ForexClear Transaction that, where both Executing Parties intend to register the FCM ForexClear Transaction through an FX FCM, both FX FCMs accept the FCM Notification (or where such Executing Parties nominate the same FX FCM, such FX FCM accepts both acceptances) and therefore submit the FCM ForexClear Transaction to the Clearing House.~~

~~It is a condition for registration of an FCM ForexClear Contract that the applicable FCM Clearing Member provide sufficient cover to the Clearing House in respect of such FCM ForexClear Contract prior to registration.~~

~~The FCM ForexClear Service will register FCM ForexClear Transactions submitted during the Opening Hours, provided that all FX FCMs have sufficient cover for their Liabilities (as defined in Section 2B.17) at the time of the relevant Margin Run.~~

~~If any FX FCM does not have sufficient cover for its Liabilities at the time of the relevant Margin Run, then the registration of FCM ForexClear Transactions will be suspended until sufficient cover is provided or until the FX FCM's portfolio risk is reduced by the FX FCM submitting for registration risk reducing FCM ForexClear Transactions.~~

~~Once the FCM ForexClear Transaction has passed the Validation Checks (as defined in Section 2B.8.1) and the required cover has been provided by the relevant FX FCMs, the Clearing House will send, via the FCM Approved Trade Source System, a message confirming the registration of the FCM ForexClear Transaction as an FCM ForexClear Contract and including a datestamp of the relevant registration time. For the purpose of the ForexClear Regulations, the time of dispatch of such message shall be the "**Registration Time**" of that FCM ForexClear Contract.~~

~~The definitive report of the registered FCM ForexClear Contract will be shown on the "All Open Contracts" report issued by ForexClear Reporting (as defined in Section 2B.20).~~

~~If an FX FCM is declared a defaulter, the Clearing House will not register any ForexClear Transactions to which the defaulter was a party. ForexClear Transactions between non-defaulting FX FCMs will continue to be registered (assuming sufficient cover for their Liabilities has been provided).~~

~~2B.7.1 Trade Capture~~

~~Once the FCM Approved Trade Source System receives the trade instructions from the FXPs who are parties to the trade, the FCM Approved Trade Source System matches both instructions (a "**trade**"). The FCM Approved Trade Source System validates the trade using the FCM ForexClear Eligibility Criteria and will, if appropriate, submit a single message containing the names of the FXPs who are parties to the trade and the terms of the trade to the Clearing House for registration and clearing, such matched trade being known as an "**FCM ForexClear Transaction**". Once the Clearing House receives the FCM ForexClear Transaction message, it will send a message of acknowledgement back via the FCM Approved Trade Source System that the trade has been matched and accepted for clearing. Instructions which show that one or both sides of the trade do not meet the Validation Checks are rejected. Rejections are reported back to the FCM Approved Trade Source System.~~

~~The Clearing House will provide ForexClear Transaction/ForexClear Contract (as applicable) updates as and when these~~ Below is a list of Eligible Products in the Freight Division; this list is split into four categories of products within Freight Division. The list may change ~~e.g. for acceptance, rejection and novation.~~

~~2B.7.2 ForexClear FCM Approved Trade Source Systems~~

~~Currently the FCM Approved Trade Source System designated by the Clearing House for ForexClear is MarkitSERV. Where the Clearing House approves additional FCM Approved Trade Source Systems, it will notify FCM Clearing Members via member circular.~~

~~FCM ForexClear Transactions submitted through an FCM Approved Trade Source System must be in an acceptable message format, as prescribed by the Clearing House.~~

> ~~Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any FCM ForexClear Transaction details by that FCM Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FCM Clearing Members and that FCM Approved Trade Source System and the terms of such relationship may entitle the FCM Approved Trade Source System to suspend the ability of an FX FCM to make submissions~~ from time to time.

~~FX FCMs must not submit instructions to the Clearing House for trades which will not meet the FCM ForexClear Eligibility Criteria. The Clearing House will process any FCM ForexClear Transaction reported to it by an FCM Approved Trade Source~~

~~System on an "as is" basis, and subject to the FCM Regulations and these FCM Procedures, will register any such FCM ForexClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and approved by the relevant FCM Clearing Member. The Clearing House has no obligation to verify that the details received, properly reflect the trade entered into by the relevant Executing Parties.~~

~~The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to an FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM ForexClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System and accepted by an FCM Clearing Member, the FCM Clearing Member concerned shall be bound by the terms of such FCM ForexClear Contract(s), unless the FCM ForexClear Contract is subsequently cancelled in accordance with FCM Regulation 41.~~

~~FCM Clearing Members shall ensure that transaction details accepted for registration are accepted by appropriately authorised personnel. Apart from the foregoing acceptance, the Clearing House is not able to, and will not, verify the authorisation of the source of any details of any transaction reported to it for registration by any FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FCM Clearing Member suffers any loss through the unauthorised acceptance of an FCM Notification.~~

~~2B.8 Trade Validation and Registration~~

~~2B.8.1 Process flow description~~

~~The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the FCM ForexClear Eligibility Criteria and the Counterparty Validation Check (as defined below) required for FCM ForexClear Transactions (together the "**Validation Checks**").~~

~~The fields checked are as follows:~~

- ~~**Counterparties**: (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the FCM ForexClear Contract is to be registered not been declared a defaulter by the Clearing House? (together, the "**Counterparty Validation Check**");~~
- ~~**Trade type**: is the instrument type an NDF?~~
- ~~**Economic Terms:** does the trade include all the Economic Terms (as defined in the Schedule B to the FCM Regulations)?~~
- ~~**Currency Pairs**: are the Reference Currency and the Settlement Currency a Currency Pair (as defined in Schedule B to the FCM Regulations)?~~
- ~~**Settlement Currency**: is the Settlement Currency USD?~~
- ~~**Trade tenor eligibility**: does the scheduled Settlement Date fall on a date: (a) not earlier than three business days immediately following the date on which the trade is submitted to the Clearing House for registration (the "**Submission Date**") and (b) not later than the date falling two calendar~~

years plus two business days immediately following the Submission Date? If the FCM ForexClear Transaction arrives after the ForexClear date roll (22.00 local London time), the Submission Date is defined as the next good business day.

- **Valuation Date and Settlement Date**: do the Valuation Date and Settlement Date for the FCM ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the FCM ForexClear Transaction relates? Does the Settlement Date fall on a Business Day after the Valuation Date? Is the Validation Date in the future?

Trades that pass the Validation Checks are accepted and two trade records are created for the FCM ForexClear Transaction: one for the FCM ForexClear Contract between the Clearing House and the first FX FCM to the FCM ForexClear Transaction and the other for the FCM ForexClear Contract between the Clearing House and the second FX FCM to the FCM ForexClear Transaction (or the ForexClear Contract between the Clearing House and the ForexClear Clearing Member to the corresponding ForexClear Transaction pursuant to the UK General Regulations).

Provided each FXCCM has sufficient cover, the Clearing House will send a message via the FCM Approved Trade Source System confirming the registration or, where the trade fails a Validation Check, the trade will be rejected and a status message will be sent to the FCM Approved Trade Source System giving a reason for rejection.

As provided in Section 2B.7, in respect of messages confirming registration, the time of dispatch of such message shall be the Registration Time of that FCM ForexClear Contract.

The account (H or C) and sub-account (if applicable) into which each trade record is booked is derived from the BIC/unique identifier code within the message from the FCM Approved Trade Source System. The BIC links to the FX FCM reference data.

Both new trade records arising out of the ForexClear Transaction have the same unique ForexClear ID (the "**ForexClear ID**"). Any further events or actions are applied on the basis of this ForexClear ID, to ensure consistency.

2B.8.2 Manual Trade Rejection, Novation and Cancellation (Exceptional Event)

From time to time, as an exceptional event, it may be necessary for the Clearing House to: (i) reject a trade submitted for registration; (ii) register an FCM ForexClear Transaction; or (iii) accept or reject a cancellation request for an FCM ForexClear Contract or an FCM ForexClear Transaction, in each case manually prior to a Margin Run, (e.g. in the case of a default event, when an FCM ForexClear Transaction needs to be registered immediately to expedite the hedging and auction process or to reject an FCM ForexClear Transaction received from a defaulted FX FCM).

The Clearing House acknowledges the action and sends a status message to the ForexClear Approved Trade Source System of either "REJECTED" in respect of trades being manually rejected; "NOVATED" in respect of trades being manually registered; and "CANCELLED" in respect of an FCM ForexClear Contract or an FCM ForexClear Transaction being manually cancelled, as appropriate.

~~2B.8.3 Trade Cancellation~~

~~The Clearing House accepts cancellation messages from Executing Parties against both non-novated trades (FCM ForexClear Transactions) and novated trades (FCM ForexClear Contracts).~~

~~With respect to any FCM ForexClear Contract, cancellation messages may be submitted via the FCM Approved Trade Source System until such FCM ForexClear Contract is "fixed" – *i.e.*, when its Settlement Rate has been determined on the relevant Valuation Date.~~

~~A successful cancellation message results in a "CANCELLED" status message if the FCM ForexClear Transaction or the FCM ForexClear Contract (as the case may be) is cancelled before or after a Margin Run (as defined in Section 2B.15). The status messages are sent from the Clearing House to the FX FCM via the FCM Approved Trade Source System.~~

~~2B.8.4 Process flow description~~

~~The Clearing House accepts trade cancellation instructions from the FCM Approved Trade Source System for FCM ForexClear Transactions or FCM ForexClear Contracts (as the case may be) that have previously been submitted to the FCM ForexClear Service. Cancellation instructions must include the ForexClear ID.~~

~~The Clearing House acknowledges receipt of the instruction from the FCM Approved Trade Source System to cancel an FCM ForexClear Transaction/FCM ForexClear Contract (as the case may be) and sends a "PENDING CANCELLATION" message to the FCM Approved Trade Source System for the relevant FXPs.~~

~~The Clearing House checks that the cancellation instruction contains a valid ForexClear ID which relates to: (a) an FCM ForexClear Transaction or FCM ForexClear Contract (as the case may be) that has not been previously cancelled; and (b) in the case of an FCM ForexClear Contract only, an FCM ForexClear Contract with respect to which the relevant Valuation Date has not yet occurred.~~

~~Where a trade has already been rejected (as a result of having failed a Validation Check), the FCM ForexClear Service sends a "CANCEL REJECTED" message to the FCM Approved Trade Source System for the relevant FXPs.~~

~~If the FCM ForexClear Transaction is "PARKED" but has not been included in a Margin Run, it is cancelled and a "CANCELLED" message is sent to the FCM Approved Trade Source System to confirm to the relevant FXPs that the FCM ForexClear Transaction has been cancelled. The ForexClear Transaction is excluded from the next and future Margin Runs. In accordance with FCM Regulation 41, the date and time of the cancellation shall be as reported by the Clearing House via the FCM Approved Trade Source System.~~

~~If a Margin Run is currently in progress, the request to cancel is routed to a temporary queue for later manual action. Once the Margin Run has finished, the Clearing House will re-submit or reject the request to cancel.~~

~~If the FCM ForexClear Contract is "NOVATED", the Clearing House amends the status of the relevant FCM ForexClear Contract to "PARKED PENDING~~

~~CANCELLATION" and sends this information in a message to the FCM Approved Trade Source System for the relevant FXPs. The effect of the "PARKED PENDING CANCELLATION" FCM ForexClear Contract is included in the next Margin Run.~~

~~The "PARKED PENDING CANCELLATION" FCM ForexClear Contract is cancelled if all FXCCMs have pledged sufficient collateral with the Clearing House to cover the ForexClear margin requirement without that particular FCM ForexClear Contract. If an FX FCM has insufficient collateral pledged, the Clearing House makes a cash margin call via PPS. When confirmation of receipt of the margin call is received, the FCM ForexClear Contract is cancelled. The FCM ForexClear Contract is excluded from future Margin Runs and a "CANCELLED" message is sent to the ForexClear Approved Trade Source System for the benefit of the relevant FXPs to the now excluded FCM ForexClear Contract. In accordance with FCM Regulation 41, the time of dispatch of such message shall be the cancellation date and time in respect of that FCM ForexClear Contract. If an FX FCM is declared a defaulter, the Clearing House will not process any cancellation of an FCM ForexClear Contract to which the defaulter is a party, nor the corresponding FCM ForexClear Contract that arose from the same underlying FCM ForexClear Transaction. All FCM ForexClear Contracts between non-defaulting FX FCMs for cancellation (assuming sufficient cover for their Liabilities has been provided) will be cancelled.~~

~~2B.8.5 Trade Amendment~~

~~No amendment of the financial terms of an FCM ForexClear Transaction or FCM ForexClear Contract is permitted. FX FCMs who wish to change the FCM Client information on a ForexClear Transaction should contact ForexClear Business Operations at 0207 426 3729 for further information.~~

~~2B.8.6 Backloading of Existing Trades~~

~~The Clearing House provides the facility for FCM Clearing Members to load eligible existing FCM ForexClear Transactions, through an FCM Approved Trade Source System. Backloading requires bilateral agreement between the relevant Executing Parties and acceptance by the FCM Clearing Member(s) and the ForexClear Clearing Member, if any, of the full particulars required by the Clearing House for each such FCM ForexClear Transactions. Following acceptance, the backloaded trade shall be deemed to have been presented by the FCM Clearing Member(s) and the ForexClear Clearing Member, if any, for registration by the Clearing House. In any backloading of transactions where one leg is to be registered as a ForexClear Contract, the UK General Regulations will apply with respect to such registration of a ForexClear Contract.~~

~~For backloaded trades the Clearing House will notify FCM Clearing Members of their submission and status via FCM Clearing Member Reporting (see Section 2B.20). It is a pre-condition of registration that sufficient cover for IM and variation margin ("**VM**") is provided.~~

~~2B.8.7 Valuation Date Event Management~~

~~The Clearing House is the Calculation Agent and will store and apply the Settlement Rate Option and the Valuation Date for each FCM ForexClear Contract.~~

~~On the Valuation Date with respect to each FCM ForexClear Contract, the Settlement Rate will be retrieved from the Settlement Rate Option per Currency~~

~~Pair in accordance with the relevant EMTA Templates (as referenced in the Schedule to the ForexClear Regulations). The Market Data provider for Settlement Rates is Reuters.~~

~~The FCM ForexClear Service applies the relevant Settlement Rate to FCM ForexClear Contracts using the following criteria:~~

- ~~Settlement Rate Option source code (as below)~~
- ~~Valuation Date~~

~~The table below gives the source codes of the Settlement Rate Options to be used as per the relevant EMTA Template:~~

2C.2.2.1 FFA (Forward Freight Agreement) Products

Dry Timecharter Basket Routes – Forwards (CTC, PTC, STC, HTC)

Dry Timecharter Basket Routes – Options (CTO, PTO, STO, HTO)

Dry Voyage Routes (C3E, C4E, C5E, C7E)

Dry Trip Timecharter Routes (P1E, P2E, P3E, P1A, P2A, P3A)

Dry Timecharter Voyage Route (S7)

Tanker Voyage Routes (TD3, TD5, TD7, T19, TC2, TC4, TC5, TC6)

$ per Tonne Tanker Voyage Routes (DD3, DD5, DD7, D19, DC2, DC6)

Baltic Exchange Dry Index (BDI)

2C.2.2.2 CFSA (Container Freight Swap Agreement) Products

CNW (Shanghai – North West Europe)

CMD (Shanghai – Mediterranean)

CSW (Shanghai – US West Coast)

CSE (Shanghai – US East Coast)

2C.2.2.3 WCI Container Products

WRS (Rotterdam – Shanghai)

WLS (Los Angeles – Shanghai)

2C.2.2.4 Commodities

Iron Ore Swaps (TSI)

Iron Ore Options (TSO)

Steel Swaps (SCN, SCS, SST, SBC, SCC)

Fertilizer Swaps (UNO, UYZ, DTA, DNO, UAN, UNE)

Coal Swaps (API 2 and API 4)[2]

Coal Options (API 2 and API 4)[3]

2C.2.3 Operating Times

2C.2.3.1 Opening Days

The Clearing House will publish details of the business days on which the FCM EnClear Clearing Services is operational to receive FCM EnClear Transactions in its Freight Division by Member Circular.

2C.2.3.2 Opening Hours

FCM EnClear Transactions in the Freight Division may be notified during the following hours, London time:

~~Currency Pair~~**Products**	~~Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)~~**Trade Entry Times**	**Trade Confirmation Times**
~~USD-BRL~~FFAs	~~BRL PTAX (BRL09)~~07:00 – 18:00	07:00 – 18:30
~~USD-RUB~~Containers	~~RUB CME-EMTA (RUB03)~~07:00 – 18:00	07:00 – 18:30
~~USD-INR~~Iron Ore	~~INR RBIB (INR01)~~07:00 – 18:00	07:00 – 18:30
~~USD-CNY~~Steel	~~CNY SAEC (CNY01)~~07:00 – 18:00	07:00 – 18:30
~~USD-CLP~~Fertilizer	~~CLP DÓLAR OBS (CLP10)~~07:00 – 18:00	07:00 – 18:30
~~USD-KRW~~Coal Swaps	~~KRW KFTC18 (KRW02)~~07:00 – 18:00	07:00 – 18:30
Coal Options	07:00 – 17:00	07:00 – 17:30

[2] API 2 and API 4 are trademarks and are used under license from Argus Media Limited and IHS Global Limited. All copyrights and database rights in the API 2 and API 4 indices belong exclusively to Argus Media Limited and IHS Global Limited and are used herein under license. LCH.Clearnet Ltd is solely responsible for the API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contracts. Argus and IHS take no position on the purchase or sale of such API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contracts.

[3] See footnote 2, above. LCH.Clearnet Ltd is solely responsible for the API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Option Contracts. Argus and IHS take no position on the purchase or sale of such API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Option Contracts.

~~The Clearing House applies the Settlement Rate to all relevant FCM ForexClear Contracts at a predefined time (see Section 2B.8.8 below) following its publication.~~

~~The Clearing House calculates the Settlement Currency Amount in the Settlement Currency per FCM ForexClear Contract. FX FCMs can retrieve the Settlement Rate and Settlement Currency Amount in the Settlement Currency via ForexClear Reporting on the ForexClear Service Portal and on MemWeb, which are internet services onto which information is loaded and can be accessed by FX FCMs.~~

~~2B.8.8 **Valuation Date Event Management: Process flow description**~~

~~After the Registration Time for an FCM ForexClear Contract, the FCM ForexClear Service links a Settlement Rate Option to it in accordance with the relevant EMTA Template for the Currency Pair.~~

~~On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the FCM ForexClear Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each FCM ForexClear Contract in the Settlement Currency by applying the relevant Settlement Rate Option as published.~~

~~If the Settlement Rate Option set out in the relevant EMTA Template is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the relevant EMTA Template.~~

~~2B.8.9 **Settlement**~~

~~With respect to each FCM ForexClear Contract, the Settlement Currency Amount is calculated by the application of the Settlement Rate to the Notional Amount in accordance with the FCM ForexClear Contract Terms.~~

~~From (and including) the Registration Time to (and including) the Business Day immediately preceding the Settlement Date, changes in the daily value of open FCM ForexClear Contracts will have resulted in VM credits and debits between the parties (as set out at Section 2B.10.3). With respect to each FCM ForexClear Contract, on the Business Day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the aggregate net VM which has been paid/received through the term of the FCM ForexClear Contract, the result of which is a Net Settlement Amount ("**NSA**"), which will be reflected in the FX FCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each FCM ForexClear Contract, the payment in full of all the VM required during the term of such FCM ForexClear Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such FCM ForexClear Contract. This paragraph applies even if the Settlement Date has been adjusted in accordance with the FCM ForexClear Contract Terms.~~

~~2B.8.10 **Reference Data**~~

~~*Holiday Event Calendar:*~~

~~For the FCM ForexClear Service the Clearing House uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, Inc.) the ("**SwapsMonitor Financial Calendar**") in order to determine holidays. This requires all FX FCMs to be licensees of the SwapsMonitor Financial Calendar. The calendars, as applicable to the FCM ForexClear Service, will be available online for inspection and for file download from Clearing Member Reporting. SwapsMonitor is used on a daily basis across all calendars.~~

~~*Date Adjustment:*~~

~~When a new holiday is declared in a particular jurisdiction, an update to the holiday calendar affecting FCM ForexClear Contracts for which the Valuation Date is due on the new holiday is required. The Valuation Date and the Settlement Date will be adjusted in accordance with the provisions of the EMTA Template for the relevant Currency Pair.~~

~~The Clearing House may accede to a request from FX FCMs to suspend processing of adjustments to the relevant affected Valuation Dates and Settlement Dates so as to allow FX FCMs to cancel and rebook any FCM ForexClear Contracts following any such adjustment. In such case, the Clearing House will inform FX FCMs as to the timing and duration of any such suspension.~~

~~**2B.9 Market Data**~~

~~2B.9.1 **Sources used by FCM ForexClear Service**~~

~~The FCM ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section 2B.9.2) in relation to each Currency Pair:~~

- ~~FX spot rates ("**FX Spot Rates**");~~
- ~~FX swap points ("**FX Swap Points**");~~
- ~~Settlement Rate Option;~~
- ~~Interest rate curves (see Section 2B.9.5 below) ("**Interest Rate Curves**");~~
- ~~USD LIBOR Curve;~~
- ~~PAI rates ("**PAI Rates**"); and~~
- ~~Country credit spreads (see Section 2B9.6 below) ("**Country Credit Spreads**"),~~

~~together, "**Market Data**".~~

~~FX Spot Rates and FX Swap Points are received by the Clearing House via a live link from all eligible FXCCMs (including FX FCMs) during the Opening Hours (as defined in Section 2B.4.2).~~

~~2B.9.2 Market Data Sources and Frequencies~~

~~The Clearing House receives the following updated raw prices:~~

~~*FX Spot Rates:*~~

- ~~Source – FXCCMs (including FX FCMs).~~
- ~~Frequency – every time updated by FXCCMs (including FX FCMs) up to a maximum rate of once every five minutes.~~

~~*FX Swap Points:*~~

- ~~Source – all FXCCMs (including FX FCMs).~~
- ~~Frequency – every time updated by FXCCMs (including FX FCMs) up to a maximum rate of once every five minutes.~~
- ~~Tenors – as shown in the table below.~~

Any trade which has not been accepted within the time specified above, on the day on which particulars of that trade are input into ClearWay, will be deleted from ClearWay automatically during the end of day run. It will cease to be an FCM EnClear Transaction and will not be registrable that day. It may, however, be re-submitted on another day.

~~Tenor~~Note:ECFCMs are asked to note that where trades are executed or originated outside the Opening Hours, no registration can take place until the relevant registration time on the following Opening Day. Where a weekend and/or public holiday intervenes, registration may be delayed for more than a day.

~~S/N~~
~~1 week~~
~~1 month~~
~~2 months~~
~~3 months~~
~~6 months~~
~~12 months~~
~~24 months~~

2C.2.4 Trade Acceptance: Cleartrade Credit Filter

ECFCMs may elect to use Cleartrade Exchange Pte Ltd's credit filter. If an ECFCM does so elect, then, when a trade is submitted through the filter, submission of the trade through the filter constitutes a deemed "acceptance" of the trade on behalf of the ECFCM. If an ECFCM wishes to allow for trades to be submitted in its name, through the Cleartrade credit filter, it should contact the Clearing House's Membership Department for the requisite variation agreement, amending the Clearing Extension Agreement. ECFCMs shall be bound by the FCM EnClear Contract which arises subsequently, upon registration of the trade in ECS.

Correspondingly, where a trade has been submitted to ECS via the Cleartrade credit filter, a pre-matched contra trade in respect of that trade may only be submitted via the Cleartrade credit filter.

2C.2.5 **Settlement** ~~Rate Options:~~

- ~~Source - Reuters.~~
- ~~Frequency - when published (at the times shown in the table at Section 4.3 below).~~

~~*Interest Rate Curves:*~~

- ~~Source - internal Clearing House~~
- ~~Frequency - at each SwapClear margin run.~~

~~*Country Credit Spreads:*~~

- ~~Source - Bloomberg.~~
- ~~Frequency - when published.~~

~~*USD LIBOR Curve:*~~

- ~~Source - SwapClear.~~
- ~~Frequency - at each SwapClear margin run.~~

~~*PAI rates:*~~

- ~~Source - LCH Treasury.~~
- ~~Frequency - Daily.~~

~~2B.9.3 **Market Data**~~

All FCM EnClear Contracts arising from FCM EnClear Transactions in the Freight Division are subject to cash settlement unless closed out prior to expiry of the relevant contract series (not permissible for World Scale wet contracts). No physical settlement is permissible.

2C.2.6 **Reference Prices for Daily Settlement and Marking to Market**

The Clearing House will use a variety of data from market participants, price reporting agencies and brokers for the purposes of producing reference prices each Business Day for daily settlement purposes and for the final settlement prices. See Part B of Schedule C to the FCM Regulations for details of the reference prices for each eligible product in the Freight Division listed therein. The reference price will be the "**Floating Price**" for the purposes of the Contract Terms (see Schedule C to the FCM Regulations).

2C.3 Option Exercise and Expiry

2C.3.1 Freight and Iron Ore Options

Freight and Iron Ore options are European style. Automatic exercise will occur if the option contract is one tick or more in the money on expiry day with reference to the relevant Final Settlement Price. Upon exercise or assignment an open futures position will be created in the underlying contract at the strike price which will be immediately cash settled. Clearing Members cannot make any adjustments to the automatic exercise settings. Option contracts not automatically exercised against the Final Settlement Price will expire worthless.

2C.3.2 Coal Options

Coal options are European style. Coal options will be automatically exercised or expired, unless manually exercised or cancelled, as described below.

Automatic Exercise

Automatic exercise will occur if the option contract is one tick or more in the money on expiry day with reference to the relevant Final Settlement Price.

Upon exercise or assignment an open futures position will be created in the underlying contract at the strike price. Option contracts not automatically exercised against the Final Settlement Price will expire worthless.

Manual Exercise or Cancellation

On expiry day and before 17:30 hours, London time, Clearing Members can override the automatic exercise of a coal option by using the ECS EnClear Trade GUI to perform a manual exercise or cancellation of the option contract. Upon exercise or assignment, an open futures position will be created in the underlying contract at the strike price.

~~Reference Currency~~	~~Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)~~It is not possible for Clearing Members to input exercise or exercise cancellation instructions after the option expiry deadline has dropped.	~~Settlement Rate Publication Local Time (or as per the relevant EMTA Template as amended from time to time)~~
~~BRL~~	~~BRL PTAX (BRL09)~~	~~13:15 (São Paolo)~~
~~RUB~~	~~RUB CME-EMTA (RUB03)~~	~~13:30 (Moscow)~~
~~INR~~	~~INR RBIB (INR01)~~	~~12:30 (Mumbai)~~
~~CLP~~	~~CLP DÓLAR OBS (CLP10)~~	~~10:30 (Santiago)~~
~~CNY~~	~~CNY SAEC (CNY01)~~	~~09:15 (Beijing)~~
~~KRW~~	~~KRW KFTC18 (KRW02)~~	~~15:30 (Seoul)~~

~~2B.9.4 Market Data Provision to FX FCMs~~

~~All Market Data used in a Margin Run is made available to FX FCMs via ForexClear Reporting (as defined in Section 2B.20).~~

~~2B.9.5 Curve Building in ForexClear~~

~~FX Curve (Zero Coupon/Market Rate Curve):~~

~~The Clearing House builds for each Currency Pair an FX curve (zero coupon/market rate curve) using the FX Spot Rates, FX Swap Points and the USD LIBOR Curve based on interpolation techniques agreed through the ForexClear Risk & Trading Working Group (a group comprising the Clearing House's and FXCCM's (including FX FCM) risk and trading representatives) ("**RTWG**"). The USD LIBOR Curve is used for discounting; the FX curve is used for capitalisation of forward cash flows.~~

~~*Interest Rate Curve:*~~

~~The Clearing House applies the linear interpolation method to build the Interest Rate Curve. Linear interpolation is applied on zero coupon curves.~~

~~*Curve Use:*~~

~~End of day is defined as 22.00 local London time ("**EOD**"). The following EOD data is used in the calculation of risk analytics for an EOD Margin Run (as defined in Section 6.1.2):~~

- ~~FX Spot Rates; and~~
- ~~FX Swap Points.~~

~~2B.9.6 Country Credit Spreads~~

~~The Clearing House takes country credit spreads (in relation to Brazil, Russia, India, China, Chile and South Korea) from Bloomberg for use in risk multiplier calculations.~~

~~2B.10 FCM ForexClear Contract Valuation~~

~~2B.10.1 Price Submission~~

~~In accordance with the FCM Procedures, FX FCMs shall provide pricing data to the Clearing House in accordance with the ForexClear Market Data Interface (a document issued by LCH and as amended from time to time) as amended from time to time.~~

~~This data is used to calculate the NPV (as defined in Section 2B10.2 below) of FCM ForexClear Contracts.~~

~~2B.10.2 Net Present Value ("NPV")~~

~~From (and including) the Registration Time to the EOD Margin Run on the business day preceding the Valuation Date, each FCM ForexClear Contract is valued in USD using the current market rates and discounted from the future Settlement Date to its present value (being valued using the data submitted by FXCCMs, in accordance with Sections 2B.9.2 and 2B.10.1).~~

~~On the Valuation Date, the Settlement Rate is used to value the FCM ForexClear Contract.~~

~~If Valuation Postponement applies, the FCM ForexClear Contract is valued using the current forward price (based on the data submitted by FXCCMs in accordance with Sections 1.9.2 and 1.10.1) to (and including) the date on which the Settlement Rate is determined in accordance with the ForexClear Contract Terms.~~

~~2B.10.3 **Variation Margin ("VM")**~~

~~VM for each FCM ForexClear Contract is calculated at EOD as the change from the preceding business day in its NPV. With respect to each FX FCM, the net sum of the VM for all open FCM ForexClear Contracts is credited to or debited from such FX FCM once a day, following the EOD Margin Run.~~

~~Cover for VM (adjusted by PAI, as set out below) will be paid each business day by or to each FX FCM in respect of all of its open FCM ForexClear Contracts. The VM will be calculated in, and must be paid in, USD.~~

~~With respect to each FCM ForexClear Contract, VM is calculated every business day from (and including) the Registration Time to (and including) the EOD on the business day immediately preceding the Settlement Date.~~

~~2B.10.4 **Reporting Breakdown**~~

~~ForexClear margin reports show the portfolio of open FCM ForexClear Contracts of each FX FCM by Currency Pairs and in the Settlement Currency (*i.e.*, USD).~~

~~2B.10.5 **Price Alignment Interest ("PAI")**~~

~~The effect of daily cash VM movements results in the need for PAI. Without this adjustment, the pricing of FCM ForexClear Contracts would differ from identical uncleared trades, as cash earned from favourable daily price moves would be priced into the product.~~

~~2B.10.6 **PAI Calculation Methodology**~~

~~PAI is calculated at EOD on each business day from (and including) the first business day after the Trade Date to (and including) the business day immediately preceding the Settlement Date.~~

~~In this Section 2B.10.6, "**T**" means any given business day; "**T-1**" means the business day immediately preceding T; "**T+1**" means the business day immediately following T; and "**MTM**" means the total value (expressed in USD)of an FXCCM's portfolio open of FCM ForexClear Contracts after valuation in accordance with Section 2B.10.3 at close of business on any business day. The Clearing House calculates PAI in USD once a day at EOD.~~

~~*Principles:*~~

- ~~MTM is calculated at EOD on T-1.~~
- ~~Change in MTM (net VM in respect of an FX FCM's portfolio of open ForexClear Contracts) is paid/ received on the morning of T.~~
- ~~PAI Rate for T to be applied is known at EOD T.~~

- ~~PAI is calculated on the night of T, for MTM of T-1 for FCM ForexClear Contracts up to the business day before their Settlement Date.~~

- ~~PAI is paid / received on morning of T+1 via PPS.~~

~~*Components:*~~

- ~~PAI Rate (annualised interest applied to an FX FCM's MTM).~~

- ~~MTM~~

- ~~Accrual Factor (factor used to convert the PAI Rate from an annual rate to a daily rate, on a basis of a year of 360 days).~~

~~*So:*~~

- ~~PAI T = PAI_T Rate x MTM_{T-1} x Accrual Factor.~~

~~The Clearing House uses the PAI Rate from the relevant EOD overnight index swap curves, which is sourced from the Clearing House.~~

~~2B.10.7 **VM/PAI Adjustment**~~

~~With respect to each FX FCM, the Clearing House makes the following adjustment to the EOD VM:~~

- ~~if, with respect to its portfolio of open FCM ForexClear Contracts, such FX FCM has (to but excluding the relevant EOD) paid an amount in VM greater than the amount of VM it has received, such FX FCM will receive PAI; and~~

- ~~if, with respect to its portfolio of open FCM ForexClear Contracts, such FX FCM has (to but excluding the relevant EOD) received an amount in VM greater than the amount of VM it has paid, such FX FCM will pay PAI.~~

~~**2B.11 Initial Margin ("IM")**~~

~~The Clearing House will require FX FCMs to post IM. This amount will be calculated within the day and at EOD on each business day as part of each Margin Run. With respect to each FX FCM, it is calculated for the portfolio of open FCM ForexClear Contracts and FCM ForexClear Transactions using a value at risk (VaR) based methodology based on filtered historical simulations ("**Historical Simulation**"). All open FCM ForexClear Contracts and FCM ForexClear Transactions in each Currency Pair are re-valued under a series of cross portfolio yield curve scenarios to estimate the potential portfolio profit and loss and therefore the IM requirement.~~

~~These scenarios will be continually monitored and reviewed periodically or on an ad hoc basis according to market conditions. FX FCMs will usually~~2C.3.3 **Exercise by the Clearing House**

When exercised against, the Clearing House will select sellers against which to assign, based on their open position at the end of the last trading day.

Notice of Assignment/Allocation

The Clearing House will use reasonable endeavors to notify the relevant seller of its allocation as soon as is possible on the day the options expire.

Notification will be sent via the MBREXR report on the MemberLive reporting site. ECFCMs must have a valid account and password to access this secure site.

2D. THE FCM NODAL SERVICE

2D.1 Introduction

2D.1.1 Background

Application to both the FCM Rulebook and the U.K. Rulebook of the Clearing House.

This Section 2D of the FCM Procedures forms a part of both the FCM Procedures and a part of the UK General Procedures corresponding to the UK General Regulations (see the reference in Section 2G of those Procedures) and is referred to as the "**Nodal Procedures**". These Nodal Procedures apply to the clearing of FCM Nodal Transactions (by FCM Nodal Clearing Members) and Nodal Transactions (by Nodal Service Clearing Members), each of which involves the clearing of transactions in Nodal Eligible Derivative Products listed on Nodal, through the Clearing House's Nodal Service.

Defined terms used in these Nodal Procedures and not otherwise defined herein or in the FCM Regulations shall have the meaning as defined in the Clearing House's "General Regulations". References herein to FCM Nodal Transactions, the FCM Rulebook, the FCM Regulations, FCM Nodal Contracts and other definitions contained in the FCM Regulations are intended to apply only to FCM Nodal Clearing Members, and references herein to Nodal Transactions, the Rulebook, the General Regulations, Nodal Contracts and other definitions contained only in the General Regulations are intended to apply only to Nodal Service Clearing Members. These Nodal Procedures do not intend to (i) apply substantive provisions of the FCM Regulations that are not also provided in the General Regulations to Nodal Service Clearing Members or (ii) apply substantive provisions of the General Regulations that are not also provided in the FCM Regulations to FCM Nodal Clearing Members.

The term "**Nodal CMs**" used herein refers to both FCM Nodal Clearing Members and Nodal Service Clearing Members, collectively.

References herein to "**Nodal Transactions**" means either FCM Nodal Transactions (as defined in the FCM Regulations) or Nodal Transactions (as defined in the General Regulations), as applicable, except where these Nodal Procedures otherwise differentiate between the two.

Additional Background.

Nodal CMs must inform themselves fully of their obligations under the FCM Rulebook or under the Rulebook (as applicable), and under the other relevant documentation, such as the FCM Clearing Membership Agreement or the Clearing Membership Agreement (as applicable), and the terms of any approval by the Clearing House to extend clearing activities. Nodal CMs should also familiarize themselves with Nodal's Rules.

The Clearing House provides the Nodal Service in respect of cash settled futures contracts only. Hence, it does not cover options contracts and there are no physical deliveries under this service. There is no provision for allocation or give-ups.

Please note that each of the FCM Rulebook, the Rulebook and Nodal's Rules are subject to change from time to time. Enquiries regarding these Nodal Procedures or any other aspects of the operation of the Nodal Service should be directed to the Clearing House's Business Operations Department at +44 (0)20 7426 7689. Enquiries regarding FCM Nodal Clearing Member status or Nodal Service Clearing Member status should be directed to the Clearing House's Membership Department at +44 (0)20 7426 7627 / 7063. Enquiries relating to Nodal's Rules should be directed to Nodal.

Full details of contact points may be found on the Clearing House website (http://www.lchclearnet.com) and Nodal website (http://www.NODAL.com).

2D.1.2 Interpretation

Except where otherwise stated, all times shown are London time and the twenty four hour clock is used.

2D.2 Membership

FCM Nodal Clearing Members may submit FCM Nodal Transactions for registration by the Clearing House and Nodal Service Clearing Members may submit Nodal Transactions (as defined in the General Regulations) for registration by the Clearing House. Note that a transaction in a Nodal Eligible Derivative Product that will be cleared on one side by an FCM Nodal Clearing Member and on the other side by a Nodal Service Clearing Member is both an FCM Nodal Transaction (with respect to the FCM Nodal Clearing Member) and a Nodal Transaction (with respect to the Nodal Service Clearing Member). Both FCM Nodal Transactions and Nodal Transactions may also be submitted for registration on behalf of the applicable Nodal CM by a Nodal Non-Clearing Participant ("**NODAL NCP**") as set out at Section 2D.4.1.

Nodal CMs must comply with all Clearing House requirements and with any NODAL requirements relating to participation in the relevant Nodal Trading Facility.

It is the responsibility of each Nodal CM to keep any report, including, but not limited to, the NODAL Service CM Report, required for its own historic, audit or legal purposes.

Details of how to be approved as an FCM Nodal Clearing Member or as a Nodal Service Clearing Member can be obtained from the Clearing House Membership Department at +44 (0)20 7426 7627 / 7063.

2D.2.1 Submission of Nodal Transactions for Registration

Nodal CMs who wish a Nodal Transaction to be registered by the Clearing House must comply with all requirements of Nodal and Nodal's Rules, as relevant.

2D.3 GENERAL

2D.3.1 Operating Times

2D.3.1.1 Opening Days

Details of the days on which the Nodal Service is operational will be published by the Clearing House by circular to Nodal CMs. Details of the days on which Nodal is operational is available from Nodal.

2D.3.1.2 Opening Hours

The Nodal Service will be operational from 02:00 to 18:00 hours, Eastern Prevailing Time (the "**Opening Hours**").

2D.4 NODAL TRANSACTIONS

2D.4.1 Eligible Transactions

Only the transactions in this Section 2D.4 in Nodal Eligible Derivative Products executed or registered through a Nodal Trading Facility in accordance with Nodal's Rules will be designated as Nodal Transactions eligible for registration by the Clearing House.

Any such transactions must satisfy the Clearing House's requirements as set out in these Nodal Procedures and in the FCM Regulations and/or the General Regulations (as applicable), and Nodal's requirements as set out in Nodal's Rules.

(a) Parties to Nodal Transactions presented for Registration.

The Clearing House only registers FCM Nodal Contracts or Nodal Contracts, as applicable, arising from Nodal Transactions between Nodal CMs.

Such Nodal Transactions may arise through trades executed or registered through a Nodal Trading Facility by Nodal CMs or by Nodal NCPs.

(i) The Nodal Transaction may have been entered into by two Nodal CMs, each acting as principal.

(ii) One side (or both sides) of the Nodal Transaction may arise through a Nodal NCP executing or registering a trade on the Nodal Trading Facility. In such case, the trade will immediately be replaced with:

In the case of a Nodal NCP clearing through an FCM Nodal Clearing Member:

- an FCM Nodal Transaction will arise between the NCP and the counterparty Nodal CM or NCP, with the former NCP's FCM Nodal Clearing Member being party to the Transaction as agent for the NCP.

In the case of a Nodal NCP clearing through a Nodal Service Clearing Member:

- a trade between the Nodal NCP and its applicable Nodal Service Clearing Member, and

- a Nodal Transaction between its Nodal Service Clearing Member and the counterparty Nodal CM.

(b) **Presentation for Registration**

Under (a)(i) or (a)(ii) above, the Nodal Transaction will be presented to the Clearing House for registration as either two FCM Nodal Contracts, two Nodal Contracts or one FCM Nodal Contract and one Nodal Contract, as applicable, with the Clearing House as seller to the buying Nodal CM and as buyer to the selling Nodal CM.

(Where two Nodal NCPs both have the same Nodal CM, then each side of the trade will be presented to the Clearing House for registration as a separate FCM Nodal Contract or Nodal Contract, as applicable:

- with one in which that Nodal CM is buyer and the Clearing House is the seller;

- and the other in which that Nodal CM is the seller and the Clearing House is the buyer.)

2D.4.2 FCM Nodal Contracts and Nodal Contracts – Eligibility Criteria

It is part of the eligibility criteria for registration as an FCM Nodal Contract or a Nodal Contract, as applicable, that the particulars of a Nodal Transaction presented to the Clearing House must include matched information in respect of the following:

(a) Seller and the Buyer;

(b) the Nodal Eligible Derivatives Product which is the subject of the Nodal Transaction; and

(c) the transaction specific information in respect of the Nodal Eligible Derivative Product.

2D.5 CLEARING FOR NODAL NON-CLEARING PARTICIPANTS

2D.5.1 NODAL NCPs

Certain Nodal CMs may clear for one or more Nodal NCPs. In order to do so, the following conditions must be satisfied at all times:

(a) the Nodal NCP is a participant of Nodal; and

(b) the Nodal CM and the Nodal NCP are party to a valid and enforceable agreement under which the Nodal CM agrees to clear Nodal Transactions on behalf of such person. Such agreement must confer rights on the Nodal CM and the Nodal CM must lawfully be entitled at all times to pass to the Clearing House, in accordance with FCM Regulation 15 or General Regulation 30, as applicable, such information and data

relating to the Nodal NCP as the Clearing House may in its sole discretion deem appropriate.

The static data form executed by both the Nodal NCP and the Nodal CM shall be definitive proof of the Nodal CM clearing for such Nodal NCP.

The Clearing House contracts with the Nodal CM alone and, to the fullest extent permitted by law, disclaims any duties or obligations to any Nodal NCP.

Further details regarding clearing for Nodal NCPs can be obtained from the Clearing House's Membership Department at +44 (0) 207426 7627 / 7063.

2D.5.2 Termination

The Nodal CM may terminate its agreement with a Nodal NCP at any time by giving 21 days written notice to Nodal and the Clearing House. For the avoidance of doubt, (i) the Clearing House need not receive any notice of or any confirmation of such termination from the Nodal NCP and (ii) termination by the Nodal CM of its agreement with a Nodal NCP will be without prejudice to the Nodal CM's obligations arising from or in relation to any Nodal Transaction, FCM Nodal Contracts or Nodal Contracts arising prior to such termination.

2D.6 REGISTRATION OF NODAL TRANSACTIONS

2D.6.1 General

The Clearing House may require a Nodal CM in whose name a Nodal Transaction is to be registered to provide it with cover for initial and variation margin (Initial Margin and Variation Margin as defined in the FCM Regulations with respect to FCM Nodal Clearing Members) as a condition of registration as an FCM Nodal Contract or a Nodal Contract, as applicable.

2D.6.2 Registration

All matched transactions which have been presented for registration and comply with the Clearing House requirements for registration of a Nodal Transaction, are deemed to have been registered by the Clearing House immediately upon receipt by TRS/CPS.

2D.6.3 Novation

With effect from registration, novation operates to replace each Nodal Transaction with either two separate FCM Nodal Contracts, two separate Nodal Contracts or one FCM Nodal Contract and one Nodal Contract, as applicable, one between the selling Nodal CM and the Clearing House and the other between the buying Nodal CM and the Clearing House. Novation is described in more detail in the FCM Regulations and the General Regulations.

2D.6.4 Notification

All FCM Nodal Contracts and Nodal Contracts arising from registered Nodal Transactions are listed on the Nodal Service CM Report available through TRS.

2D.7 POSITION AND FINANCIAL ACCOUNTS

2D.7.1 Position-Keeping Accounts

2D.7.1.1 Types of Account

Positions with regard to Nodal Contracts and Nodal Contracts are recorded within CPS in position-keeping accounts at Individual Trader Mnemonic (ITM) level, which are not CM accounts as described in Regulation 5. The account types are as follows:

H House excluding Clients[1]

N Non-segregated (not to be used for client business)

S Segregated client

Z Default account, only to be used in the event of a CM default

The requirement to open a H account is compulsory. Other position-keeping accounts may be opened by agreement with the Clearing House.

[1] The "house position-keeping account" represents a Member's principal business and is only available to Nodal Service Clearing Members.

2D.7.1.2 Basis of Position Keeping: Net Accounts

Position-keeping accounts are held net at ITM level (e.g., a position of bought one lot and sold two lots will be reported as sold one).

2D.7.2 Financial Accounts

Nodal Service Clearing Member position-keeping accounts have financial accounts associated with them. These are, amongst other things, used to record cash balances, securities/documentary credits and non-realized margin.

Where appropriate, a Nodal Service Clearing Member's financial accounts are identified by a single character code: C for segregated client business (recorded as S within CPS); H for house business (recorded as H within CPS). Only the H financial account is obligatory.

Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

2D.7.2.1 Relationship with Position-keeping accounts

Position-keeping accounts		Financial account
H	House	H
N	Non-segregated	H
S	Segregated client	C

By permitting a transaction to be allocated to a position-keeping account, a Nodal Service Clearing Member is also deemed to be designating that transaction for the associated financial account.

2D.7.2.2 **Other Financial Accounts**

Subject to approval by the Clearing House, further financial accounts, used only to record financial balances, may be opened as follows:

	Code
Additional Margin accounts, used for holding additional deposits in relation to House Business (Nodal Service Clearing members only)	B
Additional Margin account (Client), used for holding additional cash in relation to Client business.	E

2D.7.2.3 **Default Fund (DF) Account**

Each Nodal Service Clearing Member's Contribution is held on a separate financial account, in accordance with the Default Fund Rules. The Default Fund account code is F.

2D.8 FEES

2D.8.1 General

Fees arising for the provision of the Nodal Service will be collected monthly from the Nodal CMs' financial accounts.

Details of tariffs and any changes thereto will be notified to Nodal CMs by circular to applicable FCM Clearing Members and Clearing Members.

For further details (including details of how information regarding charges made for FCM Nodal Contracts and Nodal Contracts registered by the Clearing House is communicated to applicable Nodal CMs) please see Section 3.6 ("**Fees**") of these FCM Procedures or Section 3.6 ("**Fees**") of the Procedures, as applicable.

2D.8.2 Execution Fees

Members are asked to note that, in respect of FCM Nodal Contracts and Nodal Contracts, fees charged to Nodal CMs by the Clearing House will include execution fees which the Clearing House will collect on behalf of Nodal in respect of the underlying trades executed through the Nodal Trading Facility.

Details of execution fees and any changes thereto will be notified to Nodal CMs by Nodal.

2D.9 MARGIN

For the purposes of the Nodal Service only, a "**Reference Price**" includes daily Settlement Price and final Settlement Price as used in the Nodal Rules.

2D.9.1 Variation Margin

Certain FCM Nodal Contracts and Nodal Contracts are settled to market daily by the Clearing House. Profits or losses are either credited to or debited from Nodal CMs' relevant financial accounts (realized margin).

2D.9.1.1 Realized Margin

Realized margin is the calculated profit or loss arising from a comparison between the value of open positions at the relevant daily Settlement Price with the value of positions recorded (i.e., the Traded Price for new trades and the previous day's daily Settlement Price for other positions). The currency of this margin amount will be the same as the currency denomination of the contract's reference price.

2D.9.2 Initial Margin

Separate Initial Margin calculations are performed for a Nodal CM's house "H" and client "C" accounts; **no offset between these accounts is allowed.** Accounts are margined net, meaning that if long and short positions are held in the same delivery month/prompt date, Initial Margin is charged on the net position. Initial Margin need not be in the same currency as the contracts traded. A list of acceptable collateral to cover Initial Margin requirements can be found at the following location:

http://www.lchclearnet.com/risk_management/ltd/acceptable_collateral.asp

2D.9.2.1 Initial Margin Parameters

Initial Margin parameters are set by the Clearing House. However, in accordance with the FCM Regulations and the General Regulations, the Clearing House retains the discretion to vary the rates for the whole market or for Nodal CM's house and/or client accounts.

Nodal CMs will be notified by the Clearing House of alterations to ~~margin~~Initial Margin parameters no later than the day before calls are made based on the new ~~parameters. Further details of this method are available upon request from the ForexClear Risk team~~rates.

~~Historical Simulation uses the historical (5 year) data submitted by FXCCMs pursuant to Section 2B~~2D.9~~, which is adapted to current market prices.~~

~~Separate initial margin calculations are performed for an FX FCM's house "H" and client "C" accounts.~~

~~The Clearing House reserves the right to require additional amounts of cover from a specific FX FCM or from all FX FCMs in accordance with FCM Regulation 9.~~

~~2B.11.1 **Credit Risk Multiplier ("CRiM")**~~

~~The CRiM applied will consider the FX FCM's credit worthiness, initial margin level and/or stress testing exposures in accordance with LCH.Clearnet Credit Risk Policy.~~

~~2B.11.2 **Liquidity Risk Multiplier ("IMM")**~~

~~Where an FXCCM has an exposure above set thresholds in a particular Currency Pair or tenor of FCM ForexClear Contracts, the IMM is applied and additional IM is charged. The IMM is calculated in accordance with parameters set by the ForexClear Default Management Group (the "**FXDMG**") according to tenor and notional concentration. The thresholds are reviewed quarterly and use prevailing perceptions of market conditions as seen by the FXDMG.~~

~~IMM increases IM called due to concentrated Currency Pair exposure by tenor of FCM ForexClear Contracts. Additional IM is called to mitigate the risk of a position not being closed out in seven days and/or the extra hedging costs that may be incurred.~~

~~The Clearing House calculates and applies IMM as part of each Margin Run, based on the IM for each Currency Pair in the FX FCM's house position keeping account.~~

~~2B.11.3 **Sovereign Risk multiplier ("SRM")**~~

~~An SRM is applied when there is a perceived risk of sovereign default or a change in a country's currency regime which would impact FCM ForexClear Contracts transacted in certain Reference Currencies. The SRM takes into account:~~

~~i. the probability of sovereign default or a regime change event occurring; and~~

~~ii. the depreciation or appreciation risk of the Reference Currencies.~~

~~The SRM sovereign default probability is calculated by assessing the three month probability of default for the different sovereign countries, based on the country's 5-year credit default swap (CDS) spread. The probability of a regime change event is estimated based on historical events and publicly available data for the different sovereign countries. The probabilities are reviewed and updated weekly.~~

~~The Clearing House calculates and applies the SRM as part of each Margin Run, for each Currency Pair in the FX FCM's house position-keeping account.~~

~~**2B.12 Additional Margin**~~

~~The Clearing House may require an FX FCM to pay additional amounts (in addition to initial margin and variation margin) as security for the performance by an FX FCM of its obligations to the Clearing House in respect of FCM ForexClear Contracts to which such FX FCM is a party in accordance with FCM Regulation 9. This may be required from time to time where, in the opinion of the Clearing House, the risk inherent in FCM ForexClear Contracts to which such FX FCM is a party not adequately covered by IM or VM. This may cover instances where stress testing losses under various scenarios provided in the ForexClear Default Fund Rules have increased.~~

~~2B.12.1~~ .2.2 **Intra-day Margin Calls**

In accordance with the ~~Clearing House's~~ FCM Regulations and the General Regulations, the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it ~~is considered~~considers it necessary. ~~Intra-day margin calls can be called at any time throughout the~~

business day (08:30 to 21:00 hours London time). Intra-day margin calls will usually be made viathrough the protected payments system ("**PPS**") in London ("**London PPS**") or the Protected Payments System (PPS)USA ("**US PPS**") (see Section 2B.93.2 of these FCM Procedures or Section 3.2 of the UK General Procedures, as applicable).

In certain circumstances the Clearing House may wish to make a call for additional funds after the closure of London PPS facilities at 16:00 hours London time. In this event the Clearing House will require payment of additional funds through PPS facilities in the USA (see Section 3.2.2). Members must ensure, in these circumstances, that they are in a position to fund such calls through their nominated US PPS account within one hour of the call.

2B.13 Initial Margin Management Events Service ("IMMES")

IMMES aims to find risk and IM reducing FCM ForexClear Contracts and ForexClear Contracts amongst participating FXCCMs. IMMES can be run on all Currency Pairs that are cleared through the FCM ForexClear Service, although the primary focus will be on those Currency Pairs that contribute to the largest IM requirement. IMMES is available in respect of an FX FCM's house account only.

FX FCMs who wish to obtain further information about, or to participate in, IMMES should contact ForexClear Business Operations on 0207 426 7527. To be eligible to participate in IMMES, an FX FCM must enter into an IMMES agreement with the Clearing House (the "**IMMES Agreement**").

2B.13.1 Step-by-step details

The Clearing House usually conducts the IMMES at least monthly.

A reminder that there is an IMMES run taking place is sent out the week before to each FXCCM which is a party to an IMMES Agreement with LCH and each FXCCM is asked to confirm their participation.

On the day of the scheduled IMMES run, the Clearing House analyses all participating FXCCMs' profiles to find FCM ForexClear Contracts and ForexClear Contracts with equivalent and opposite delta values by tenor and Currency Pair to compile a list of offsetting suggested trades that are mutually beneficial in terms of IM reduction (the "IMMES Trades").

The Clearing House then analyses the relevant FX FCM's FCM ForexClear Contract portfolios with the IMMES Trades and determines the change in NPV, IM, delta and zero yield sensitivity from the IMMES Trades.

The FXCCMs on either side of the trades are advised of the economic details of the IMMES Trades.

If the two FXCCMs agree to undertake the IMMES Trades, the Clearing House will then put them in touch with each other. The FXCCMs will enter into the bilateral IMMES Trades and submit them to the Clearing House through the ForexClear Approved Trade Source System for registration.

~~2B.14 Intra-Day~~2D.9.2.3 Calculation of Initial Margin

2D.9.2.3.1 VaR

Initial Margin ~~Call: Collateral Management~~

~~2B.14.1 General – Intra-day Margining~~

~~Following an intra-day margin call and unless notified otherwise by an FX FCM at the time of an intra-day margin call the Clearing House will deduct cash, in the appropriate currency, directly from the relevant FX FCMs PPS account to cover that intra-day margin call.~~

~~Cash payments in respect of intra-day cover are accepted only in USD by the Clearing House.~~

~~It is the responsibility of the FCM to ensure that they have sufficient cash funds in place with their PPS Bank(s) in order to avoid any intra-day liquidity issues.~~

~~2B.15 General Margining Process~~

~~A "**Margin Run**" is the process by which the Clearing House calculates an FX FCM's IM requirement (if any) and, during an EOD Margin Run, its VM requirement and PAI adjustment (if required) (together its "**Margin Requirements**"); and (a) applies that FX FCM's cover to satisfy the Margin Requirements for that FX FCM in respect of the FCM ForexClear Contracts within that FX FCM's portfolio; and/or (b) calls for additional cover (if required) to cover the relevant Margin Requirement.~~

~~2B.16. Types of Margin Runs~~

~~There are three types of Margin Run:~~

~~2B.16.1 ITD / Ad Hoc - Day Margin Run~~

~~ITD/Ad-hoc London daytime Margin Runs are initiated as and when dictated by the schedule published by the Clearing House and notified to FX FCMs from time to time (the "**Schedule**") or as necessary, and are performed in the time period during which a PPS call can be made (the "**ITD/Ad-hoc Day Margin Run**"). PPS times are published on the Clearing House's website at: http://www.lchclearnet.com/risk_management/ltd/pps/.~~

~~ITD/Ad-hoc Margin Runs are calls in respect of IM only. VM and PAI are not included in ITD/Ad-hoc Margin Runs.~~

~~2B.16.2 EOD Margin Run~~

~~The EOD Margin Run is the final ITD/Ad-hoc Day Margin Run that completes by 22:00 local London time on that~~ is re-calculated at the close of each business day ~~(the "**EOD Margin Run**").~~ using a VaR algorithm developed to margin Nodal exchange contracts.

~~EOD Margin Runs are calls in respect of IM as well as VM, NSA and PAI..~~

~~2B.16.3 ITD / Ad Hoc - Night Margin Run~~

~~ITD/Ad-hoc London overnight Margin Runs are initiated as and when dictated by the Schedule or as necessary, and are performed in the time period during which a PPS call cannot be made (the "**ITD/Ad-hoc Night Margin Run**").~~

~~ITD/Ad-hoc Night Margin Runs are calls in respect of IM only. VM, NSA and PAI are included in ITD/Ad-hoc Night Margin Runs, but only as a component of IM.~~

~~2B.17 Margin Run Process~~

~~Margin Runs cover all registered FCM ForexClear Contracts with the status "NOVATED", FCM ForexClear Transactions with the status "PARKED" and FCM ForexClear Contracts in respect of which the Clearing House has received a request for cancellation with the status "PARKED PENDING CANCELLATION".~~

~~Margin runs will be carried out for each FCM ForexClear Contract and FCM ForexClear Transaction (as the case maybe) until (and including) the later of:~~

- ~~EOD Margin Run on the Settlement Date; or~~
- ~~EOD Margin Run after the Settlement Rate is published.~~

~~During every Margin Run the Clearing House calculates the IM required and (where applicable) the VM and PAI required to cover each FX FCM's open FCM ForexClear Contracts and FCM ForexClear Transactions (each a "**Liability**" and together the "**Liabilities**").~~

~~Each FX FCM's Liability is offset against that FX FCM's non-cash collateral account (being a sub-account of the FX FCM's financial account) (for IM only) or funds in that FX FCM's cash account (being a sub-account of the FX FCM's financial account) (for VM/PAI/IM). IM will always be a Liability (payable to the Clearing House) and VM, NSA and PAI may be a cash posting or a Liability (payable by, or to, the Clearing House, respectively).~~

~~FX FCMs are informed via email of their Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)) and are directed to the ForexClear Service portal (being a secure website made available to FXCCMs) (the "**ForexClear Service Portal**") which provides reports (at the times specified in Section 7.1) informing FX FCMs of their (i) total Liabilities under the FCM ForexClear Service; (ii) current total cover posted with the Clearing House for FCM ForexClear; and (iii) Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)).~~

~~If following a Margin Run an FX FCM is required to provide additional collateral, this is also indicated in the email and via the ForexClear Service Portal. Registration of FCM ForexClear Transactions and cancellations of FCM ForexClear Contracts will cease until all FXCCMs have provided sufficient cover.~~

~~Once it is confirmed that all FXCCMs have sufficient cover, the Clearing House:~~

- ~~registers each FCM ForexClear Transaction as two FCM ForexClear Contracts (or registers an FCM ForexClear Contract and a ForexClear~~

~~Contract under the UK General Regulations, if applicable) and changes the status for each FCM ForexClear Transaction from "PARKED" to "NOVATED" and informs the FCM Approved Trade Source System; and~~

- ~~in respect of relevant FCM ForexClear Contracts being cancelled, cancels the relevant FCM ForexClear Contracts and changes the FCM ForexClear Contract status of each relevant FCM ForexClear Contract from "PARKED" to "CANCELLED".~~

~~The Clearing House acknowledges the FCM ForexClear Contract status and sends a message to the FCM Approved Trade Source System that the FCM ForexClear Transaction/FCM ForexClear Contract (as the case may be) is either "NOVATED" or "CANCELLED" as appropriate.~~

~~2B.18 Transfer of FCM Clients~~

~~In certain circumstance the Clearing House will transfer FCM ForexClear Contracts from one Carrying FCM Clearing Member to a Receiving FCM Clearing Member on behalf of an FCM Client and pursuant to FCM Regulation 8(b) or 8(c).~~

~~2B.18.1 Partial Transfers~~

~~Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of a portion of such FCM Client's portfolio of FCM ForexClear Contracts held with a Carrying FCM Clearing Member, it shall provide the Clearing House with an FCM Client Partial Transfer Form (see Appendix 2B.A), signed on behalf of the relevant FCM Client. Such form shall list all of the FCM ForexClear Contracts that are to be transferred pursuant to this procedure. Following receipt of an FCM Client Partial Transfer Form, the Clearing House shall notify the Carrying FCM Clearing Member that a request has been received to transfer FCM ForexClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Section 2B.18.4.~~

~~In the event that any of the conditions set forth in FCM Regulation 8(c) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM ForexClear Contracts.~~

~~2B.18.2 Full Transfers~~

~~Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of such FCM Client's entire portfolio of FCM ForexClear Contracts held with a Carrying FCM Clearing Member, it shall provide the Clearing House with an FCM Client Full Transfer Form (see Appendix 2B.B), signed on behalf of the relevant FCM Client. Such form shall confirm that all FCM ForexClear Contracts attributable to the applicable FCM Client shall be transferred pursuant to this procedure. Where a Receiving FCM Clearing Member submits an FCM Client Full Transfer Form, it must confirm whether or not the FCM Client also wishes to transfer the cover held by the Clearing House in respect of the transferring FCM ForexClear Contracts. Following receipt of an FCM Client Full Transfer Form, the Clearing House shall notify the Carrying FCM Clearing Member that a request has been received to transfer FCM ForexClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Section 2B.18.4.~~

~~In the event that any of the conditions set forth in FCM Regulation 8(b) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM ForexClear Contracts or the transfer of Account Assets (when applicable).~~

~~Following receipt of a Full Transfer Form, the Carrying FCM Clearing Member shall not be permitted to register additional FCM ForexClear Contracts on behalf of the FCM Client whose FCM ForexClear Contracts are subject to transfer, until such transfer (and the transfer of the related Account Assets, if applicable) is actually effected or is rejected.~~

~~2B.18.3 **Collateral Transfers**~~

~~Where a Receiving FCM Clearing Member notifies the Clearing House that an FCM Client wishes to transfer cover from a Carrying FCM Clearing Member to a Receiving FCM Clearing Member, the Clearing House shall notify the Carrying FCM Clearing Member of such transfer in accordance with the timetable below.~~

~~Following such notification and upon request from the Clearing House, the Carrying FCM Clearing Member shall confirm to the Clearing House (using the Carrying Member Response form at Appendix 2B.C) which cover is attributable to the transferring FCM Client and the associated FCM ForexClear Contracts. In the event that the Carrying FCM Clearing Member fails to do so in accordance with the timetable below, the Clearing House shall transfer sufficient cash or non-cash cover from the FCM Clearing Member's FCM Omnibus OTC FX Client Account with LCH (such cover as selected in the Clearing House's sole discretion) to enable the transfer. Following the Clearing House's determination of the cover that is to be transferred, it shall notify the Carrying FCM Clearing Member and the Receiving FCM Clearing Member of the cover that will be transferred in accordance with the timetable below.~~

~~In the event that any of the conditions set forth in FCM Regulation 8(b) are not satisfied, and the Carrying FCM Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the related cover. In such circumstances, the Clearing House will notify the Receiving FCM Clearing Member that the associated cover will not be transferred and, in order to proceed with the transfer of the associated FCM ForexClear Contracts, the Receiving FCM Clearing Member will have to provide the Clearing House with sufficient cover in respect of the transferring FCM ForexClear Contracts.~~

~~In the event that the Clearing House transfers cover pursuant to these FCM Procedures and the FCM Regulations, it will also transfer the aggregate Variation Margin and next day settlement coupons and fees associated with the transferring FCM ForexClear Contracts.~~

~~2B.18.4 **Timetable for FCM Client Transfer**~~

~~**Time**~~ ~~(all references below are to New York City Time)~~	~~**Partial Transfer**~~	~~**Full Transfer (with collateral)**~~	~~**Full Transfer (without collateral)**~~

~~Time~~ ~~(all references below are to New York City Time)~~	~~Partial Transfer~~	~~Full Transfer (with collateral)~~	~~Full Transfer (without collateral)~~
~~Day 0: 15:00~~	~~Deadline for receipt from Receiving FCM Clearing Member of FCM Client Partial Transfer Form.~~	~~Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form and confirmation that cover is to be transferred.~~	~~Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form.~~
~~Day 1: 05:00~~	~~Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer certain FCM ForexClear Contracts pursuant to a request from the Receiving FCM Clearing Member.~~	~~Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM ForexClear Contracts pursuant to a request from the Receiving FCM Clearing Member.~~	~~Deadline for notification by the Clearing House to the Carrying FCM Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM ForexClear Contracts pursuant to a request from the Receiving FCM Clearing Member.~~
~~Day 2: 09:00~~	~~Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 8(c)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.~~	~~Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 8(b)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.~~ ~~Deadline for confirmation from Carrying FCM Clearing Member of the collateral which is to be ported to the Receiving FCM Clearing Member.~~	~~Deadline for notification (if any) from Carrying FCM Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying FCM Clearing Member (in accordance with FCM Regulation 8(b)(v)) and that the Carrying FCM Clearing Member is therefore objecting to the transfer.~~
~~Day 2: 09:00 to 10:00~~		~~LCH notifies the Receiving FCM Clearing Member of the collateral that will be transferred or that collateral will not be transferred.~~ ~~Where collateral will not be transferred, transfer is treated as a full transfer (without collateral).~~	
~~Day 2: 14:30~~	~~Deadline for receipt by the Clearing House of~~	~~Deadline for receipt by the Clearing House of~~	~~Deadline for receipt by the Clearing House of consent~~

Time (all references below are to New York City Time)	Partial Transfer	Full Transfer (with collateral)	Full Transfer (without collateral)
	consent of transfer from the Receiving FCM Clearing Member.	consent of transfer and associated collateral from the Receiving FCM Clearing Member.	of transfer from the Receiving FCM Clearing Member.
Day 3: 03:00	Target deadline for notification by Clearing House to the Carrying FCM Clearing Member or the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.	Target deadline for notification by Clearing House to the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.	Target deadline for notification by Clearing House to the Receiving FCM Clearing Member of whether any additional cover is required to enable the transfer.
Day 3: 04:00	Deadline for receipt by Clearing House of any additional cover from the Carrying FCM Clearing Member or the Receiving FCM Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional cover from the Receiving FCM Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional cover from the Receiving FCM Clearing Member required to enable the transfer.
Day 3: 04:00	Clearing House transfers FCM ForexClear Contracts.	Clearing House transfers FCM ForexClear Contracts and associated collateral.	Clearing House transfers FCM ForexClear Contracts.

2B.19 Proprietary Account Position Transfers

The FCM ForexClear Clearing System provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account, either in respect of FCM ForexClear Contracts held on an FCM Clearing Member's own behalf or in respect of FCM ForexClear Contracts held on behalf of an Affiliate. In either case, any such transfer may only occur if the Receiving FCM Clearing Member is an Affiliate of the Carrying FCM Clearing Member. An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House Risk Management Department.

Transfers will only be effected once adequate cover has been provided by both parties to the transfer. Transfers of Affiliate positions shall not be permitted to another FCM Clearing Member's Proprietary Account unless such Affiliate is an Affiliate of the FCM Clearing Member receiving the transferred position.

2B.19.1 Legal Documentation

The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authorised by both parties and by individuals with appropriate signing authority.

~~2B.19.2 **Position Transfer Notice Period**~~

~~The Clearing House will usually require five Business Days notice ahead of an intended transfer.~~

~~2B.20 ForexClear Reporting~~

~~The Clearing House produces a suite of treasury reports for members across each of the Clearing House services. Some of these reports are cross-service reports and others are specific to the ForexClear Service (including the FCM ForexClear Service), thus an FX FCM will receive reports in respect of the FCM ForexClear Service and may also receive cross-service reports where it is a member of another service. Follow this link to the information available from the LCH.Clearnet website: Banking Reports.~~[1]

~~In respect of the FCM ForexClear Service, on each business day the Clearing House will provide two sets of reports to FX FCMs: (1) Banking Reports; and (2) reports direct from the FCM ForexClear Service (together "**ForexClear Reporting**"). These Procedures reference the FCM ForexClear Service specific reports. Each day's report will remain available for download by FX FCMs from the FCM ForexClear Service Portal for five days.~~

~~2B.20.1 **Margin Liability Reports**~~

~~Reports detailing Liabilities are provided to FX FCMs following every scheduled Margin Run in accordance with Section 2B.17 and where additional collateral cover has been called by the Clearing House. Additionally, a report, including sensitivities, is provided at ForexClear Contracts level at 22.00 local London time. If the EOD Margin Run has not completed by 22:00 local London time on a particular business day, the report generated at EOD will reflect that not all the Liabilities of all FXCCMs as covered by collateral by 22:00 local London time.~~

~~2B.20.2 **Market Data Reports**~~

~~Reports detailing Market Data are provided to FX FCMs following every scheduled Margin Run. They include reports of Market Data and Settlement Rate used in the valuation of FCM ForexClear Contracts and reports of Market Data shifts for each historic scenario used in IM calculations.~~

~~2B.20.3 **Trade Reports**~~

~~Reports are provided that enable FX FCMs to monitor their firms' trading events and positions in respect of ForexClear. Reports on open FCM ForexClear Contracts and on cancelled FCM ForexClear Transactions and FCM ForexClear Contracts are generated at EOD and reports on transferred FCM ForexClear Contracts are made on an ad hoc basis.~~

~~2B.20.4 **Trade Fixing and Settlement Reports**~~

~~Reports are published on each business day detailing the FCM ForexClear Contracts to which the Settlement Rate has been applied on that business day (the "NDF Fixings" report), FCM ForexClear Contracts that have been settled during~~

~~[1] http://www.lchclearnet.com/Images/banking_report_tcm6-48011.pdf~~

~~that current business day (the "Settlements Today" report) and FCM ForexClear Contracts that will settle the next business day (the "NDF's Fixed with Settlement Tomorrow" report).~~

~~2B.20.5 **Fees Reports**~~

~~Reports on trading volumes on a daily and monthly basis are provided to FX FCMs. Monthly reports are provided on the last business day of each month. They include the full trading volumes on which the monthly transaction fees will be charged to those FX FCMs choosing to have tariffs levied per transaction.~~

~~2B.20.6 **Banking Reports**~~

~~Follow this link for a full list of Banking reports.[2]~~

~~2B.21 Treasury Operations & Collateral Management~~

~~2B.21.1 **Cover Distribution**~~

~~The Clearing House nets each FX FCM's Liabilities (i.e. margins and multipliers) and then the total of cash collateral and non-cash collateral are applied to offset those net Liabilities. This process is known as cover distribution ("**Cover Distribution**"). FX FCMs can choose whether cash or non-cash collateral should be applied first. At the end of this process, if an FX FCM has a shortfall, a PPS (as defined in Section 2B.21.3 below) call for additional collateral is made. Conversely, any excess cash remaining after the final overnight Margin Run can, if requested before 09:30 local London time, be repaid to the FX FCM.~~

~~2B.21.2 **Cover Distribution Notification**~~

~~FX FCMs are informed via email of their: Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)) and are directed to the ForexClear Service Portal which provides reports (at the times specified in Section 0) informing FX FCMs of their (i) total Liabilities under the ForexClear Service; (ii) current total cover posted with the Clearing House for ForexClear; and (iii) Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash collateral account(s)).~~

~~The reports accessed via the ForexClear Service Portal will enable FX FCMs to log in and examine the underlying data.~~

~~2B.21.3 **Protected Payment System**~~

~~The Clearing House operates the Protected Payments System ("**PPS**") for transferring funds to and from its FX FCMs to cover their Margin Requirements. This is similar to a direct debit arrangement where the PPS bank confirms that any Clearing House-specified call is met.~~

~~FX FCMs are obliged to hold an account with a London PPS bank in USD, as well as a USD account with a PPS bank in the USA.~~

~~[2] http://www.lchclearnet.com/Images/banking_report_tcm6-48011.pdf~~

Follow the link below for a list of PPS banks operating in the UK and US:

List of PPS Banks[3]

2B.21.4 **Acceptable Forms of Collateral Cover**

Follow the link below for a detailed description of acceptable collateral and processes applicable from time to time:

Risk Management/LCH.Clearnet Ltd/Acceptable Collateral[4]

2B.21.5 **Interest and Accommodation**

Interest is paid to FX FCMs on cash collateral held by the Clearing House. The London Deposit Rate ("**LDR**") is applied. This rate is set daily at 10.00 local London time.

A utilisation fee, known as an accommodation charge, is charged on securities lodged at the Clearing House to cover liabilities. For an overview of interest and accommodation charges, please contact the Clearing House's Treasury Operations or follow the link below:

Overview of interest and charges[5]

2B.22 Default Management

2B.22.1 **Porfolio Splitting**

As part of the ForexClear Default Management Process, the Clearing House may divide an Auction Portfolio into two or more individual Auction Portfolios. In circumstances where such portfolio splitting is adopted, the Clearing House will, in consultation with the ForexClear Default Management Group, seek to create:

(a) one or more individual Auction Portfolios which have comparatively greater levels of risk associated with them, thereby isolating such Auction Portfolios from those which are more risk neutral; and

(b) one or more individual Auction Portfolios which are more risk neutral.

2B.22.2 **Acceptance of Bids**

In deciding whether to accept a bid, the Clearing House will generally accept the best bid in respect of any individual Auction. However, the Clearing House is entitled to reject a bid in the event that it considers, in its reasonable discretion that accepting the bid may:

(a) cause the Clearing House to breach any legal or regulatory requirement applicable to it by virtue of its being a Recognized Clearing House or a Derivatives Clearing Organization;

[3] http://www.lchclearnet.com/risk_management/ltd/pps/

[4] http://www.lchclearnet.com/Images/Section4_tcm6-43748.pdf

[5] http://www.lchclearnet.com/risk_management/ltd/acceptable_collateral.asp

(b) cause the Clearing House or its membership any reputational harm;

(c) cause legal action or proceedings to be taken against the Clearing House; or

(d) endanger the Clearing House, any of its clearing members or the financial markets in which the Clearing House operates.

Where the Clearing House receives more than one bid from the same ForexClear Clearing Member and in respect of the same Auction the Clearing House is entitled to accept the last bid received by it in respect of that Auction. Where the Clearing House does not receive a bid that was made by a ForexClear Clearing Member for operational, technological or other similar reasons and as a result of which a bid does not reach the Clearing House, the Clearing House will be unable to accept a bid and shall not be liable for any failure to accept such bid.

2B.22.3 **Affiliate Bidding**

ForexClear Clearing Members are entitled to bid for an Auction Portfolio on behalf of an affiliated ForexClear Clearing Member or an afffiliated FCM Clearing Member. Where a ForexClear Clearing Member makes a bid and that ForexClear Clearing Member has an affiliated ForexClear Clearing Member or FCM Clearing Member that does not make a bid, the Clearing House shall not (unless instructed otherwise in accordance with the paragraph below) assume that the bidding ForexClear Clearing Member has made the relevant bid on behalf of a non-bidding, affiliated ForexClear Clearing Member or FCM Clearing Member.

A ForexClear Clearing Member may notify the Clearing House, in advance of an Auction, that it wishes to bid on behalf of an affiliated ForexClear Clearing Member. Where it wishes to do so, the ForexClear Clearing Member should contact the Clearing House's Membership Department (membership@lchclearnet.com; +44 (0)207 426 7949).

2B.22.4 **Outsourcing**

Pursuant to Section 1 (Membership) of the Procedures, an FX FCM may appoint a third party to fulfil one or both of the the Clearing House's Membership requirements to: (i) participate in a ForexClear "fire drill" run by the Clearing House; and (ii) participate in the ForexClear Default Management Process operated by the Clearing House. Where an FX FCM chooses to outsource one or both of these functions it must appoint and maintain at least three LCH Approved Outsourcing Agents.

The following entities are eligible for appointment as an LCH Approved Outsourcing Agent:

- a ForexClear Clearing Member
- an FX FCM;
- an FCM Client; or
- any other entity that the Clearing House deems appropriate in its sole discretion.

~~Where an FX FCM wishes to appoint a third party to carry out any obligation on its behalf, it should contact the Clearing House's Membership Department with the:~~

~~(a) details of the third party entity that the FX FCM wishes to appoint as an LCH Approved Outsourcing Agent. Such information should include details of the applicant's regulatory status;~~

~~(b) evidence of the existence of a legally binding agreement between the FX FCM Clearing Member and the third party; and~~

~~(c) such other information that the Clearing House reasonably considers necessary for the purposes of determining whether an entity should be approved as an LCH Approved Outsourcing Agent.~~

~~Following the receipt of all of the information above, the Clearing House shall determine in its sole discretion, whether to approve the third party as an LCH Approved Outsourcing Agent. In making its determination, the Clearing House shall consider the third party's ability to demonstrate that it has the necessary operational infrastructure and appropriate asset class expertise.~~

~~Where an FX FCM successfully appoints an LCH Approved Outsourcing Agent, that FX FCM may be subject to increased margin requirements to cater for the additional time required to invoke an outsourcing process in the event of a default~~

~~FX FCMs should note that LCH Approved Outsourcing Agents may be subject to a more rigorous driving test and fire-drill than FX FCM (i.e. required to demonstrate an ability to price and bid a greater number of trades at tighter pricing tolerances and within more onerous timeframes). In addition, the Clearing House may require an FX FCM, that has appointed an LCH Approved Outsourcing Agent, to participate in an ad-hoc fire-drill or driving test with such notice as the Clearing House deems appropriate in its sole discretion.~~

~~The Clearing House reserves the right to revoke an entity's status as an LCH Approved Outsourcing Agent, in its sole discretion and without notice. In the event of such a revocation, the relevant FX FCM shall be required to assume those responsibilities that were previously outsourced. Such revocation may occur where the Clearing House considers that there is an insufficient number of third party entities that are providing outsourced default management services (usually a minimum of five providers at any one time).~~

~~Other than in exceptional circumstances and in the Clearing House's sole discretion, an LCH Approved Outsourcing Agent may not act on behalf of more than three clearing members.~~

~~The appointment of an LCH Approved Outsourcing Agent does not absolve an FX FCM of its obligations under the ForexClear DMP (including its obligation to participate in an Auction) and an LCH Approved Outsourcing Agent's participation in the ForexClear DMP on behalf of an FX FCM, in the event of a default, shall not extend beyond the provision of operational and other ancillary support to that FX FCM.~~

~~2B.22.5 **ForexClear DMG**~~

~~The necessary involvement of FX FCMs and the ForexClear DMG (which, as defined in the Default Rules, refers to the advisory Default Management Group~~

~~established by the Clearing House pursuant to the terms of the ForexClear DMP Annex to the Default Rules) in the ForexClear DMP entails the assessment and dissemination of information that could give rise to conflicts of interest. To ensure that such potential conflicts are demonstrably contained, Appendix 2B.D establishes binding obligations of confidentiality, anonymity and the extent of dissemination of information on FX FCMs (and their executives or directors who participate from time to time in the ForexClear DMG) and on the Clearing House.~~

~~Each FX FCM who makes available a representative to serve on the ForexClear DMG agrees, and shall procure that, to the extent applicable, its representatives agree to be bound by and to ensure that it and any of its executives or directors serving on the ForexClear DMG complies with Appendix 2B.D covering confidentiality, non-disclosure and other terms.~~

~~2B.23 Payment of Stamp Tax~~

~~Each FCM Clearing Member shall pay any stamp tax or duty levied or imposed upon it or in respect of its execution or performance of the FCM Clearing Membership Agreement, the FCM Default Fund Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM ForexClear Contract) by a jurisdiction in which it is incorporated, organised, 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 shall indemnify the Clearing House against any stamp tax or duty levied or imposed upon the Clearing House or in respect of the Clearing House's execution or performance of the FCM Clearing Membership Agreement, the FCM Regulations and the FCM Procedures (including any registration of an FCM ForexClear Contract) by any such jurisdiction.~~

~~2B.24 Section 168, Finance Act 1994~~

~~[Under section 696 Corporation Tax Act 2009 ("**CTA 2009**"), net payments in relation to certain derivative contracts (as defined in section 576 CTA 2009) by any company (company "A") to a non-UK resident are denied UK tax relief unless one or more of the following conditions in section 697 CTA 2009 are met:~~

~~Company A is a bank, building society, financial trader or recognised clearing house acting as principal who has entered into the qualifying contract for the purposes of a UK trade.~~

~~The non-UK resident holds the qualifying contract (as principal) for the purposes of its UK trade.~~

~~A double tax treaty, that makes provision for interest, is in force between the UK and the country of residence of the non-UK resident (or, if different, the country of residence of the beneficial counterparty to the contract).~~

~~The Clearing House is considered a "recognised clearing house" as defined in section 285 of FSMA 2000.~~

~~Any contract must not be submitted to the Clearing House by FCM Clearing Members for clearing where one or more of the conditions in section 697 CTA 2009 are not satisfied, thereby bringing the contract within section 696 CTA 2009, nor should any FCM Clearing Member knowingly permit any such contract to be submitted by a ForexClear Participant. Should this occur the ForexClear FCM~~

~~Clearing Member in whose name the contract is to be or has been registered must promptly notify the Clearing House and, in any event, within 30 days of that FCM Clearing Member becoming aware of the situation. Having investigated the circumstances, the Clearing House has an obligation to notify the HM Revenue & Customs of the event and the Clearing House may, in its absolute discretion suspend any Executing [Dealer][Party] submitting such a contract for registration from the Register of Executing [Dealers][Parties]. The Clearing House may also, in its absolute discretion take such action in respect of the ForexClear FCM Clearing Member as it deems fit in accordance with the Regulations. The ForexClear FCM Clearing Member shall indemnify the Clearing House against any Corporation Tax or any other tax levied or imposed upon the Clearing House in respect of any such contract, and any other costs and expenses incurred by the Clearing House in connection therewith.~~

~~If in doubt, FCM Clearing Members should consult their professional advisers as to the potential application of sections 696 and 697 CTA 2009 to their transaction.]~~

~~APPENDIX 2B.A~~

~~FCM CLIENT – PARTIAL TRANSFER FORM~~

LCH.CLEARNET

~~FCM CLIENT - PARTIAL TRANSFER FORM~~

~~V.1.0: November 2011~~

~~*Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein*~~

~~To:~~ ~~LCH.Clearnet Limited~~

~~From:~~ ~~Receiving FCM Clearing Member~~

~~Date:~~

~~We, …… [insert name of Receiving FCM Clearing Member] (the "Receiving FCM Clearing Member") have received a request from…… [insert name of transferring FCM Client] (the "FCM Client") to transfer part of its portfolio of FCM ForexClear Contracts from its Carrying FCM Clearing Member to us. We hereby request the transfer of the FCM ForexClear Contracts as identified below pursuant to FCM Regulation 8(c) and the FCM Procedures.~~

~~Please insert the LCH trade IDs of the transferring FCM ForexClear Contracts, using the Schedule below:~~

~~**Please insert the LCH trade ID and Approved Trade Source (ATS) ID of the transferring FCM ForexClear Contracts.~~

~~**Please append a list of additional FCM ForexClear Contracts to this form, if required.~~

~~LCH Trade ID~~	~~ATS Trade ID~~

Signatories for and on behalf of the Receiving FCM Clearing Member:

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving FCM Clearing Member

1.

(Authorised Signatory)	Name	Position	Date

2.

(Authorised Signatory)	Name	Position	Date

Signatories for and on behalf of the transferring FCM Client:

To: Receiving FCM Clearing Member

We acknowledge and confirm:

i. the request to transfer as detailed above;

ii. that LCH.Clearnet will contact our Carrying FCM Clearing Member in relation to this transfer and will disclose our identity to such Carrying FCM Clearing Member;

iii. that, in accordance with the FCM Rulebook, LCH.Clearnet is entitled to rely conclusively on the instructions and information received from the Receiving FCM Clearing Member and the Carrying FCM Clearing Member and shall have no liability or responsibility therefor;

iv. that the transfer detailed above may require that additional cover be paid to LCH.Clearnet (and/or by us to the Receiving FCM Clearing Member listed above and/or our Carrying FCM Clearing Member), and that LCH.Clearnet is not required to affect the transfer if it has not received adequate cover in respect of the transfer or if any of the other conditions set forth in the FCM Rulebook applicable to the transfer are unsatisfied;

v. that the FCM Client is not insolvent and has no outstanding obligations that are due and payable to the Carrying FCM Clearing Member and/or its Affiliates; and

vi. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the FCM Client listed above in accordance with the FCM Regulations.

For and on behalf of the FCM Client:

Authorised signatory	Authorised signatory
Date	Date

All forms should be returned to LCH.Clearnet Limited for the attention of Business Operations.

Email: ForexClear.BusOps@lchclearnet.com

Telephone: [+44 (0) 207 426 3729]

ForexClear Business Operations
Aldgate House
33 Aldgate High Street
London EC3N 1EA

APPENDIX 2B.B

FCM CLIENT – FULL TRANSFER FORM

LCH.CLEARNET

FCM CLIENT - FULL TRANSFER FORM

V.1.0: November 2011

Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein

To: LCH.Clearnet Limited

From: Receiving FCM Clearing Member

Date:

We, ……[insert name of Receiving FCM Clearing Member] (the "Receiving FCM Clearing Member") have received a request from …….....[insert name of transferring FCM Client] (the "FCM Client") to transfer its entire portfolio of FCM ForexClear Contracts from its Carrying FCM Clearing Member to us. We hereby request the transfer of the FCM ForexClear Contracts as identified below pursuant to FCM Regulation 8(b) and the FCM Procedures.

Please insert EITHER:

i. Name of Carrying FCM Clearing Member:

……

OR

ii. the LCH trade IDs of the transferring FCM ForexClear Contracts (using the Schedule on the next page).

in order to enable LCH.Clearnet to identify the relevant FCM ForexClear Contracts that are to be transferred.

Please tick the relevant box below to confirm whether the FCM Client wishes to transfer the associated Accounts Assets in accordance with FCM Regulations 8(d).

The FCM Client wishes to transfer Account Assets

The FCM Client does NOT wish to transfer Account Assets

Signatories for and on behalf of the Receiving FCM Clearing Member:

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving FCM Clearing Member

1.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	date

2.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	date

Signatories for and on behalf of the transferring FCM Client:

To: Receiving FCM Clearing Member

We acknowledge and confirm:

i. the request to transfer as detailed herein;

ii. that we will be unable to submit further FCM ForexClear Contracts through our Carrying FCM Clearing Member from the date that this form is received by LCH.Clearnet until the transfer has been effected;

iii. that LCH.Clearnet will contact our Carrying FCM Clearing Member in relation to this transfer and will disclose our identity to such Carrying FCM Clearing Member;

iv. that, in accordance with the FCM Rulebook, LCH.Clearnet is entitled to rely conclusively on the instructions and information received from the Receiving FCM Clearing Member and the Carrying FCM Clearing Member and shall have no liability or responsibility therefor;

v. that the transfer detailed above may require that additional cover be paid to LCH.Clearnet (and/or by us to the Receiving FCM Clearing Member listed above) even where Account Assets are transferred, and that LCH.Clearnet is not required to affect the transfer if it has not received adequate cover in respect of the transfer or if any of the other conditions set forth in the FCM Rulebook applicable to the transfer are unsatisfied;

vi. that, where we have requested the transfer of Account Assets, (x) we should contact our Carrying FCM Clearing Member to ensure that they contact LCH.Clearnet to identify the correct Account Assets to be transferred, and (y) while LCH.Clearnet will attempt to transfer the specified Account Assets to the Receiving FCM Clearing Member, LCH.Clearnet is permitted to transfer alternative collateral as it deems appropriate in accordance with the FCM Rulebook;

vii. that the FCM Client is not insolvent; and has no outstanding obligations that are due and payable to the Carrying FCM Clearing Member and/or its Affiliates

viii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the FCM Client listed above in accordance with the FCM Regulations.

For and on behalf of the FCM Client:

Authorised signatory	Authorised signatory
Date	Date

All forms should be returned to LCH.Clearnet Limited for the attention of Business Operations.

Insert email: ForexClear.BusOps@lchclearnet.com

Insert telephone number: [+44 (0) 207 426 3729]

ForexClear Business Operations
Aldgate House
33 Aldgate High Street
London EC3N 1EA
UNITED KINGDOM

~~**Schedule of transferring FCM ForexClear Contracts:**~~

~~**Please insert the LCH trade ID and Approved Trade Source (ATS) ID of one or more transferring FCM ForexClear Contracts in order that LCH.Clearnet can determine the identity of the relevant Carrying FCM Clearing Member.~~

~~**LCH Trade ID**~~	~~**ATS Trade ID**~~

~~**APPENDIX 2B.C**~~

~~**FCM CLIENT TRANSFER – CARRY FCM CLEARING MEMBER REPONSES FORM**~~

LCH.CLEARNET

~~**FCM CLIENT TRANSFER - CARRYING FCM CLEARING MEMBER RESPONSE FORM**~~

~~**V.1.0: November 2011**~~

~~*Terms used in this form are as defined in LCH.Clearnet Limited's FCM Rulebook unless defined herein*~~

~~**To:**~~ ~~LCH.Clearnet Limited~~

~~**From:**~~ ~~Carrying FCM Clearing Member~~

~~**Date:**~~

~~We,……[insert name of Carrying FCM Clearing Member] (the "Carrying FCM Clearing Member") have received a request from LCH.Clearnet Limited in relation to …….'s [insert name of transferring FCM Client] (the "FCM Client") request to transfer [its entire/part of its*] portfolio of FCM ForexClear Contracts held by us. We are writing to inform you that:~~

~~* Delete as appropriate~~

~~*(Please tick if applicable)*~~ ~~The transferring FCM Client has become insolvent and its FCM ForexClear Contracts should therefore not be transferred in accordance with FCM Regulation 8(b)(i) or FCM Regulation 8(c)(i), as applicable.~~

~~*(Please tick if applicable)*~~ ~~The transferring FCM Client has outstanding obligations that are due and payable to us and/or our Affiliates and therefore its FCM ForexClear Contracts should not be transferred in accordance with FCM Regulation 8(b)(v) or FCM Regulation 8(c)(v), as applicable.~~

~~*(Please tick if applicable)*~~ ~~The transferring FCM Client has asked that Account Assets be transferred and the relevant Account Assets are described in the schedule below.~~

~~**Schedule of Account Assets**:~~

~~The Account Assets of the FCM Client consist solely of cash in the following amount and currency:~~

~~**CASH AMOUNT & CURRENCY**~~

~~The Account Assets of the FCM Client consist of the following cash and non-cash collateral:~~

~~**CASH AMOUNT & CURRENCY**~~

ISIN	Notional Value

All forms should be returned to LCH.Clearnet Limited for the attention of Business Operations.

Email: ForexClear.BusOps@lchclearnet.com

Telephone: [+44 (0) 207 426 3729]

Fax: [TBC]

ForexClear Business Operations
Aldgate House
33 Aldgate High Street
London EC3N 1EA
UNITED KINGDOM

Signatories for and on behalf of the Carrying FCM Clearing Member:

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying FCM Clearing Member:

1.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	date

2.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	date

~~APPENDIX 2B.D~~

~~CONFIDENTIALITY, NON-DISCLOSURE AND PARTICIPATION IN THE FOREXCLEAR DEFAULT MANAGEMENT GROUP~~

~~1 Definitions~~

~~1.1 "**Confidential Material**" means data (including but not limited to portfolio data) and documents, which are not in the public domain and which are disclosed to the FXCCM, its associated companies and advisers, or to which the FXCCM, its associated companies and advisers obtains or otherwise has access as a result of participation in the ForexClear Default Management Process, (which, for the avoidance of doubt, does not include any information, data or documents provided to the Clearing House by the FXCCM).~~

~~1.2 "**FXDMG Member**" means an individual appointed by a Nominating FXCCM.~~

~~1.3 "**Nominating FXCCM**" means a ForexClear Member who, through their obligations under the ForexClear DMP Annex, makes available a representative to serve on the FXDMG.~~

~~1.4 "**Permitted Purpose**" means proper fulfilment by the FXCCM of its duties under the ForexClear DMP Annex and includes, after the completion of the Auction, the use by the FXCCM its associated companies and advisers (to be determined by it at its discretion) of any data or documents related to portfolios successfully won through the Auction, for the purposes of its own ongoing portfolio management and to enable it to comply with ongoing legal or regulatory requirements.~~

~~1.5 References denoting the masculine (including "his" and "he") shall be construed as the feminine if the FXDMG Member is female.~~

~~1.6 All other terms have the meaning ascribed to them in the Default Rules (including the ForexClear DMP Annex).~~

~~Confidentiality and non-disclosure: general obligations of the FXCCM~~

~~2 Confidentiality~~

~~2.1 The FXCCM agrees that, in consideration of being given Confidential Material, it will keep all such Confidential Material in the strictest confidence, adhere to the provisions of this Agreement in respect thereof and, subject to paragraph 2.3, will not disclose it to any person without the prior written permission of the Managing Director, Risk of the Clearing House or a Director of Risk Management of the Clearing House, providing always that the FXCCM shall be relieved of such an obligation of confidentiality in respect of any Confidential Material if :~~

~~a) it comes into the public domain other than through a breach by the FXCCM of this Agreement; or~~

~~b) the FXCCM is expressly obliged to do so by order of a court of competent jurisdiction upon the application of a third party, or as a result of any request to disclose such part or parts of the Confidential Material in connection with any inquiry or other request by a regulatory authority or self-regulatory authority asserting jurisdiction over the FXCCM.~~

~~2.2 The FXCCM further agrees that it will not use any Confidential Material for any purpose other than the Permitted Purpose. In this regard the FXCCM expressly acknowledges and agrees that the Confidential Material may contain commercially sensitive information which if used inappropriately or otherwise than in accordance with this Appendix 2B.D might result in the gaining of an unfair commercial advantage by the FXCCM over other members of the Clearing House ForexClear Service.~~

~~2.3 Subject to paragraph 2.5, the FXCCM may disclose any Confidential Material to any of its employees, representatives, associated companies and advisers on a "strictly need to know" basis, in the event that any such person needs that Confidential Material for the Permitted Purpose (and to that extent only).~~

~~2.4 The FXCCM agrees to establish and adhere to adequate procedures (including, without limitation, the establishment of appropriate Chinese walls) to ensure that any employee or representative to whom any Confidential Material is disclosed shall not use any part or all of that Confidential Material for any proprietary purpose outside the scope of the Permitted Purpose.~~

~~2.5 This paragraph and the duties hereunder shall survive the termination of this Appendix 2B.D and, in relation to any Confidential Material, shall expire on the second anniversary of the date the Confidential Material was first provided to the FXCCM.~~

~~3 Secrecy~~

~~3.1 Except in accordance with the terms of this Appendix 2B.D, the FXCCM agrees that it shall treat as strictly confidential and shall not disclose or allow to be divulged to any person:~~

~~a) Confidential Material;~~

~~b) the fact that it has received any Confidential Material;~~

~~c) the existence of any discussions or negotiations between the parties in this matter.~~

~~d) details of the Permitted Purpose and any of the proposals, terms, conditions, facts or other matters relating to any of the forgoing. Subject only to the FXCCM being relieved of such an obligation because of the circumstances covered in paragraphs 2.1a) and 2.1b).~~

~~3.2 The Clearing House undertakes to ensure that the FXCCM is fully appraised of information on the ForexClear Default Management Process that it makes public and which is accordingly of relevance to the FXCCM's obligations.~~

~~4 Property~~

~~4.1 The parties acknowledge that the property in the Confidential Material (or any part of it) shall not pass to the FXCCM or any FXCCM, and the property in the media on~~

~~which it is conveyed to the receiving party shall not pass to the FXCCM or any FXCCM unless expressly so agreed by the Clearing House in writing.~~

~~5 Return of Confidential Material~~

~~5.1 Upon request by the Clearing House, and in any event upon fulfilment of the Permitted Purpose, the FXCCM shall promptly return to the Clearing House by a secure method of transportation all or any part of the Confidential Material and all copies thereof in its possession or control or that of its employees or representatives, including all other papers, programs and records incorporating any of that Confidential Material, or shall destroy such information and shall certify to the Clearing House in writing that it has done so provided that the FXCCM is permitted to retain copies of any Confidential Material which it requires as part of its portfolio management or otherwise for legal or regulatory reasons.~~

~~6 No Representations or Warranties; No Conflict of Interest~~

~~6.1 Subject to references made in paragraph 7, the Confidential Material is disclosed by the Clearing House without any representation or warranty whatsoever as to its accuracy or completeness or otherwise.~~

~~6.2 The Clearing House acknowledges and agrees that, subject to compliance with the terms of this Appendix 2B.D by the FXCCM and any of its employees or representatives to whom Confidential Material is provided in accordance with this Appendix 2B.D, the FXCCM's participation in the ForexClear Default Management Process shall not prevent the FXCCM from carrying out any transaction, or otherwise providing investment services in respect of, investments that the FXCCM may subsequently learn are the subject of Confidential Material and, furthermore, the Clearing House agrees that it shall not be able to assert that the FXCCM has a conflict of interest in doing so nor shall the Clearing House have a claim or action in respect of the foregoing against the FXCCM or any of its directors, employees or other representatives.~~

~~7 Liability~~

~~7.1 Subject to Regulation 24, the parties agree and acknowledge that neither the Clearing House nor any of its employees or representatives shall have any liability whatsoever to the FXCCM or any of employees or representatives, for any loss or damage of whatsoever kind howsoever arising directly or indirectly out of or in connection with the disclosed Confidential Material or its use.~~

~~7.2 The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and any fraud or wilful default on the part of the Clearing House, for any actions that it may take on the basis of advice given to it by the FXDMG, and for the accuracy of the information (confidential material as defined in this Appendix 2B.D) that it distributes to the FXCCM in connection with the ForexClear Default Management Process.~~

~~7.3 Under no circumstances shall the Clearing House have any liability to the FXCCM for (a) any consequential loss or other indirect loss of whatsoever kind or (b) loss of anticipated profit (whether direct or indirect).~~

~~8 Remedies~~

~~8.1 Without affecting any other rights or remedies that the Clearing House may have, the FXCCM acknowledges that the Clearing House may be irreparably harmed by any breach of the terms of this Appendix 2B.D and that damages alone may not necessarily be an adequate remedy. Accordingly, the Clearing House will be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms, and not proof of special damages will be necessary to enforce this Agreement.~~

~~Confidentiality and non-disclosure and general terms of participation in ForexClear Default Management Group~~

~~9 Conflict of interest~~

~~9.1 The FXCCM shall procure that, in the event that a FXDMG Member takes the view that a possible conflict of interest may arise with regard to any matter forming part of the business of the FXDMG, he shall promptly report his view to the Chairman of the FXDMG, who shall act accordingly, taking the advice of other FXDMG Members as appropriate.~~

~~10 Confidentiality~~

~~10.1 Subject to paragraph 10.3 below, the FXCCM shall procure that the FXDMG Member shall keep all Confidential Material strictly confidential to himself and will not disclose it to any person who is not a FXDMG Member (including, for the avoidance of doubt, the FXCCM who recommended his appointment to the FXDMG (the Nominating FXCCM) or his employer (if different) or any other employee, adviser, officer or fellow worker of that FXCCM or his employer) without the prior written permission of the Managing Director, Risk of the Clearing House or his properly authorised delegate, providing always that the FXDMG Member shall be relieved of such an obligation of confidentiality in respect of any Confidential Material if it comes into the public domain in the circumstances covered in paragraphs 2.1a) and 2.1b).~~

~~10.2 Subject to paragraph 10.3 below, the FXCCM shall procure that the FXDMG Member shall not use any Confidential Material for any purpose other than the proper fulfilment of his duties as a FXDMG Member.~~

~~10.3 The parties acknowledge that, in the event that a Default Notice is issued by the Clearing House in respect of any ForexClear Clearing Member, the FXDMG Member may be required by the Nominating FXCCM and/or his employer (if different) to provide certain services to the Clearing House in the management of the default. In such event, and only in such event, the parties acknowledge that the~~

~~FXDMG Member shall be entitled to disclose any part or parts of the Confidential Material as may be agreed by the Clearing House, in such manner and form and in accordance with such procedures as may prescribed by the Clearing House and/or the FXDMG with regard to the management of that default.~~

~~10.4 Upon request by the Clearing House, and in any event upon termination of the membership of the FXDMG Member of the FXDMG, the FXCCM shall procure that the FXDMG Member shall promptly return to the Clearing House by a secure method of transportation all or any part of the Confidential Material and all copies thereof in his possession or control, including all abstracts, notes, drawings and other papers, programs and records incorporating any of that Confidential Material, or shall destroy such information and shall certify to the Clearing House in writing that it has done so, provided that the FXDMG Member is permitted to retain a copy thereof to comply with applicable legal or regulatory requirements.~~

~~11 Warranty and representation~~

~~11.1 The FXCCM represents and warrants that it will procure that:~~

~~a) the Nominating FXCCM and the FXDMG Member's employer (if different) are aware of the obligations of confidentiality arising out of this Agreement; and~~

~~b) nothing in this Appendix 2B.D will cause the FXDMG Member to breach any duty or obligation (whether arising pursuant to contract or otherwise) which he owes to the Nominating FXCCM or to his employer, if different, or any other contract counterparty of the FXDMG Member.~~

~~12 Confidentiality and non-disclosure: general obligations of the Clearing House~~

~~12.1 The Clearing House will treat all Confidential Material in the terms envisaged in this Appendix 2B.D, confining use to the ForexClear Default Management Process, restricting its availability on a "strictly need to know basis", and exercising every duty of care required of it as a Recognised Clearing House and as a Derivatives Clearing Organization.~~

~~FINANCIAL TRANSACTIONS~~Technical questions about this algorithm should be directed to the Clearing House Risk Management Department at +44 (0)20 7426 7520.

2D.10 TAX

Nodal CMs should rely on their own advice or the advice of their outside advisors regarding any taxation liabilities in any country in which a liability to pay tax may arise.

In the event that the Clearing House incurs any liability to pay any tax in respect of or in connection with any FCM Nodal Contract or Nodal Contract, it shall have the right to require reimbursement of such tax liability, together with any costs and expenses incurred by the Clearing House in connection with the administration and processing of such tax liability, from the Nodal CM who is or was party to that FCM Nodal Contract or Nodal Contract, and who, in the Clearing House's opinion, should be responsible for meeting such tax liability, costs and expenses. The Clearing House will collect such payments through PPS.

2D.11 SETTLEMENT OF FCM NODAL CONTRACTS

FCM Nodal Contracts and Nodal Contracts are settled depending upon their terms, as set out in the relevant FCM Nodal Contract Terms or Nodal Contract Terms.

2D.11.1 Cash Settlement

Cash settlement is a final settlement derived from the difference between the final Settlement Price and the previous trading day's daily Settlement Price or such other quotation as is specified in Nodal's Rules. This is debited from or credited to the Nodal CMs' financial accounts.

2D.11.2 Reference Prices for daily settlement to market

Should Nodal fail to determine Reference Prices, the Clearing House will itself determine these as necessary. This will be done at the Clearing House's discretion and be announced as soon as possible following such determination.

2D.12 POSITION TRANSFERS

Nodal CMs will not have the functionality to affect a position transfer to another Nodal CM or between internal accounts. For the avoidance of doubt, this means that FCM Nodal Clearing Members may not transfer FCM Nodal Contracts pursuant to FCM Regulation 8.

3. FINANCIAL TRANSACTIONS

3.1 Accounts

3.1.1 Overview

FCM Clearing Members are usually provided with two sub-accounts per financial account:

- **Cover account;**
- **Tender account (not applicable to Default Fund (DF) accounts~~)~~).**

These accounts are used to record cash movements between the Clearing House and the FCM Clearing Member. Refer to Section 2A.5 ~~and Section 2B.6~~ for a full description of financial accounts. Although the Clearing House and FCM Clearing Members are permitted to physically commingle FCM Client ~~cover~~Account Assets relating to FCM Contracts in any Business Category of FCM Contracts, FCM Clearing Members and the Clearing House are required to maintain separate accounts with the Clearing House for each such Business Category of FCM Contract.

3.1.2 Cover Account Postings

Transactions posted to the Cover account include but are not limited to:

- **PPS payments and receipts;**
- **Option Premiums;**
- **Interest and accommodation charges;**
- **Currency purchases and sales;**
- **Clearing House fees, charges and rebates;**
- **Exchange fees, levies and rebates;**
- **Variation margin, Price Alignment Interest and coupons;**
- **SwapClear coupon payments;**
- **SwapClear coupon adjustments;**
- **Net Present Value (NPV); and**

~~Price alignment interest;~~

- **Consideration.**

3.1.3 Tender Account Postings

Transactions posted to the Tender account include but are not limited to:

- **PPS payments and receipts;**
- **Settlement differences; and**
- **Coupon Payments relating to member collateral.**

3.1.4 **Financial Transaction Reporting**

~~Details of postings to these accounts are available to FCM Clearing Members with direct access to the LCH.Clearnet Limited Member Intranet Site. FCM Clearing Members with direct access to the LCH.Clearnet Limited's Member Intranet Site for SwapClear (see Section 2A.1.3) should use the "Yesterday's Cover Account Postings" report.~~

Banking reports are generated each day that provide members with data relating to but not limited to: liabilities by market, cash balances, non-cash balances, cash posting and interest rates.

All reports are available via the Member Reporting Web Site (Member Live site) and can be downloaded via the user interface or directly to Member back-office systems via an SFTP connection.

A "Banking Reports Reference Pack" can be requested from the LCH.Clearnet Client Training Team, this contains definitions and examples of each of the available reports.

3.2 **Protected Payments System (PPS)**

The Clearing House operates a direct debit system, known as the Protected Payments System (PPS), for the transfer of funds to and from FCM Clearing Members. ~~It is operated in both London ("**London PPS**") and in the United States (where it is known as "**US PPS**").~~ PPS is a recognised interbank payments system overseen by the Bank of England.

~~3.2.1 **London PPS**~~

PPS is operated in both London ("**London PPS**") and in the United States (where it is known as "**US PPS**"). FCM Clearing Members should note that the PPS (both in London and in the US) is a system for facilitating payment to the Clearing House of moneys due from FCM Clearing Members to the Clearing House and vice versa. The giving of a commitment by a participating Bank through PPS to make any payment, and the receipt of that commitment by the Clearing House is not to be regarded as satisfaction of any payment due to the Clearing House.

Each FCM Clearing Member remains fully responsible for the payment to the Clearing House of all moneys due to the Clearing House as required, *inter alia*, by the FCM Clearing Membership Agreement, clearing extension documentation and the applicable provisions of the FCM Rulebook. Payment is only completed when the funds have been credited for value to the relevant Clearing House bank account, and any time permitted by the relevant payment settlement system for the recall of any such payment has expired.

3.2.1 **PPS**

(a) Introduction

An FCM Clearing Member must open and maintain PPS accounts in GBP and USD and such other currencies in which it incurs settlements on its Client or House accounts.

In addition, FCM Clearing Members must open PPS accounts in London in USD and in all other currencies in which it incurs settlements~~ (see Appendix 3A for a list~~. For details of ~~the relevant participating~~current PPS banks~~ in London)~~, please refer to the following link:

www.lchclearnet.com/risk_management/ltd/pps/

Any bank charges connected with the holding of any PPS bank accounts or related to any activity on that account must be paid by the ~~account holding~~ FCM Clearing Member holding the relevant account.

The GBP non-segregated PPS account will, inter alia, be used to process DF contributions for all services.

Where applicable, all PPS accounts that hold FCM Clients' funds and collateral must be segregated in ~~line with the FCM Regulations and CFTC Regulation 1.49.~~accordance with the FCM Regulations and the applicable provisions of the CEA and CFTC Regulations, including but not limited to Part 1 and Part 190 of such regulations (but excluding Part 22 until compliance therewith becomes mandatory under the CFTC Regulations, as specified in the FCM Regulations).

~~(b) PPS Mandate~~

~~Each FCM Clearing Member is required to complete a standard form London PPS Mandate(s) (see Appendix 3B) for each bank branch at which they wish to operate an account before clearing can commence.~~

~~(c)~~(b) Morning PPS Calls

FCM Clearing Members' liabilities are calculated overnight. Should the ~~amount~~relevant liability not be covered by acceptable forms of cover held by the Clearing House (see ~~S~~section 3.3) ~~the difference~~any shortfall is called through London PPS with separate calls made for each currency. It is the responsibility of each FCM Clearing Member to ensure that its London PPS bank(s) meets all payment instructions received from the Clearing House. Confirmation of payments, as notified, must be received by the Clearing House from the relevant PPS bank(s) by 09:00~~ hours~~, or ~~earlier~~within one hour of a subsequent call, on the day on which the PPS Call is made. Payments will only be recognized for this purpose if the relevant PPS bank (i) has performed its concentration function (being the transfer of net funds from the PPS bank to a central account in the name of the Clearing House) (ii) has made such payments, and (iii) any time permitted by the relevant payment settlement system for the recall of any such payment has expired.

~~(d) Other PPS Functions~~

~~In addition to the morning calls, London PPS is used to:~~

(i) remit surplus cash balances to the FCM Clearing Member's PPS bank(s) upon instruction to LCH.Clearnet Limited Treasury Operations between 07:00 and 9:30 hours or by prior arrangement with LCH.Clearnet Limited Treasury Operations;

Where payments are due to an FCM Clearing Member, payments will be recognized as soon as payment instructions in respect of that payment have been given to a PPS bank. For this purpose, a payment instruction will only be recognized to the extent that the Clearing House has taken steps to transfer to the PPS bank any such sums as may be necessary to enable that payment instruction to be performed by the PPS bank.

(c) Intraday PPS Calls

The intra-day margin call by the Clearing House is for intra-day cover payments, GBP, EUR or USD can be used to cover margin intraday. Between 14.30 – 16.00 (London time) only USD will be called in London.

Normally the Clearing House will call intra-day margin through London PPS accounts. However where the Clearing House wishes to make such an intra-day call after London PPS closes (16:00 London time), such a call will be made upon the FCM Clearing Member's nominated US PPS account.

FCM Clearing Members must designate a currency (GBP, EUR or USD) that will be called by default during the hours of London PPS for each mnemonic/sub-account. Clearing Members may request a change to the default currency no later than 09.30 am London time in order for the change to be undertaken the following day. FCM Clearing Member's may submit a request to change their currency at the following link:

www.lchclearnet.com/risk_management/ltd/preferential_currency_for_intraday_margin_calls_form.asp

The Clearing House has the ability to call US dollars in respect of an intra-day margin call up until 16:00 hours New York Time (21:00 hours London Time).

(ii)The Clearing House must receive confirmation of payment from the FCM Clearing Member's nominated PPS bank(s) within one hour of receipt of the intraday call by the relevant bank of the PPS Call. Such PPS calls will usually be made up until 16:00 hoursbranch.

Failure of a bank to confirm a PPS call within one hour may result in the FCM Clearing Member being declared in default. Late confirmation of PPS calls are reported to the regulators of LCH.Clearnet.

(d) Auto repay

FCM Clearing Members may request that they are automatically repaid any excess cash balances that remain on their accounts at the end of each day. FCM Clearing Members must contact Treasury Operations in order to have auto-repay applied to their accounts. (LCHOperations-Treasury@lchclearnet.com or telelphone +44 (0)20 7426 7505)

(e) Value Date

~~FCM Clearing Members should note that the PPS (both in London and in the USA) is a system for facilitating payment to the Clearing House of monies due from FCM Clearing Members to the Clearing House and vice versa. The giving of a commitment by a participating Bank through PPS to make any payment, and the receipt of that commitment by the Clearing House is not to be regarded as satisfaction of any payment due to the Clearing House. Each FCM Clearing Member remains fully responsible for the payment to the Clearing House of all moneys due to the Clearing House as required, inter alia, by the FCM Clearing Membership Agreement, the FCM Default Fund Agreement, clearing extension documentation, these FCM Procedures, the Default Rules and the FCM Regulations. Payment is only completed when the funds have been credited for value to the relevant Clearing House bank account, and any time permitted by the relevant payment settlement system for the recall of any such payment has expired.~~

Although confirmation from the banks that PPS payments will be made must be received within the deadlines set out in Sections 3.2.1(b) and 3.2.1(c), subject to section 3.2.1(g), all currency transactions are processed by PPS with next business day value with the exception of the following currencies: CAD, EUR, GBP and USD which are processed with value for the same business day.

(f) Foreign Bank Holidays

The Clearing House has made arrangements with ~~its~~ London PPS bank~~er~~s to operate the PPS on all UK banking days including foreign bank holidays.

Confirmation that PPS payments will be made must ~~still~~ be received within the deadlines set out in Sections 3.2.1~~.5~~(b) and 3.2.1~~.6.~~(c). However, the value date for any PPS transactions made on a day which is a bank or public holiday in the country of that currency will be for the next business day on which both the foreign currency cent~~r~~er and the Clearing House are open for business. This applies to GBP, CAD, EUR and USD.

Example: 20 August is a public holiday in the USA but not in the UK. 21 August is a normal banking day in the USA.

On the 20 August, the Clearing House will issue its normal USD instructions to PPS banks, and receive confirmation in response to the PPS Call, for value 21 August.

Please refer to the Clearing Member Circulars for details of Clearing House opening days and currency holidays at the following link:

www.lchclearnet.com/member_notices/

(g) UK Bank Holidays

The Clearing House does not give value to any ~~payment~~currency on a UK bank holiday, if the Clearing House is closed for business on that bank holiday. PPS Calls will be made on the next following business day, for the relevant currency.

However, the Clearing House may sometimes be open for business on a UK bank holiday – in such circumstances PPS Calls will be made as normal that

day. _Value will be given the same day providing that ~~US banks are~~the relevant currency centre is open for business. It should be noted, however, that value for GBP is given on the next GBP business day ~~too~~.

~~(g) Secured Debit Cash Balances~~

~~FCM Clearing Members may, at the discretion of the Clearing House, secure debit cash balances up to defined limits with collateral or cash in another currency. Once the cash balance exceeds any such limit, the London PPS automatically issues an instruction demanding payment of the full amount in that currency.~~

~~For current debit cash limits, refer to LCH.Clearnet Limited circulars or contact LCH.Clearnet Limited Treasury Operations.~~

~~LCH.Clearnet Limited reserves the right to alter the levels set and/or to demand immediate payment of the total sum due or any part thereof.~~

~~3.2.2 **US PPS**~~

~~Each FCM Clearing Member is required to maintain a US dollar PPS account for its House and Client account with at least one of the US PPS Banks – a list of the participating branches appears at Appendix 3C.~~

~~Where applicable, all PPS accounts must be segregated in line with the FCM Regulations, CFTC Regulations 1.20 and 1.49 and Part 22 of the CFTC Regulations.~~

~~This requirement is supplemental to and additional to the requirement that each FCM Clearing Member must hold relevant PPS accounts in London, which must also segregate FCM Clients' funds and collateral as required by the FCM Regulations and CFTC Regulation 1.49.~~

~~(a) US PPS Mandates~~

~~An FCM Clearing Member is required to complete a standard form US PPS mandate (see Appendix 3D). The original of the US PPS mandate must be signed by a person with the appropriate authority within the FCM Clearing Member institution and then forwarded to the relevant bank. A copy must also be forwarded at the same time to the Clearing House.~~

~~(b) Intra-Day Margin Call~~

~~The intra-day margin call by the Clearing House is for intra-day cover payments.~~

~~Normally the Clearing House will call intra-day margin through London PPS accounts. However where the Clearing House wishes to make such an intra-day call after London PPS closes (16:00 London time), such a call will be made upon the FCM Clearing Member's nominated US PPS account.~~

~~The Clearing House has the ability to call US dollars in respect of an intra-day margin call up until 16:00 hours New York Time (21:00 hours London Time).~~

~~Funds will be called through US PPS until 16:00 hours NY Time (21:00 hours London Time)~~

~~(c) Confirmations~~

~~The Clearing House must receive confirmation of payment from the FCM Clearing Member's nominated US PPS bank within one hour of receipt of the US PPS Call by the relevant US bank branch.~~

~~(d)~~(h) Use of London PPS and US PPS

These FCM Procedures indicate which part of the PPS system will be used in the normal course of events for making PPS Calls. Generally London PPS will be used for Morning PPS Calls (including contributions to the Default Fund), remitting surplus cash balances to an FCM Clearing Member, and for making intra-day margin calls up to 16:00 hours, London time. However FCM Clearing Members should be aware that the Clearing House reserves the right to direct a Morning PPS Call or intra-day margin calls before 16:00 hours, London time, to an FCM Clearing Member's US PPS account in exceptional circumstances ~~("~~(an "**Exceptional PPS Call**"). The Clearing House will use all reasonable commercial endeavo~~u~~rs to notify the FCM Clearing Member in advance of issuing any such Exceptional PPS Call.

(i) Contingency Payment Arrangements

FCM Clearing Members must ensure that they have contingency arrangements to ensure continuity of margin payment in the event of failure of their nominated PPS Bank. From time to time the Clearing House may require the FCM Clearing Member to provide evidence of these arrangements.

(j) Recovery from insolvent PPS Banks

In the event that payment is not completed by the relevant PPS bank, due to insolvency and not a technical failure, and the affected FCM Clearing Member(s) make alternative payments, the Clearing House, should it make a recovery from the estate of the PPS bank, will credit such recovery, net of costs, to the accounts of the affected FCM Clearing Members in proportion to the amount of the original missed payment.

3.2.2 PPS Mandate(s)

Each FCM Clearing Member is required to complete a standard form London PPS and US PPS Mandate(s) (copies are available from membershipteam@lchclearnet.com) for each bank branch at which they wish to operate an account before clearing can commence. The original of the mandate must be signed by a person with the appropriate authority within the FCM Clearing Member institution and then forwarded to the relevant bank. A copy must also be forwarded at the same time to the Clearing House Membership Department.

3.3 Acceptable Forms Of Cover

The Clearing House accepts certain types of securities and cash in the Clearing House's prescribed form against liabilities

The Clearing House may vary, at its discretion, the standard requirements and valuation procedures set out in this Section, either generally or in a particular case, without giving prior written notice to FCM Clearing Members. Further, the Clearing House may vary the types of cover acceptable to it, including but not limited to cash, performance bonds or securities.

To view ~~our~~a list of acceptable collateral~~ list~~, go to: http://www.lchclearnet.com/ risk_management /ltd/acceptable_collateral.asp.

3.3.1 Cash

In order not to fall within the scope of deposit-taking regulations applying to banks and similar institutions, the Clearing House can accept cash from FCM Clearing Members only in relation to current or anticipated obligations.

FCM Clearing Members must give LCH.Clearnet Limited Treasury Operations no less than two (2) Business Days notice of their intention to request withdrawal of cash used as cover for margin and its replacement by the lodg~~e~~ment of non-cash collateral. In the event that an FCM Clearing Member seeks to withdraw such cash cover without giving such notice, the Clearing House ~~will~~may decline to release such cash cover until the end of the required notice period.

3.3.2 Securities

Please refer to the following ~~pages on our~~section of the Clearing House's website for both prevailing haircuts and notes on collateral acceptable for margin purposes:

http://www.lchclearnet.com/risk_management/ltd/acceptable_collateral.asp

3.3.3 Securities Value Notification

FCM Clearing Members may obtain details on the cover value of securities ~~credited to~~on their account ~~on a daily basis. FCM Clearing Members with direct access to~~by viewing the ~~LCH.Clearnet Limited~~ relevant reports available on the Member ~~Intranet site should use the "Collateral by Member" report~~Reporting Website.

3.4 Distribution Of Cover

3.4.1 Overview

As different types of cover attract different utili~~s~~zation fees and different contracts are assessed for VAT in different ways (see Section 3.5.4), the Clearing House identifies the cover applied to liabilities in order to allow utili~~s~~zation fees and VAT to be calculated correctly.

This is done by establishing a specified order for both types of liabilities and types of cover and applying cover sequentially, such that cover type 1 is applied first to

liability type 1, cover type 2 to liability type 1 if there is a deficiency when cover type 1 has been exhausted and so on.

The following procedures are not in any way intended to restrict, vary, or alter the Clearing House's rights to apply cover held (including any described in LCH.Clearnet Limited reports/records as "unutili~~s~~zed" or "excess") to meet the FCM Clearing Member's liabilities/obligations to LCH.Clearnet Limited.

3.4.2 Liability Order

Note: The following provision applies solely for the purpose of calculating fees. In case of default by an FCM Clearing Member, please see Section 3.4.4 below.

Liabilities will be covered in the order:

(a) Secured debit cash balances (see Section 3.2.1~~.10);~~(h));

(b) Variation Margin and ~~initial margin~~Initial Margin including offset of contingent credits.

3.4.3 Cover Application

Note: The following provision applies solely for the purpose of calculating fees~~.~~ during the overnight offsetting of FCM Clearing Members' collateral against FCM Clearing Members' liabilities. In case of default by an FCM Clearing Member, please see Section 3.4.~~7~~4 below.

~~Cash will be applied before to each liability.~~

FCM Clearing Members may choose to have cash applied before securities~~:~~ collateral to their liability or fees, or vice versa.

3.4.4 Order of Priority on Default

Post-default the Clearing House is entitled to reali~~s~~ze and/or apply cover in whatever order it deems appropriate.

3.5 Interest And Accommodation Charge Structure

~~This Section applies to accounts other than DF accounts.~~

3.5.1 Cash Balance Interest Rate

The Clearing House applies interest to FCM Clearing Member's cleared cash balances. The following rates are applied:

~~3.5.1~~ LDR – London Deposit Rate ~~(LDR)~~

- ~~The LDR is~~ – the rate at which the Clearing House will ~~normally~~ pay or charge interest on credit cash balances (excluding DF Contributions~~).~~);

~~(a) Calculation~~

~~LDR is calculated daily for each currency by 10:00 hours. It is derived from bid rates for overnight funds quoted by selected money brokers and/or major banks. For next day value currencies, LDR is calculated the day prior using the tom/next rate.~~

- CDR – Client Deposit Rate – the rate at which the Clearing House will pay or charge interest on credit cash balances on SwapClear Client financial accounts; and

- Default Fund Rate.

Rates are available ~~on and on~~from the ~~Clearing House banking system (screen code CBRDS) or by telephone from LCH.Clearnet Limited Treasury Operations~~Member Reporting Website.

~~(b) Alteration~~

The Clearing House reserves the right to alter the basis of calculating ~~LDR.~~each above listed interest rates. Any alteration will be effective on the date notified.

~~3.5.2 **Contingency Payment Arrangements**~~

~~Clearing Members must ensure that they have contingency arrangements to ensure continuity of margin payment in the event of failure of their nominated PPS Bank.~~

~~3.5.3~~3.5.2 **Price Alignment Interest (PAI) Rate**

To minimi~~s~~ze the impact of daily cash ~~variation margin~~Variation Margin payments on the pricing of interest rate swaps, the Clearing House will charge interest on cumulative variation margin received by the clearing member and pay interest on cumulative variation margin paid in by the clearing member respect of these instruments. This interest element is known as price alignment interest ("**PAI**").

The calculation of PAI shall use the interest rates specified as below. The amount of PAI for each currency shall be calculated as:

The amount of NPV in such currency from the previous ~~day's COB~~Business Day's close of business multiplied by:

- The relevant interest rate in effect for that day; divided by

- 360; or in the case of AUD, CAD, GBP, HKD, JPY, NZD, PLN, SGD and ZAR, 365.

In the case of the currencies marked below with an asterisk, the Clearing House, as provided in FCM Regulation ~~21~~19(b), specifies that it will not change the PAI rate without the consent of all SwapClear Clearing Members holding open contracts in such currencies.

Currency	PAI Rate

USD *	The rate used shall be the Effective Federal Funds rate, the rate published by the Board of Governors of the Federal Reserve System as such rate appears on Reuters page "FEDFUNDS1" or Telerate 120 or on any successor page(s) thereto.
EUR *	The rate used shall be the EONIA rate, the rate published by the European Banking Federation and ACI – The Financial Market Association as such rate appears on Reuters page "EONIA" or Telerate 247 or on any successor page(s) thereto.
GBP *	The rate used shall be the SONIA rate, the rate published by the Wholesale Markets Broker Association as such rate appears on Reuters page "SONIA" or on any successor page(s) thereto.
JPY *	The rate used shall be the Mutan call rate, the rate published by the Bank of Japan as such rate appears on Reuters page "TONAR" or on any successor page(s) thereto.
CHF *	The rate used shall be the TOIS rate, the T/N interbank fixing as such rate appears on Reuters page "CHFTOIS" or Telerate 3450 or any successor page(s) thereto.
AUD	The rate used shall be the "AONIA" rate, the rate published by the Reserve Bank of Australia – as such rate appears on Reuters page "RBA30" or any successor page(s) thereto.
CAD	The rate used shall be the "CORRA" rate, the rate published by the Bank of Canada website – as such rate appears on Reuters page "CORRA" or any successor page(s) thereto.
DKK	The rate used shall be the "DKKOIS" rate, the rate published by the Danish Central Bank – as such rate appears on Reuters page "DKNA14" or any successor page(s) thereto.
HKD	The rate used shall be the "HONIX" rate, the rate published by the Hong Kong Brokers Association – as such rate appears on Reuters page "HONIX" or any successor page(s) thereto.
NZD	The rate used shall be the "NZIONA" rate, the rate published by the Reserve bank of New Zealand – as such rate appears on Reuters page "RBNZ02" or any successor page(s) thereto.
PLN	The rate used shall be the "POLONIA" rate, the rate published by the National Bank of Poland – as such rate appears on Reuters page "NBPS" or any successor page(s) thereto.
SEK	The rate used shall be the "SIOR" rate, the rate published by the OMX Exchange – as such rate appears on Reuters page "SIOR" or any successor page(s) thereto.

ZAR The rate used shall be the SFX ZAR OND rate, the rate published by SAFEX JIBAR – as such rate appears on Reuters page "SFXROD" or any successor page(s) thereto.

CZK The rate used shall be the "CZEONIA" rate, the rate published by the Czech National Bank – as such rate appears on Reuters page "CZEONIA" or any successor page(s) thereto.

HUF The rate used shall be the "HUFONIA" rate, the rate published by the National Bank of Hungary – as such rate appears on Reuters page "HUFONIA" or any successor page(s) thereto.

SGD The rate used shall be the "SONAR" rate, the rate published by the Association of Banks in Singapore – as such rate appears on Reuters page "ABSIRFIX01" or any successor page(s) thereto.

NOK The rate used shall be the NOK sight deposit rate, the rate published by Norges Bank – as such rate appears on Reuters page "NOINTR=ECI" or any successor page(s) thereto

For currency NOK, PAI is calculated using an appropriate overnight deposit rate for the currency

~~3.5.4~~3.5.3 Interest/Accommodation Structure

Application of Cover	Type of Cover					
	Credit Variation Margin	**Performance Bonds**	**Securities**	**Cash**	**Foreign Cash**	**Forward Cash**
~~Debit Cash (GBP, USD EUR)~~	~~Not allowed~~	~~Charge LDR of debit currency plus 1.10%~~	~~Charge LDR of debit currency plus 1.10%~~	~~Not applicable~~	~~Charge LDR of debit currency plus 1.00%; pay LDR of cover currency~~	~~Charge LDR of debit currency plus 1.00%~~
~~Debit Cash CHF, JPY DKK, NOK, SEK~~	~~Not allowed~~	~~Charge LDR of debit currency plus 2.10%~~	~~Charge LDR of debit currency plus 2.10%~~	~~Not applicable~~	~~Charge LDR of debit currency plus 2.00%; pay LDR of cover currency~~	~~Charge LDR of debit currency plus 2.00%~~
Initial & Variation margin after offset	No charge or payment	Charge 0.10%	Charge 0.10%	Pay ~~LDR~~relevant rate	pay ~~LDR~~relevant rate of cover currency	No charge or payment
Excess or Surplus	No charge or payment	No charge or payment	No charge or payment	Pay ~~LDR~~relevant rate	Pay ~~LDR~~relevant rate	No charge or payment

Note:

1. "Foreign Cash" means cash in a currency other than that of the liability.
2. "Forward Cash" means cash which has been credited to an account for later value~~,~~ (e.g~~.~~., an amount called via PPS for next-day value~~.~~).

~~3.5.5~~3.5.4 Payment of Interest and Charges

Interest and accommodation charges (other than PAI) are calculated on a daily basis and the result~~a~~in~~t~~g monthly total is posted to FCM Clearing Members' cover accounts at the beginning of the following calendar month. A VAT invoice is issued monthly detailing the interest and accommodation charges applicable for the previous month. Separate invoices are issued for each currency.

VAT is charged where relevant, dependent on contract, on accommodation charges and collateral utili~~s~~zation fees at current rates. On foreign currency amounts VAT is charged in sterling on the converted value of any relevant charges. The sterling cover account shows separate postings for sterling VAT amounts arising from foreign currency charges.

The net invoice value for each currency is posted to the relevant cover account for value on the second working day of the month succeeding the month in which the charges arose.

The invoice provides detail in respect of:

(a) interest due to be credited or debited;

(b) accommodation charges;

~~(c) collateral/performance bonds utilisation fees.~~

~~Accommodation charges and collateral utilisation fees are combined and reported as~~ VAT on accommodation charges ~~for each appropriate category on~~ is subject to the ~~monthly invoice~~standard rate, some markets may be excluded.

3.6 Fees

Details of fees and refunds pending are collated during the month.

An invoice or credit note is produced detailing the fees to be posted to the house cover account.

The invoice/credit note displays the type of fee, contract, currency, fee rate, volume, fee amount, VAT amount, sub totals for each fee class and the overall total posted to the cover account.

Monthly postings are processed via the cover account at the beginning of the following month, on the third working day. Other postings, such as various Market Maker Scheme rebates, are processed by the Clearing House following receipt of data from the relevant exchange.

3.7 Default Fund; SwapClear Contributions

SwapClear Contributions (as defined in the Default Fund Rules) will be called via PPS on the fourth working day of each month or more frequently pursuant to a determination of the SwapClear Contribution under Rule S2(k) of the Default Fund Rules (each a "**SwapClear Reset Day**"). SwapClear Contribution requirements

will be notified to SwapClear Clearing Members at least two working days prior to each SwapClear Reset Day on Member Intranet Report 000032.

Excess SwapClear Contribution amounts due to SwapClear Clearing Members following the adjustment to the SwapClear Contribution will be repaid to SwapClear Clearing Members' PPS accounts on the SwapClear Reset Day immediately following the adjustment to the SwapClear Contribution.

Interest on SwapClear Contributions will be paid to SwapClear Clearing Members' PPS accounts on the first working day after the SwapClear Reset Day following the end of the relevant "interest accrual period". Interest is calculated in respect of each "interest accrual period", which commences on (and includes) a SwapClear Reset Day and ends on (and includes) the calendar day immediately before the next SwapClear Reset Day. Notwithstanding anything else herein, if the rate of interest payable on SwapClear Contributions is negative, interest shall be payable by FCM Clearing Members to the Clearing House.

3.8 **Quantifying SwapClear Contributions**

For the purposes of calculating the SwapClear Margin Weight under Rule S2(c) of the SwapClear Default Fund Supplement, the average daily requirement for ~~initial margin~~Initial Margin applied to an FCM Clearing Member shall be determined by reference to the FCM SwapClear Contracts comprising the SwapClear House Business of that FCM Clearing Member only. Nothing in the foregoing sentence shall prevent the Clearing House from introducing changes to the methodology used for calculating the SwapClear Margin Weight and, in particular, with effect from September 28, 2012, the average daily requirement for ~~initial margin~~Initial Margin applied to an FCM Clearing Member for the purposes of such calculation shall be determined by reference to the FCM SwapClear Contracts comprising both the SwapClear House Business and the SwapClear Clearing Client Business of that FCM Clearing Member.

3.9 ***[Reserved]***

3.10 ***[Reserved]***

~~3.9~~3.11 **Default Fund~~; ForexClear~~ Contributions: EnClear and Nodal Services**

~~ForexClear Contributions (as defined in the~~For the EnClear and Nodal Services. Default Fund ~~Rules)~~contributions will be called via PPS normally on the fourth working day ~~of each month or more frequently pursuant to a determination of the ForexClear Contribution under F2(a) of the Default Fund Rules (each a "ForexClear~~ ("Reset Day~~"). ForexClear~~") of the quarter (i.e. early February, May, August and November). Contribution requirements will be notified to ~~ForexClear~~ Clearing Members at least two working days prior to each ~~ForexClear~~ Reset Day on Member ~~Intranet Report 000032.~~Reporting Website.

Excess ~~ForexClear Contribution~~ Default Fund amounts due to ~~ForexClear~~ Clearing Members following the adjustment to ~~the ForexClear Contribution~~ Default Fund accounts and the crediting of interest will be repaid to ~~ForexClear~~ Clearing Members' PPS accounts on the ~~ForexClear~~ Reset ~~Day immediately following the adjustment to the ForexClear Contribution~~Days.

~~Interest on ForexClear Contributions will be paid to ForexClear Clearing Members' PPS accounts on the first working day after the ForexClear Reset Day following~~

~~the end of the relevant "interest accrual period". Interest is calculated in respect of each "interest accrual period", which commences on (and includes) a ForexClear Reset Day and ends on (and includes) the calendar day immediately before the next ForexClear Reset Day.~~

~~3.10 Quantifying ForexClear Contributions~~

~~For the purposes of calculating the ForexClear Margin Weight under Rule F2(d) of the ForexClear Default Fund Supplement, the average daily requirement for initial margin applied to an FX FCM shall be determined by reference to the ForexClear Contracts comprising the ForexClear House and Client Business of that FX FCM only.~~

APPENDIX 3A

BANK PARTICIPANTS IN THE LONDON PROTECTED PAYMENTS SYSTEM

Bank of America, N.A.

Barclays Bank Plc

JP Morgan Chase Bank

Citibank NA

Deutsche Bank AG

HSBC Bank Plc

Lloyds TSB Bank Plc

National Westminster Bank Plc

The Royal Bank of Scotland plc

Skandinaviska Enskilda Banken AB

For more information on PPS Banks please contact ~~LCH.Clearnet Limited~~the Clearing House's Treasury Operations.

APPENDIX 3B

BANK PARTICIPANTS IN THE LONDON PROTECTED PAYMENTS SYSTEM

Name of Relationship Manager:	
Contact Details (telephone & email):	
Name of Bank:	
Address:	
LCH.Clearnet Limited MNEMONIC(S):	

LCH.CLEARNET LIMITED

I/We authori~~s~~ze you, until further notice in writing, to debit my/our account(s) with unspecified amounts from time to time at the instance of LCH.Clearnet Limited without further reference to me/us.

In acting on this Mandate, you may rely, without qualification, upon the information provided to you by LCH.Clearnet Limited in whatsoever form this information is submitted to you.

HOUSE ACCOUNT		
TICK √	CURRENCY	ACCOUNT NUMBER
	AUD	
	CAD	
	CHF	
	CZK	
	DKK	
	EUR	
	GBP	
	HKD	
	HUF	
	ISK	
	JPY	
	NOK	
	NZD	
	PLN	
	SEK	
	USD	
	ZAR	

CLIENT ACCOUNT		
TICK √	CURRENCY	ACCOUNT NUMBER
	AUD	
	CAD	
	CHF	
	CZK	
	DKK	
	EUR	
	GBP	
	HKD	
	HUF	
	ISK	
	JPY	
	NOK	
	NZD	
	PLN	
	SEK	
	USD	
	ZAR	

For and on behalf of:

Name of FCM Clearing Member: _____

Signature of Director: _____

Print Name: _____ Date _____

When completed and signed, this form should be sent to your Relationship Manager at the above-mentioned Bank and a copy issued to: Treasury Operations, LCH.Clearnet Limited, 3rd Floor, Aldgate House, 33 Aldgate High Street, London EC3N 1EA. Email: lchoperations-treasury@lchclearnet.com Telephone: 020 7426 7505 Fax: 020 7426 7037.

APPENDIX 3C

BANK PARTICIPANTS IN THE US PROTECTED PAYMENTS SYSTEM

(In New York unless stated otherwise)

Bank of America, N.A.

J P Morgan Chase (New York or London)

Citibank NA

HSBC Bank USA

The Bank of New York

Harris Trust and Savings Bank (Chicago)

For more information on US PPS Banks please contact ~~LCH.Clearnet Limited~~the Clearing House's Treasury Operations ~~on~~at +44 (0)20 7426 7505.

APPENDIX 3D

MANDATE FOR LCH.CLEARNET LIMITED: CLEARING OPERATIONS

Name of Relationship Manager:	
Contact Details (telephone & email):	
Name of Bank:	
Address:	
LCH.Clearnet Limited MNEMONIC(S):	

LCH.CLEARNET LIMITED

I/We authorisze you, until further notice in writing, to debit my/our account(s) with unspecified amounts from time to time at the instance of LCH.Clearnet Limited without further reference to me/us.

In acting on this Mandate, you may rely, without qualification, upon the information provided to you by LCH.Clearnet Limited in whatsoever form this information is submitted to you.

HOUSE ACCOUNT	
CURRENCY	ACCOUNT NUMBER
USD	

CLIENT ACCOUNT	
CURRENCY	ACCOUNT NUMBER
USD	

The above information is correct and LCH.Clearnet Limited will rely on this information in making debit and credit transactions for the identified accounts and will have no liability to the extent of such reliance.

For and on behalf of:

Name of FCM Clearing Member: _____

Signature of Director: _____

Print Name: _____ Date _____

Notes:
A separate Mandate must be completed and delivered to LCH.Clearnet Limited for each different PPS bank.

Twenty days notice must be given to LCH.Clearnet Limited in writing in respect of any change of bank account name or bank account number and a fresh Mandate provided.

When completed and signed, this form should be sent to your Relationship Manager at the above-mentioned Bank and a copy issued to: Treasury Operations, LCH.Clearnet Limited, 3rd Floor, Aldgate House, 33 Aldgate High Street, London EC3N 1EA; E-mail: lchoperations-treasury@lchclearnet.com; Telephone: 020 7426 7505; Fax: 020 7426 7037.

COLLATERAL

4. COLLATERAL

4.1 General Information

4.1.1 Non-Cash Collateral

FCM Clearing Members wishing may lodge securities with the Clearing House. Securities lodged will be subject to a security interest and held in an account with the Clearing House by the FCM Clearing Member (in respect of FCM Client cover, the Clearing House shall hold such securities in ~~an~~the applicable LCH OTC Clearing Product Client Segregated Depository Account~~ in respect of each Business Category of FCM Contract such FCM Clearing Member clears~~).

Collateral pledged in respect of an FCM Clearing Member's Client account will not be applied by the Clearing House to its liabilities on a house account (see FCM Regulation~~-~~ 9(k)).

FCM Clearing Members are warned that the taking of collateral is a complex legal matter. These FCM Procedures, and any communication with the Clearing House, whether of an oral or written nature, are not to be taken as containing legal advice. An FCM Clearing Member who contemplates taking an interest in securities belonging to a client should seek independent professional advice on the matter.

4.1.2 GENERAL INFORMATION

LCH.Clearnet Security Arrangements

FCM Clearing Members wishing to lodge securities with the Clearing House may do so under the security arrangements set out in the FCM Clearing Membership Agreement and the FCM Regulations.

Collateral pledged in respect of an FCM Clearing Member's Client account will not be applied by the Clearing House to its liabilities on a House account (see FCM Regulation~~-~~ 9(k)).

Unless stated otherwise in the FCM Rulebook, collateral pledged in respect of an FCM Clearing Member's House account may be applied by the FCM Clearing House towards the payment of any sum whatsoever due by the FCM Clearing Member to the Clearing House, save that no collateral charged in respect of an FCM Clearing Member's Client accounts shall be applied on or towards payment or satisfaction of any of the FCM Clearing Member's liabilities to the Clearing House on any of the FCM Clearing Member's House accounts.

As set out in FCM Regulation~~-~~ 9(c), where an FCM Clearing Member wishes to pass an FCM Client's collateral to the Clearing House, the FCM Clearing Member must, *inter alia*, ensure that at all times it remains expressly agreed with the FCM Client that the FCM Clearing Member may pledge the collateral to the Clearing House, on the Clearing House's terms and free of the FCM Client's interest to secure the FCM Clearing Member's obligations to the Clearing House. The Clearing House gives no undertaking that, on the default of an FCM Clearing Member, it will not utili~~s~~ze FCM Clients' collateral which has been passed to it by

an FCM Clearing Member, before utili~~s~~zing any other form of cover the Clearing House may hold.

4.1.3 Additional General Information

The Clearing House is, at its sole discretion, entitled to determine what will be acceptable to it as collateral and to determine when a security will cease to be acceptable as collateral.

If any instrument or security, lodged in accordance with any of the following procedures, is in any way found to be unacceptable, it will immediately be given a zero value in the FCM Clearing Member's cover account with the Clearing House. Replacement cover may be required immediately from the FCM Clearing Member.

4.1.4 Instructions

The Clearing House accepts ~~faxed copies of~~ instructions to lodge, release and transfer cash and securities via the Collateral ~~Lodgement Forms and Collateral Release Forms. These will be valid~~Management system. Instructions for ~~a period of fourteen days, by which time original copies must have been received. If original copies are not received by~~other types of collateral must be sent via fax using the appropriate form in the annex. The lodgement/release forms must be sent in by fax and email to:

- Email to: teamcollateral@lchclearnet.com
- Fax: + 44 (0)20 7375 3518
- Treasury Operations can be contacted on +44 (0)207 426 7593

Originals of faxed instructions need to be sent into the Clearing House within fourteen days ~~cover value will not be given on the~~ .

The Clearing House is entitled to act upon Collateral Management system instructions and faxed instructions or communications appearing to have been issued by. on behalf of, or have come from, an FCM Clearing ~~Member's account and the collateral may be returned~~Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:

- to be inaccurate, whether in whole or in part; or
- not to have been given by the FCM Clearing Member or an FCM Client or with the authority of the Clearing Member or FCM Client.

The Clearing House will only accept delivery of securities in accordance with these FCM Procedures, and will not sell, purchase or encash securities for FCM Clearing Members, except in so far as it is acting under its Default Rules and related ~~FCM Regulations and the UK General Regulations~~provisions of the FCM Rulebook or in relation to exchange rules.

~~Subject to the FCM Regulations in~~The Clearing House reserves the right to require an FCM Clearing Member to execute revised versions of the Form of Charge and Client Consent documentation whenever the Clearing House, at its sole discretion, considers that it would be appropriate.

The Clearing House reserves the right to change the information required on instructions received via the Collateral Management system, whenever the Clearing House, at its sole discretion, considers that it would be appropriate.

4.1.5 Excess collateral

In the event that the Clearing House at any time determines that it is holding excess collateral (as defined below) from an FCM Clearing Member, the Clearing House may notify that FCM Clearing Member of the intention to levy a charge in respect of excess collateral with effect from such date as is notified to the FCM Clearing Member. In the event that the FCM Clearing Member does not remove excess collateral before the date so notified, the Clearing House may, in its discretion, charge the FCM Clearing Member at the rate of 1 basis point until excess collateral is removed by the FCM Clearing Member through use of a ~~Collateral Release Form.~~release instruction. Payment of this charge shall be collected on a monthly basis through that FCM Clearing Member's ~~appropriate~~ PPS sterling account.

For the purposes of this ~~S~~section, "**excess collateral**" means that collateral identified by the Clearing House as being collateral over and above that which is required by the Clearing House in order to cover the obligations to the Clearing House of that FCM Clearing Member. The Clearing House shall have absolute discretion to decide whether and to what extent it is holding excess collateral at any time.

~~4.1.4 Communications~~

~~The Clearing House is entitled to act upon documentation instructions or communications appearing to have been issued by, or have come from, an FCM Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:~~

~~(a) to be inaccurate, whether in whole or in part; or~~

~~(b) not to have been given by the FCM Clearing Member or an FCM Client or with the authority of the FCM Clearing Member or FCM Client.~~

~~4.1.5~~4.1.6 ~~Lodgement~~Lodgment of Collateral as Replacement for Cash Cover for Margin

FCM Clearing Members should note that they must give Treasury Operations no less than two (2) Business Days notice of their intention to lodge collateral with a value of £50 million sterling or more, and which is reasonably likely to have the effect that cash to a similar value is repayable by the Clearing House to that FCM Clearing Member as a result of such lodg~~e~~ment. In the event that an FCM Clearing Member seeks to withdraw such cash cover without giving such notice, the Clearing House will decline to release such cash cover until the end of the required notice period.

~~4.1.6~~4.1.7 Force Majeure

The Clearing House will not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to FCM Clearing Members with regard to instruments or securities accepted as collateral where such failure, hindrance or delay arises from causes beyond the control of the Clearing House, such as but not limited to the failure whether partial or total,

interruption or suspension of any depository or custodian or other service ("**depository**") that the Clearing House is using, the termination or suspension of the Clearing House's membership or use of the depository or any variation of the depository's operational timetable, whether or not occasioned by action of the depository operator or other party, or any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the depository or other emergency. This provision is without prejudice to the force majeure provisions of FCM Clearing Members' agreements with the Clearing House.

~~4.1.7~~4.1.8 Regulatory and Supervisory Information

In every case, the Clearing House will be entitled to supply a securities depository with all the information it requires for any purposes relating to an FCM Clearing Member, or to securities received by the Clearing House from an FCM Clearing Member which are or may at any time have been held by the depository. Securities will be lodged and held within such depository or other systems as the Clearing House may select or allow, subject to the conditions of such systems and to any applicable law and subordinate rules relating thereto as well as to the terms of the FCM Rulebook and these FCM Procedures.

~~4.1.8~~4.1.9 Interest Payments

The Clearing House will remit interest amounts, taking into account any withheld tax, to FCM Clearing Members' PPS banks on the appropriate value date. These are processed using "Tender" sub-accounts designated "I" for house or "L" for segregated client.

4.2 Securities

4.2.1 General Information

Securities must be lodged in the Clearing House's relevant Custodian accounts (see ~~a~~Appendix 4D).

4.2.2 Lodg~~e~~ment Procedure

~~Day One~~

~~(a) FCM Clearing Members must submit, a completed collateral Lodgement Form in respect of each collateral lodgement (see appendix 4A or 4B). FCM Clearing Members may also need to supply a tax form (see Section 4.2.4). a Proprietary Collateral Lodgement From should be used in respect of Collateral lodged for an FCM Clearing Member's Proprietary or Affiliate business (see Appendix 4B). An FCM Client Collateral Lodgement Form should be used in respect of collateral lodged for an FCM Clearing Member's FCM Client Business.~~

~~(b) The Clearing House will enter a receipt instruction into the relevant Custodial system.~~

~~(c) The FCM Clearing Member or his agent bank should enter "free of payment" delivery instructions.~~

FCM Clearing Members wishing to lodge securities with the Clearing House must first complete a Form of Charge. This document establishes a fixed charge over specified securities transferred into an account with the Clearing House by the

FCM Clearing Member. The document is required to be executed in accordance with the instructions which accompany it. The Form of Charge document covers securities that are transferred to the Clearing House via bilateral settlement or via Triparty arrangements. To operate Triparty arrangements with the Clearing House an additional Collateral Services Agreement (CSA) must also be executed with the relevant ICSD.

Charge documentation is available from the Clearing House Risk Department and should be returned on completion to that department.

4.2.3 Settlement procedures – Securities

All transactions to deposit or withdraw from the Clearing House will be executed free of payment.

4.3 Instructions via the Collateral Management System

The Clearing House will action instructions input and authorized via the Collateral Management system. The details input on the Collateral Management system will form the basis of the matching instruction sent to the relevant CSD/custodian. FCM Clearing Members must ensure that the details are input correctly in order to avoid unmatched transactions

It is the responsibility of the FCM Clearing Member to input a cancellation request of any incorrectly input instruction and then subsequently input the correct details in a new instruction. Please note that it may not be possible to cancel an instruction, please see Section 6.8 below for further details.

The Clearing House will update the status of the instruction in the Collateral Management system in relation to the status of the instruction at the CSD/Custodian. On settlement of the transaction the Clearing House will reflect the balance of the securities on the FCM Clearing Member's account and provide value for the purposes of cover.

The Clearing House will notify FCM Clearing Members of the relevant account details for matching. FCM Clearing Members should refer to Appendix 4D to establish the correct place(s) of settlement for a particular security.

The Clearing House will not be liable for any losses of FCM Clearing Members ~~should contact the Clearing House's Treasury Operations department in order to find out when they are open for collateral to be posted (0044 (0)207 426 7593~~or third parties caused by non-settlement or ~~TreasuryOps@lchclearnet.com).~~

~~The details of the accounts are:~~

~~Client Account:~~

Bank of New York			Citibank			Euroclear Bank	
BKOFNYC/CUST 021000018			CITIBANKNYC/CUST 021000089				
US Owners	Non US Owners	Global	US Owners	Non-US Owners	Global	Euro Denominated Only	Italian
735138	735139	874067	206203	207887	TBC	15211	25910

~~Proprietary Account:~~

Bank of New York		Citibank		Euroclear Bank		Euroclear UK & Ireland
BKOFNYC/CUST 021000018		CITIBANKNYC/CUST 021000089				
US Owners	Non US Owners	US Owners	Non-US Owners	Global	Italian	UK Securities
735136	735137	090401	090372	91205	91737	5165

~~The securities are transferred into the Clearing House's account through the relevant Custodial system.~~

~~Unless the Clearing House contacts~~a delay in settlement as a result of the actions or omissions of a CSD/custodian or the FCM Clearing Member ~~to notify that a lodgement has been rejected, value will normally be given overnight on the following Business Day. However, if settlement has taken place before 20:00 hours, value may be given overnight the same day.~~(save for any liability which by law may not be excluded).

4.3.1 Instruction deadlines

FCM Clearing Members may input security instructions via the Collateral Management system at any time. Instructions will only be auctioned by the Clearing House during operational hours.

The Collateral Team operational hours are: Monday — to Friday, 08:00 to 20:00hrs UK time.

Instruction deadlines for same day settlement:

CSD/custodian		Deadline for instructions (UK Time)
Euroclear UK/IE (CREST)		14.00
Euroclear internal		16:30
Fedwire Citi and BoNY Mellon		19:00

The Clearing House will input matching instructions to the relevant CSD/custodian for same day settlement when the instructions are received prior to the deadlines above.

4.3.2 Deliveries to and from local markets

The Clearing House is bound by the settlement deadlines of the relevant CSD/custodian. FCM Clearing Members should refer to the relevant CSD/custodian for these deadlines. Note that for transactions from local markets the settlement deadline may be earlier than the Clearing House hours of operation and should therefore be instructed the day before settlement date (*i.e.*, on S-1). Instructions to the Clearing House must be provided at least one hour before the market deadline for same day settlement.

For example:

Deliveries from local market	Custodian deadline (UK time)	Instruction deadline to Clearing House (UK time)
Japan	02.45	16.30 on S-1
Belgium	14.50	13.50 on S
Italy	15.00	14.00 on S

4.3.3 Lodging securities

Lodge instructions must be input via the Collateral Management system prior to the deadlines above for same day settlement. Settled transactions will be added to FCM Clearing Member's cover balances following settlement.

Lodge instructions for future settlement dates will be instructed same day if received prior to the deadlines. Instructions received after the deadlines will be instructed the following day.

4.3.4 Releasing securities

~~4.2.3~~(a) Release ~~Procedure~~where sufficient cover is available

~~**Day One**~~

~~(a) The FCM Clearing Member submits a completed~~ Release ~~Form (see appendix 4C) to Treasury Operations.~~

~~(b) Where the security is not utilised as margin cover, the Clearing House will input appropriate delivery~~ instructions ~~into~~input via the ~~relevant custodial~~Collateral Management system~~.~~

~~(c)The Clearing House reduces the level of cover held~~ prior to the deadlines above for same day settlement will be removed from the FCM Clearing ~~Member's relevant~~Member's cover ~~account by the amount of the value of the security which is being withdrawn.~~balance on instruction.

(b) Release where sufficient cover is unavailable

~~(d)~~Release instructions must be input via the Collateral Management system before 09:30 UK time. The FCM Clearing Member ~~passes acceptance instructions to its own agent bank and the securities~~ will then be ~~transferred to the~~ called for additional cash collateral. Following confirmation of the cash call the settlement instruction will be sent to the CSD/custodian and removed from the FCM Clearing ~~Member's agent bank.~~Member's cover balance.

4.3.5 ~~The securities are transferred to the~~ Substitutions

Substitutions may be input via the Collateral Management system and will be auctioned same day if input prior to the deadlines above.

~~(e)~~ FCM Clearing ~~Member's bank.~~

~~**Day Two**~~

Where alternative cover is required it will be called in cash by PPS

After 09:00 hours (London)

Where the security has been utilised on day one, and providing the morning PPS call has been met, the security will be released as follows:

(a) the Clearing House inputs appropriate delivery instructions intoMember's must input the relevant custodial system;lodge instruction(s) first and then link the associated release instruction(s) to the lodge instruction(s).

4.3.6 **(b) the Transfers**

Transfer instructions may be input via the Collateral Management system and will be auctioned same day during operational hours.

Note: transfers are only permitted between mnemonics of the same FCM Clearing Member passes acceptanceand are subject to client segregation rules.

4.3.7 **Settlement cancellations**

FCM Clearing Members may request cancellation of an instruction via the Collateral Management system. The Clearing House will cancel any instruction that has not yet been processed. The Clearing House will make best endeavours to cancel any settlement instructions to its own agent bank;already sent to the CSD/custodian but cannot guarantee that the transaction will not settle.

(c) securities will then be transferred to the FCM Clearing Member's agent bank; or

(d) the securities are transferred to the FCM Clearing Member's bank.

4.3.8 **Instruction statuses**

The status of an instruction can be monitored via the Collateral Management system. Statuses reflect the status of the instruction at the Clearing House and not at the CSD/custodian. Please refer to the Collateral Management system User Guide for status definitions.

4.4 **Withholding Taxes**

4.2.44.4.1 **US Withholding Taxes**

US income tax laws impose a withholding tax on payments of US source interest, including original issue discount, to a foreign person unless an exemption or reduced rate applies. Interest is US source income, if the debtor is a US corporation. Interest on debt obligations issued after July 18 1984 is generally exempt from US withholding tax. In addition, a foreign person who is a resident of a country with which the US has an income tax treaty may be entitled to a reduced withholding tax rate or an exemption from the US withholding tax.

In order to reduce or eliminate US withholding tax, the correct tax documentation must have been provided in respect of each owner. To this end, FCM Clearing Members will be expected to provide one of the forms (noted below) to the Clearing House. A current form will be required for each FCM Clearing Member.

The relevant forms will normally be one of:

(a) ~~'~~"W-9 (Request for Taxpayer Identification Number and Certification~~)'.~~)". Applies to a US corporation including a foreign branch of a US corporation~~.~~; or

(b) ~~'~~"W-8BEN (Certificate of Foreign Status~~)'.~~)".

Applies to non-resident alien individuals, foreign corporations, partnerships and estates.

FCM Clearing Members may obtain originals of forms W-8BEN and W-9 from Treasury Operations.

Note: The Clearing House's arrangements with the Custodians only allow for securities holdings of US corporations or foreign (i.e~~.~~, non-US) entities or individuals. FCM Clearing Members who wish to discuss the possibility of lodging securities belonging to owners excluded from this arrangement should contact Treasury Operations.

Unless the Clearing House has already received the appropriate tax form, lodg~~e~~ments into A/c numbers 735136, 735138, 206203 and 090401 must be accompanied by form W-9.

Unless the Clearing House has already received the appropriate tax form, lodg~~e~~ments into A/c numbers 735137, 735139, 207887 and 090372 must be accompanied by form W-8.

The Clearing House's acceptance of US securities does not indicate any responsibility for the adequacy or otherwise of tax documentation. Any queries in relation to these tax forms should be referred to your company accountant or professional advisers.

Completed tax forms should be returned to Treasury Operations for onward transmission to the Custodians.

Custodians offer a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to Clearing Members any recovery in withholding tax credited to the Clearing ~~House"s~~House's account by the Custodian.

In certain cases the Custodian/the Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either the custodian/the Clearing House at the time when a coupon is due.

4.4.2 Italian Securities

The accounts are operated by the Clearing House in accordance with the "Custodians Procedures to Obtain Exemption from Italian Withholding Tax on Italian Domestic Debt Securities".

Beneficial owners are entitled to exemption at source from Italian Withholding Tax on Italian securities if they are:

(a) resident in a country that has entered into a double taxation agreement with Italy (except Black list countries/countries that do not have a tax treaty with Italy); or

(b) a corporation resident in Italy; or

(c) a supranational ~~organisation recognised~~organization recognized by Italian Law.

Beneficial owners are required to supply duly completed and executed official forms as proof of eligibility to exemption, and where applicable supply additional documentation, before a delivery can be made.

Official forms are available on request from Treasury Operations Department.

Original forms are to be received by the Clearing House before Italian securities can be accepted within our accounts.

The effective date depends on the type and terms of the security:

Coupon Debt securities (BTPs, CCTs and CTOs)

The new regime applies to the interest on these securities that starts to run on or after 1 January 1997, regardless of the issue date.

Zero coupon debt securities with a maturity of less than one year (BOTs)

The regime applies to all securities issued on or after 1 January 1997.

Clearing Members should consult their own tax advisers before lodging Collateral to the Clearing House or submitting any tax documentation.

4.4.3 Withholding tax — CSDs/Custodians

CSDs/Custodians may offer a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to FCM Clearing Members any recovery in withholding tax credited to the Clearing House's account by CSDs/custodians.

In certain cases the CSDs/custodian and Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either CSD/Custodian and the Clearing House at the time when a coupon is due.

4.4.4 References

These procedures should be read in conjunction with the relevant user guides and/or manuals of the relevant CSD/custodian. Please also refer the each CSD/custodian for the relevant settlement deadlines in particular those for deliveries from local markets to Clearing House accounts.

4.4.5 Contingency arrangements

In the event of an outage of the Collateral Management system FCM Clearing Members will be able to lodge and release securities by faxed instruction to the Clearing House.

FCM Clearing Member will be notified of a Collateral Management system outage via Member Circular that will notify FCM Clearing Members of the switch to contingency arrangements. The FCM Clearing Member should then revert to the fax forms for securities found in the appendices to this Section 4.

Normal service hours and deadlines will apply to faxed instructions

FCM Clearing Members will be notified via Member Circular when normal service resumes.

APPENDIX 4A

FCM Client Account Lodgement Form

LCH.CLEARNET

CONTINGENCY FCM - CLIENT LODGEMENT FORM

Version 1: December 2011

To: LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No:

From: Clearing Member (full name): _____

Client Account Mnemonic: _____

Beneficial Owner Name (full name): _____

We hereby transfer the securities described below to the Clearing House under the terms of Regulations 9(m) and 9(n) of the FCM Regulations.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator. We hereby confirm that the securities detailed below are customer funds subject to segregation pursuant to the U.S. Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.

Security Code Number	Settlement Date	Trade Date	Amount/Nominal Value	Description of Security

Delivery from: Depository/Agent _____

US Securities, Broker Code _____

Account Holder: _____

Account Number: _____

Beneficial Owner Italian Tax ID: _____

Delivery to: _____

BONY (US Owners)	BONY (Non-US Owners)	BONY (Global)	Citibank (US Owners)	Citibank (Non-US Owners)	Citibank (Global)	Euroclear (EUR Securities)	Euroclear (Italian)
735138	735139	874067	206203	207887	TBC	15211	25910

Signatories for and on behalf of The Clearing Member:

1. _____ (Signature) _____ (Print Name) _____ (Position)

2. _____ (Signature) _____ (Print Name) _____ (Position)

Date: _____

APPENDIX 4B

Contingency FCM House Account Lodgement Form

LCH.CLEARNET

PROPRIETARY - COLLATERAL LODGEMENT FORM

Version 1: December 2011

To: LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No:

From: Clearing Member (full name): _____

In respect of Proprietary Business Mnemonic: _____

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system (in the United Kingdom or elsewhere) which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent, where applicable, to the securities being held in the Euroclear clearance system subject to the fungibility regime organized by the Belgian Royal Decree No. 62 of 10 November 1967 promoting the circulation of securities as amended from time to time.

We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.

Security Code Number	Settlement Date	Trade Date	Amount/Nominal Value	Description of Security

Delivery from: Depository/Agent _____

US Securities, Broker Code _____

Account Holder: _____

Account Number: _____

Beneficial Owner Italian Tax ID: _____

Delivery to: _____

BONY (US Owners)	BONY (Non-US Owners)	Citibank (US Owners)	Citibank (Non-US Owners)	Euroclear Bank (Global)	Euroclear Bank (Italian)	Euroclear UK & Ireland (CrestCo)
735136	735137	090401	090372	91205	91737	5165

Signatories for and on behalf of The Clearing Member:

1. _____ (Signature) _____ (Print Name) _____ (Position)

2. _____ (Signature) _____ (Print Name) _____ (Position)

Date: _____

APPENDIX 4C

Contingecy Collateral Release Form

LCH.CLEARNET

COLLATERAL RELEASE FORM

Version 1: June 2011

To: LCH.Clearnet Limited ("the Clearing House")

From: Clearing Member (full name): .....

House/Client Account* Mnemonic: .....

*** Please delete as appropriate**

We hereby request you to release the securities described below.

Security Code Number (e.g. ISIN)	Delivery Date	Trade Date	Amount/Nominal Value(Issue - Coupon - Maturity)	Description of Security

The Clearing House Ref No: ..... (from lodgement form)

Delivery to: Depository/Agent .....

US Securities, Broker Code .....

Account Holder .....

Account Number .....

Signatories for and on behalf of the Clearing Member:

1

....
(Signature) (Print Name) (Position)

2

....
(Signature) (Print Name) (Position)

Date

To: THE ABOVE-NAMED CLEARING MEMBER

The release of the above-mentioned securities is agreed.

For and on behalf of
LCH.Clearnet Limited: Date: ..... Time: .....

(Authorised Signatory):

Registered in England No. 25932 Registered Office: Aldgate House, 33 Aldgate High Street, London EC3N 1EA
Recognised as a Clearing House under the Financial Services and Markets Act 2000. LCH.CLEARNET LIMITED COPY

Appendix 4D

Settlement Accounts

	Margin Collateral-FCM Client								Margin Collateral-FCM House						
	Bank of New York			Citibank			Euroclear Bank		Bank of New York		Citibank		Euroclear Bank		Euroclear UK & Ireland
	735138	735139	874067	206203	207887	TBC	15211	25910	735136	735137	090401	090372	91205	91737	5165
Australia			X			X							X		
Austria			X			X	X						X		
Belgium			X			X	X						X		
Canada			X			X							X		
Denmark			X			X							X		
EUR Agencies			X			X	X						X		
Finland			X			X	X						X		
France			X			X	X						X		
Germany			X			X	X						X		
Italy			X			X		X						X	
Japan			X			X							X		
Luxembourg			X			X	X						X		
Netherlands			X			X	X						X		
Norway			X			X							X		
Spain			X			X	X						X		
Sweden			X			X							X		
United Kingdom			X			X									X
United States	X	X		X	X				X	X	X	X			
US Agencies	X	X		X	X				X	X	X	X			

BUSINESS CONTINUITY

5. BUSINESS RECOVERY

5.1 Recovery Situations

The FCM Procedures set out in this Section are intended to provide FCM Clearing Members with a guide to the changes in working practices which would follow the invocation of the Clearing House's Business Continuity Plans.

Due to the uncertain nature of the events which would lead to the need for Business Recovery the Clearing House reserves the right to depart from these FCM Procedures to meet the characteristics of specific business recovery situations.

These FCM Procedures provide for the evacuation or decommissioning of Aldgate House. The procedures detail the alterations to the Clearing House's operations and also the action to be taken on invocation of the Business Continuity Plans.

5.2 Recovery Situations Affecting Members' Offices

5.2.1 During Office Hours

FCM Clearing Members that are unable to gain access to their principal office accommodation and as a result require the Clearing House assistance should contact the Help Desk ~~on~~at +44 (0)20 7426 7200.

5.2.2 Outside Office Hours

FCM Clearing Members should telephone the Clearing House ~~on~~at +44 (0)20 7426 7545, leaving the following information:

Name:
Company Name:
Contact Telephone Number:
Brief Details of the Nature of the Problem:

A member of the Clearing House operational staff will then make contact regarding any assistance that can be given.

5.3 Aldgate House Evacuation

5.3.1 Communicating with FCM Clearing Members

Should the Clearing House be forced to evacuate Aldgate House it will need to inform its FCM Clearing Members as soon as practicable. The following sections detail a number of different messages that the Clearing House may wish to communicate. However, in all cases the means by which information will be disseminated is the same. Information will be communicated to FCM Clearing Members by the following methods:

(a) facsimile transmissions to FCM Clearing Members designated fax machines;

(b) posting messages on www.lchclearnet.com;

(c) posting messages on the following toll free number: 0044 800 1 69 69 09.

5.3.2 Broadcast message on TRS/CPS

Some of the above communications methods can only be used to disseminate very short messages. However the toll free number is capable of recording a message of up to ten minutes duration, and handling unlimited concurrent connections. It is therefore likely to be the main method used for providing FCM Clearing Members with progress reports following an initial broadcast message.

~~5.3.2~~5.3.3 Evacuation of Aldgate House

If it is necessary for the Clearing House to evacuate Aldgate House, and if re-entry to the building is unlikely within thirty minutes, FCM Clearing Members will be informed by disseminating the following message using the methods described in Section 5.3.1 above.

"The Clearing House has been forced to evacuate Aldgate House. Please refer to Clearing House Procedures - Business Continuity Arrangements for further information."

At this time all of the activities normally carried out at Aldgate House will have ceased, if only temporarily. FCM Clearing Members will be kept informed of developments as further details become available.

Please note that the reason for broadcasting the above message is to provide FCM Clearing Members with early notification of an evacuation of Aldgate House. At this stage no decision will have been taken to invoke Business Continuity Plans. See Section 5.3.3 below for advice on how FCM Clearing Members will be notified of an invocation of the recovery plan.

~~5.3.3~~5.3.4 Invoking of Business Continuity Plans

The Clearing House is contracted with a specialist provider for dedicated and syndicated work area recovery facilities. The agreement between the Clearing House and the provider stipulates that dedicated work area recovery positions will be available immediately. Syndicated recovery positions will be available within four hours of invocation.

Depending on the severity of an incident a full or partial invocation of the service may be required.

~~5.3.4~~5.3.5 Limited Invocation

If the Clearing House's assessment of the incident suggests that reoccupation of Aldgate House will be possible within two hours, then it is likely that only the mission critical activities (MCA) will be recovered to the recovery site. All other activities will cease until Aldgate House becomes available.

The following message will be posted:

"The Clearing House has invoked business continuity plans for its MCA's. Please refer to the Clearing House's Procedures - Business Continuity Arrangements for further information."

5.3.5 5.3.6 Full Invocation

Once a decision has been taken to proceed with full invocation of business continuity plans FCM Clearing Members will be informed at the earliest opportunity. This will be achieved by disseminating the following message using the methods described in Section 5.3.1 above.

"The Clearing House has invoked all business continuity plans. Please refer to the Clearing House's Procedures - Business Continuity Arrangements for further information."

It is anticipated that a period of approximately two hours will elapse between the invocation of full business continuity plans and relocation of recovery teams. During this time most of the activities normally carried out at Aldgate House will cease.

Please note that the Clearing House's primary data cent~~r~~er is not located at Aldgate House and so an evacuation of the site will not affect FCM Clearing Members' ability to access IT applications.

5.3.7 Imminent Expiry of Options

Clearing Members are reminded that the responsibility for exercising options prior to their expiry deadline lies solely with them and that any assistance given by the Clearing House is purely on a 'reasonably endeavors' basis. If any evacuation of Aldgate House coincides with an option expiry this assistance may cease.

If the Clearing House's invocation of Business Continuity Plans coincides with an option expiry, the notification of the Clearing Member's option allocations and the deadline for the entry of option exercises may be delayed.

5.3.6 5.3.8 Cover Calling

In order to simplify the Treasury process, it is likely that a number of routine Treasury Procedures may be amended or suspended. These may include but are not limited to:

(a) the acceptance/release of securities and guarantees;

(b) the conversion of currencies;

(c) the ability to cover liabilities in currencies other than their original currency.

5.3.7 5.3.9 Registration of Contracts

The Clearing House reserves the right, at its discretion, to amend the timing of registration as it deems necessary. In the event that registration is to be delayed

the Clearing House will notify FCM Clearing Members as soon as practically possible.

~~5.3.8~~5.3.10 New Address for Document Delivery

Following invocation of the business continuity plans the Clearing House will provide new address details for document delivery. Will arrange to have its mail forwarded to its office recovery site.

~~5.3.9~~5.3.11 Permanent Change of Address

If an incident is so serious that the Clearing House is unable to reoccupy Aldgate House, FCM Clearing Members will be informed of the proposed new office location and contact numbers prior to occupation of the premises. This information will be communicated via the methods described in Section 5.3.1.

FCM Clearing Members will be informed of the date when the new arrangements will take effect.

~~5.3.10~~5.3.12 Return to Normal

When the Clearing House is able to resume a normal service a message will be disseminated using the methods described in Section 5.3.1 above. Assuming that it has been possible to return to Aldgate House the following message will be broadcast.

"The Clearing House has returned to Aldgate House. Please revert to normal contact telephone numbers and procedures."

If normal working is being resumed at a site other than Aldgate House FCM Clearing Members will already have been informed of the new office location and contact numbers see Section 5.3.10 above. The following message will be broadcast.

"The Clearing House is resuming normal service at <insert location name>. Please use the new contact numbers previously supplied."

5.4 Clearing House Data Centre

5.4.1 Failure of LCH's Data Centre

If the Clearing House's primary data cent~~r~~er fails during business hours, those Clearing House IT systems that are used by FCM Clearing Members will be temporarily unavailable while processing is transferred to the secondary data cent~~r~~er.

APPEAL PROCEDURES

6. APPEAL PROCEDURES

6.1 Introduction

These FCM Procedures describe how an FCM Clearing Member may appeal against a decision of the Clearing House (that is, LCH.Clearnet Limited).

It should be noted that no appeal may be lodged to the Clearing House in respect of any decision of any other member company of the LCH.Clearnet Group (including LCH.Clearnet SA).

6.2 Decisions In Respect Of Which An Appeal May Be Lodged

6.2.1 ~~A~~An FCM Clearing Member may appeal against any of the following decisions made by the Clearing House:

(a) a decision by the Clearing House to rescind that FCM Clearing Member's eligibility to have contracts of a certain category registered in its name;

(b) a decision by the Clearing House to terminate that FCM Clearing Member's FCM Clearing Membership Agreement other than when such decision occurs in connection with the operation by the Clearing House of its Default Rules and these FCM Procedures.

6.2.2 An undertaking which is not an FCM Clearing Member may appeal to an Appeal Committee against the decision made by the Clearing House declining to grant FCM Clearing Member status to that person.

6.2.3 From time to time the Clearing House may amend the lists in this Section 6.2 of decisions in respect of which appeals may be lodged.

6.3 Initiating An Appeal

6.3.1 An appeal to an Appeal Committee under this Section 6 shall be commenced by sending a copy of the APPEAL FORM in the form set out in Appendix 6A of these FCM Procedures to the Company Secretary of LCH.Clearnet Limited ("**the Company Secretary**") at the registered office of the Clearing House.

6.3.2 The APPEAL FORM must be fully completed in all material respects by the person lodging the appeal ("**the appellant**").

6.3.3 The appellant must enclose with its APPEAL FORM payment of £500 which payment shall be returned if the appeal is subsequently upheld by the Appeal Committee or by the Appeal Tribunal.

6.3.4 An appeal may only be commenced under these FCM Procedures within 28 days of the date upon which the decision to which it relates was notified to the appellant. The Chief Executive of the Clearing House has a discretion to waive this time limit if the appellant provides a satisfactory explanation for the delay and no prejudice would be caused to any person by proceeding with the appeal in the circumstances.

6.3.5 The Company Secretary shall acknowledge receipt of the APPEAL FORM no later than 7 days after receipt.

6.3.6 The Company Secretary may request further information or clarification relating to the subject matter or grounds of the appeal.

6.4 **The First Tier Appeal**

6.4.1 No later than 28 days from receipt of any APPEAL FORM the Company Secretary shall:

(a) refer the appeal to an Appeal Committee comprising:

(i) the Chief Executive of LCH.Clearnet Limited or the Deputy Chief Executive; and

(ii) two directors of the Clearing House with relevant market experience, nominated by the Chairman of the Clearing House; and

(b) notify the appellant in writing of the identit~~y~~ies of the persons constituting the Appeal Committee; and

(c) provide to the appellant copies of such documents and written representations as the Clearing House intends to place before the Appeal Committee for its consideration.

6.4.2 Following notification to the appellant in accordance with 6.4.1 above, the appellant shall then have a period of 14 days to submit to the Appeal Committee such written representations and other documentation for the consideration of the Appeal Committee. All representations and documentation shall be submitted in sufficient copies so that each member of the Appeal Committee shall have a copy each.

6.4.3 The Appeal Committee shall decide upon its own procedure for considering and determining the appeal which will normally be done without an oral hearing but on the basis of the written representations and documents submitted by the appellant and such other information and documentation as the Appeal Committee considers appropriate.

6.4.4 The Appeal Committee may request further or other documentation and information from the appellant.

6.4.5 No later than 21 days from the date upon which the appellant is notified of the composition of the Appeal Committee, or 21 days from the receipt by the Appeal Committee of any further or other documentation or pursuant to 6.4.4 above, whichever is the later, the Appeal Committee shall consider and determine the appeal before it.

6.4.6 An Appeal Committee constituted pursuant to this paragraph 6.4 shall promptly, and in any event, no later than 7 days after coming to its determination, give notice of its determination to an appellant in writing together with its reasons.

6.5 **The Second Tier Appeal**

6.5.1 If an appellant, having received notice of a determination of an appeal pursuant to paragraph 6.4.6 above, is not satisfied by such determination, it may appeal lodge a second tier appeal to an Appeal Tribunal.

6.5.2 A second tier appeal may be commenced under this paragraph 6.5 by the submission of a NOTICE OF FURTHER APPEAL in the form set out in Appendix 6B hereto to the Company Secretary at its registered office, setting out the reasons for the appeal. Such NOTICE OF FURTHER APPEAL must be received by the Company Secretary no later than 14 days from the date upon which the notice of determination of the Appeal Committee was given to the appellant.

6.5.3 An appeal under this paragraph 6.5 shall be heard by an Appeal Tribunal within 3 months of the Notice of Appeal being received by the Company Secretary, or such longer time as the Chairman of the Appeal Tribunal shall determine in order to provide a full and fair determination of the appeal.

6.5.4 An Appeal Tribunal constituted under this paragraph 6.5 shall consist of 2 persons ("**Tribunal Members**"), with relevant knowledge and experience in the industry of matters in issue in the appeal, and a legally qualified Chairman. The appellant and the Clearing House may each select a Tribunal Member from a list of no less than 4 persons appropriately qualified persons nominated by The Centre for Dispute Resolution (CEDR), London, and the Chairman shall be nominated by CEDR. In the event that either the Clearing House or an appellant fails to nominate such a Tribunal Member before a date 2 weeks prior to the date fixed by the Chairman for the hearing of the appeal, then the Chairman shall nominate such Tribunal Member from the list referred to above. No person who served on the Appeal Committee which considered the appellant's first tier appeal shall be eligible to serve upon an Appeal Tribunal constituted in respect of that appellant's second tier appeal.

6.5.5 The Chairman of an Appeal Tribunal shall fix a date for the hearing of the appeal and shall give no less than 28 days notice in writing to the appellant and the Company Secretary of the time and place in London where such appeal shall be heard.

6.5.6 The appellant shall provide the Appeal Tribunal, with a copy to the Company Secretary, no less than 14 days before the date fixed for the hearing of the appeal, with written submissions setting out such representations as it wishes to put forward in support of its appeal, together with copies of all documentation and other material upon which it wishes to rely.

6.5.7 The Clearing House will submit written submissions, documentation and information with regard to the matters and issues relevant to the decision which is the subject of the appeal and provide a copy thereof to the appellant.

6.5.8 An Appeal Tribunal may invite any person (including the Clearing House) to provide written information or written opinion with regard to any matter which forms the subject matter of an appeal.

6.5.9 An Appeal Tribunal shall determine its own procedure for the hearing of an appeal and shall not be bound by the rules of evidence. It may adjourn a hearing to another date or dates if it so wishes. If prior to or at such hearing an appellant notifies the Appeal Tribunal that it wishes to make oral submissions an opportunity

shall be given to the appellant to do so. A representative of the appellant (and the appellant himself, if the appellant is an individual) and a representative of the Clearing House may attend the hearing and the Appeal Tribunal may in its discretion invite further or other persons to attend the hearing.

6.5.10 At the hearing an appellant may conduct its case itself through an employee, officer or other agent, or be represented by legal counsel PROVIDED that if in any particular case an Appeal Tribunal is satisfied that there is good and sufficient reasons for doing so, it may refuse to permit a particular individual to represent an appellant at the hearing.

6.5.11 Neither the Clearing House nor an appellant shall have the right to call any witness or cross examine any person who shall have provided any information to an Appeal Tribunal, PROVIDED that an Appeal Tribunal may permit any such cross examination on such terms as it may determine, if it decides that it is appropriate in the particular circumstances of that appeal so to do.

6.5.12 An Appeal Tribunal may have regard to such further or other documents and information and matters as it considers fair and reasonable in the circumstances.

6.5.13 Where in this paragraph 6.5 any time is giving for the doing of anything, the Chairman of the Tribunal shall have a discretion to extend such time if he determines that it is fair and reasonable in the circumstances so to do.

6.5.14 In considering an appeal, an Appeal Tribunal shall act fairly and impartially and shall take into consideration, inter alia, the following:

(a) the FCM Regulations, other specific Regulations, Default Rules and FCM Procedures of the Clearing House; and

(b) the Notice of Further Appeal; and

(c) all documentation and information placed before it by an appellant or by the Clearing House; and

(d) the role and concomitant obligations of the Clearing House ~~("~~(i.e., LCH.Clearnet Limited~~")~~) as a ~~recognised clearing house~~Recognised Clearing House under the Financial Services and Markets Act 2000.

6.5.15 An Appeal Tribunal may in its absolute discretion decline to entertain an appeal and shall dismiss such appeal where it considers the appeal to be frivolous or vexatious.

6.5.16 An appellant shall pay its own costs and expenses in relation to an appeal. The Clearing House shall meet its own costs, those of the Tribunal Members and those related to the hearing other than costs and expenses incurred by the appellant.

6.5.17 An Appeal Tribunal shall determine an appeal by majority vote although the voting of an Appeal Tribunal shall remain confidential and the result shall be presented as a unanimous view by that Appeal Tribunal. An Appeal Tribunal may:

(a) dismiss the appeal; or

(b) uphold the appeal.

6.5.18 An Appeal Tribunal shall deliver a written statement of its decision together its reasons to an appellant and the Clearing House within 28 days of the date of the hearing. Except in so far as an Appeal Tribunal may direct, information about proceedings before the Appeal Tribunal and the names of persons concerned in the proceedings shall not be made public.

6.5.19 In the event that an Appeal Tribunal determines to uphold the appeal then the Clearing House shall within 28 days of the receipt of the written decision, re-view and re-consider the decision upon which the appeal was based in the light of the conclusions of the Appeal Tribunal. The Clearing House agrees to be guided in reviewing its decision by the conclusions of the Appeal Tribunal.

6.6 **Requests For Review**

6.6.1 A Member who is aggrieved by any action taken by the Clearing House or decision of the Clearing House (other than any decision set out in 6.2 above or any decision taken under Regulation 13 in or under or in connection with the Clearing House's powers under the Default Rules and Procedures) may, no later than 14 days after the date of the decision or action, request a review of such action or decision by the Chief Executive of the Clearing House.

6.6.2 A Request for Review under this 6.6 shall be made in writing, addressed to the Chief Executive of the Clearing House at the registered office and shall set out details of the relevant decision or action, the reasons why the Member is aggrieved and details of such reasonable remedial or other action or monetary payment as that Member requests to be carried out in the circumstances.

6.6.3 The Chief Executive shall consider the Member's Request for Review and such further or other documents and information as he considers reasonably relevant and shall notify the Member in writing of the outcome of his review within a period of 28 days from receipt by him of the Request for Review. Where it is not possible to complete such review within such period of 28 days, the Chief Executive shall notify the Member accordingly and nominate a further period for the review, such period not to be longer than 3 months from the date of such notification to the Member.

6.7 **Market Disorders etc. and Default**

For the avoidance of doubt, the Clearing House shall be under no obligation to consider any Request for Review under 6.6 above or otherwise, or comply with the provisions of this Section 6, and no appeal or Request for Review may be lodged under this Section 11 or otherwise, in respect of any decision or action taken by the Clearing House under the provisions of Regulation 13 or in respect of any decision, action or other matter arising out of or connected to the operation of the Default Rules and Default Procedures and the Clearing House's powers thereunder.

APPENDIX 6A

APPEAL FORM

The Clearing House Appeal Procedures

Full Name of firm/company etc. lodging the appeal ("the appellant"):	
Registered office address:	
Contact address and telephone number and email (if different from the above):	
Contact name:	
Position:	
Description of decision appealed against (see Section 6.2 of the ~~Clearing House~~FCM Procedures):	
Date decision notified to appellant:	
Set out here the grounds for appeal (if there is not enough space, please use additional sheets and staple to this form)	
What action or remedy are you seeking?	

Pursuant to Section 6.3 of the ~~Clearing House~~FCM Procedures, we request that this appeal against the above mentioned decision of the Clearing House be referred to an Appeal Committee.

.....

Signed for and on behalf of the appellant

.....

(print name)

Notes:

Please enclose a che~~que~~ck payable to LCH.Clearnet Limited drawn on a UK branch, in the sum of £500 sterling. If your appeal is successful this sum will be refunded to you.

If there are any written representations, any documentation or further material which you would like the Appeal Committee to consider when determining your appeal, you may send it with this Appeal Form if you wish. Alternatively you may send it in later. However, please note that the FCM Procedures put a time limit on the submission of such material. See Section 6.4.2 of the ~~Clearing House~~FCM Procedures.

For any inquiries or further information please contact the Company Secretary, LCH.Clearnet Limited ~~on~~at +44 (0)20 7426 7000.

APPENDIX 6B

NOTICE OF FURTHER APPEAL

The Clearing House Appeal Procedures

Note: This form should only be used if you have had a determination of an Appeal Committee and you are now commencing a Second Tier Appeal under Section 6.5 of the ~~Clearing House~~FCM Procedures.

Full Name of firm/company etc. lodging the appeal ("the appellant"):	
Registered office address:	
Contact address and telephone number and email (if different from the above):	
Contact name:	
Position:	
Details of determination of Appeal Committee appealed against (see Section 6.5 of the ~~Clearing House~~FCM Procedures): Please attach a copy of the Determination	
Date of determination of the Appeal Committee:	
Set out here the grounds for appeal (if there is not enough space, please use additional sheets and staple to this form)	
What action or remedy are you seeking?	

Pursuant to Section 6.5 of the Clearing House Procedures, we request that an Appeal Tribunal be constituted to determine this appeal against the above mentioned determination of the Appeal Committee.

.....

Signed for and on behalf of the appellant

.....

(print name)

Notes:

If there are any written representations, any documentation or further material which you would like the Appeal Tribunal to consider when determining your appeal, you may send it with this Notice of Further Appeal Form you wish. Alternatively you may send it in later. However, please note that the Procedures put a time limit on the submission of such material. See Section 6.5.6 of the ~~Clearing House~~FCM Procedures.

For any inquiries or further information please contact the Company Secretary, LCH.Clearnet Limited ~~on~~at +44 (0)20 7426 7000.

COMPLAINTS

7. COMPLAINTS

7.1 Introduction

7.1.1 These FCM Procedures describe how a person (“(the “**Complainant**”) who:

(a) has a complaint about the conduct or behaviour or other actions of an FCM Clearing Member with regard to that FCM Clearing Member’s clearing activities with LCH; or

(b) has a complaint arising in connection with the performance of, or failure to perform, any of the Clearing House’s regulatory functions;

(c) may make a formal complaint, and how that complaint will be investigated and resolved.

7.2 How To Make A Complaint

7.2.1 A complaint with regard to the conduct or behaviour or other actions of an FCM Clearing Member in that FCM Clearing Member’s clearing activities conducted through the Clearing House or a complaint regarding the performance of the Clearing House or its failure to perform any of its regulatory functions:

(a) must be made in writing, dated and addressed to the Company Secretary LCH.Clearnet Limited at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, U.K.;

(b) should set out, as far as possible, details of the conduct, behaviour or other actions complained of, date/s and place/s it occurred, names of person involved, outcome sought, and any other relevant details;

(c) must be made no later than 3 months after the conduct, behaviour or other actions complained of, or, if the conduct, behaviour or other actions complained of consists of a series of events, no later than 3 months after the end of the last such event;

(d) must contain the full name and address of the complainant and, wherever possible details of a contact telephone number and email address.

7.2.2 In submitting a complaint in accordance with these FCM Procedures the Complainant may submit such further and other documentation and material which he/she believes may be relevant.

7.2.3 Upon receipt of a written complaint pursuant to these FCM Procedures, the Company Secretary shall acknowledge in writing to the address shown in the letter of complaint, receipt of the complaint. Such acknowledgment shall be made within 14 days of receipt of the letter of complaint. After receipt of a complaint in accordance with the procedure set out in this Section, the Clearing House shall conduct an internal investigation and review of such complaint in accordance with the procedures set out in Section 7.3 below.

7.3 **Internal Investigation And Review By The Clearing House**

7.3.1 No later than 14 days from receipt of a complaint of the type referred to in Section 7.1.1 or 7.1.2 above, the Company Secretary shall refer the complaint, together with any supporting material provided by the Complainant, to an Investigation Committee.

7.3.2 An Investigation Committee shall consist of any 3 of the following persons:

(a) the Deputy Chief Executive of LCH.Clearnet Limited;

(b) the Managing Director, Operations;

(c) the Managing Director, Finance;

(d) the Managing Director, Business Development;

(e) any person holding the position of Director at the Clearing House.

providing always that an Investigation Committee shall have at least one Managing Director or the Deputy Chief Executive among its number.

7.3.3 The Investigation Committee established pursuant to this Section 7 shall conduct an investigation into the subject matter of the complaint and shall deliver its report to the Complainant and to the Chief Executive of LCH.Clearnet Limited within a period of 12 weeks from the referral to it of the complaint. The committee may make such recommendations as it deems fit for resolving the subject matter of the complaint. The committee may, if it so decides, make no recommendations if it considers such course of action to be appropriate in the circumstances. The report shall contain reasons for the committee's decision.

7.3.4 The costs of the internal investigation and review shall be borne by LCH.

7.3.5 Where the Company Secretary receives a written complaint which is not a complaint regarding the conduct, behavio~~u~~r or other actions of an FCM Clearing Member in respect of its clearing activities with the Clearing House or is not a complaint arising in connection with the performance of, or failure to perform, any of the Clearing House's regulatory functions but is nevertheless a complaint regarding an FCM Clearing Member or regarding the conduct, behavio~~u~~r or actions of an officer or employee or other staff member of the Clearing House, then such complaint shall be referred to the Chief Executive of LCH.Clearnet Limited to be dealt with in accordance with the REQUESTS FOR REVIEW procedure set out in Section 6.6 (Appeals Procedures) of these FCM Procedures.

7.4 **Referral To An Independent Investigator**

7.4.1 In the event that the Complainant is dissatisfied with the outcome of the Internal Investigation and Review procedure set out in Section 7.3 above, or in the event that the Complainant does not receive the report of the Investigation Committee within 14 weeks of the submission of a complaint of the kind described in Sections 7.1.1 and 7.1.2 above, (and providing that the subject matter of the complaint (or substantially the same matters) shall not have already been referred to an independent investigator as a result of a complaint from that same Complainant) the Complainant may ask for the complaint to be referred to an

Independent Investigator nominated in accordance with the procedure set out in Section 7.5 below.

7.4.2 A request for referral to an Independent Investigator shall be made in writing to the Company Secretary and shall be made no later than 2 weeks following notification to the Complainant of the report of the Investigation Committee or 16 weeks from the submission of the original complaint to the Clearing House in accordance with Section 7.2.

7.4.3 Within 14 days of receipt of a written request, in accordance with Section 7.4.2 above, the Company Secretary shall refer the complaint to an Independent Investigator.

7.4.4 An Independent Investigator shall be nominated for this purpose by The Centre for Dispute Resolution (CEDR), London. Such investigator shall be a person:

(a) independent of LCH.Clearnet Limited (for these purposes "independent" shall mean that such person is not and has not been an officer, director or employee of LCH.Clearnet Limited); and

(b) with appropriate knowledge of how clearing in carried out by the Clearing House and of the ~~Regulations~~FCM Rulebook (including the FCM Procedures), and other relevant documentation, regulation and applicable law;

(c) with appropriate experience of the market activities in respect of which the complaint is focused.

7.4.5 The Clearing House shall be responsible for the payment of the fees and expenses of the Independent Investigator although this shall not give rise to any employment or other relationship between the Independent Investigator and the Clearing House, and shall not give rise to any duty between the Independent Investigator and the Clearing House other than that the Independent Investigator shall act as an independent complaints investigator in accordance with the terms of these FCM Procedures.

7.4.6 In the event, that for reasons beyond the reasonable control of the Clearing House, referral to an Independent Investigator is not made within the 2 week day period referred to in 7.4.3 above, then the Company Secretary shall notify the complainant in writing of the reasons for the delay.

7.5 Procedure For Dealing With The Complaint

7.5.1 Upon appointment, an Independent Investigator nominated in accordance with these FCM Procedures, shall forthwith notify the Complainant and the Clearing House in writing of his appointment and shall invite the Complainant and the Clearing House to make such submissions and submit such documentation as each may wish within such timescale as the Independent Investigator may determine.

7.5.2 The Independent Investigator shall determine his own procedure for considering the complaint referred to him, shall be guided by the requirements of fairness and, and may do, inter alia, any one or more of the following:

(a) interview the Complainant;

(b) interview a representative of the Clearing House;

(c) seek further or other information from the Clearing House and/or the Complainant;

(d) make such further or other reasonable inquiries as he/she deems fit in order properly and fully to investigate the Complaint.

7.6 **Outcomes**

7.6.1 The Independent Investigator shall, wherever reasonably possible, conclude his investigation of a complaint referred to him under these FCM Procedures, within a period of 2 months from the date of his nomination. Where it is not reasonably possible so to do on account of the nature or complexity of the matter referred to him or other good reason, then he shall notify the Complainant and the Clearing House in writing of this fact and provide a further date for the completion of the investigation.

7.6.2 The Independent Investigator shall, at the end of his investigation produce a written report setting out his findings, conclusions, and reasons for his conclusions. Such report shall be provided both to the Complainant and to the Clearing House but it shall not be made public unless the complaint is upheld in whole or in part and the Complainant so requests. In the event of such request, the report shall be made public by being published on the LCH.Clearnet Limited public website. Where only part of the complaint is upheld, then only that part of the report relating to that part of the complaint shall be so published.

7.6.3 In his written report the Independent Investigator may:

(a) dismiss the complaint; or

(b) uphold the complaint in its totality; or

(c) uphold part of the complaint and dismiss part of the complaint;

(d) make such recommendations as he/she deems fit in the circumstances including a recommendation that the Clearing House make a compensatory payment and/or takes such action as may be reasonably practicable to remedy the cause of the complaint.

DISCIPLINARY PROCEEDINGS

8. DISCIPLINARY PROCEEDINGS

8.1 SCOPE OF THIS PROCEDURE

All FCM Clearing Members are subject to Disciplinary Proceedings pursuant to Section 8 of these FCM Procedures (the "**Disciplinary Procedures**").

Any alleged breach by an FCM Clearing Member of an obligation set out in the FCM Rulebook (the "**Alleged Breach**") may be dealt with in accordance with the provisions of these Disciplinary Procedures.

These Disciplinary Procedures are without prejudice to:

(a) any action and/or measures that may be taken by the Clearing House based on any other procedure set out in the FCM Rulebook including, without limitation, the right of the Clearing House to issue a Default Notice under the Default Rules;

(b) the Clearing House's right to take no action where it considers that taking action would be disproportionate or otherwise, in its discretion;

(c) any provision of ~~Applicable Law~~applicable law concerning enforcement by the Regulatory Body.

8.2 INVESTIGATION PROCEDURE

Subject to the provisions of ~~Paragraph~~Section 8.3, the investigation of an Alleged Breach pursuant to these Disciplinary Proceedings shall be handled in accordance with this ~~Paragraph~~Section 8.2.

(a) Opening of the Investigation Procedure

When the Clearing House commences proceedings to investigate an Alleged Breach:

(i) the Clearing House shall send a written notice to the FCM Clearing Member, setting out details of the Alleged Breach, including a summary of the facts relied on in sufficient detail for a reasonable person in the FCM Clearing Member's position to properly understand and respond to the allegations made against it;

(ii) the Clearing House shall identify a suitably senior representative of any entity of the LCH.Clearnet group organi~~s~~zation that shall lead the investigation procedure on behalf of the Clearing House and shall inform the FCM Clearing Member who this representative will be in the written notice which is sent in accordance with sub-paragraph (i) above;

(iii) Following receipt of the written notice sent in accordance with sub-paragraph (i) above, the FCM Clearing Member shall be permitted to (x) raise objections in writing to the Alleged Breach of which it has been notified and/or (y) raise objections to the identity of the representative that is to lead the investigation procedure, on grounds

of conflicts of interest, within 48 hours. Where an objection is raised, either the Chief Executive Officer of the Clearing House or the Chief Compliance Officer shall discuss the perceived conflict of interest with the FCM Clearing Member within 24 hours and shall make a decision on whether an alternative representative needs to be identified for the purposes of sub-paragraph (ii) above;

(iv) the FCM Clearing Member shall be required to provide any information, copies or records and documents that may be reasonably requested, in connection with the examination of the Alleged Breach, to the Clearing House, save that the FCM Clearing Member shall not be compelled to disclose any information which it is prohibited from disclosing by virtue of ~~Applicable Law~~applicable law or regulation, as a result of agreements signed with third parties or as a result of legal professional privilege (in which case the FCM Clearing Member shall provide the Clearing House with proof of such prohibition). The FCM Clearing Member is permitted to request that the Clearing House provides to it copies of the documentation it relies on during the investigation, provided that the Clearing House shall not be required to reveal any information which it deems to be confidential;

(v) the Clearing House may send a representative (being either the representative identified as leading the investigation procedure on behalf of the Clearing House or another representative) to the FCM Clearing Member's offices at any time during normal business hours, having provided reasonable notice (being proportionate to the seriousness of the Alleged Breach) to the FCM Clearing Member as part of the investigation procedure. The FCM Clearing Member shall only be entitled to refuse access to such representative in the event of a substantiated conflict of interest. The FCM Clearing Member shall make available all information, records, and documents kept by the FCM Clearing Member, that may be reasonably required for the examination of the Alleged Breach, to the Clearing House's representative; and

(vi) the FCM Clearing Member shall exercise best endeavo~~u~~rs to procure the attendance of any of its directors, officers, employees, agents and representatives, as may be reasonably requested, at a specified time on reasonable notice (at either the offices of the Clearing House or those of the FCM Clearing Member) in order to answer questions or provide explanations that may be relevant for the examination of the Alleged Breach.

(b) Report

Following the conclusion of the investigation procedure, the Clearing House shall: (i) notify the FCM Clearing Member; and (ii) produce a written report (the "Report") in relation to the Alleged Breach and provide it to the FCM Clearing Member, within no more than 14 days as from the notification by the Clearing House of the conclusion of the investigation procedure.

The Report shall contain the findings of the investigation, reference the provision of the FCM Rulebook allegedly breached by the relevant FCM

Clearing Member and indicate the Clearing House's intended course of action in relation to the Alleged Breach, being either:

(i) to proceed with Disciplinary Proceedings, in accordance with these Disciplinary Procedures, if the Clearing House believes there to be prima facie evidence of the Alleged Breach having been committed;

(ii) to discontinue these Disciplinary Proceedings and refer the matter to the Chief Executive Officer of the Clearing House to take action in accordance with the provisions of the FCM Rulebook if the Clearing House believes there to be prima facie evidence of the Alleged Breach having been committed but the sanctions set out in Paragraph 8.4 of these Disciplinary Procedures are, in the Clearing House's reasonable opinion, inadequate; or

(iii) to take no further action.

(c) Disciplinary Committee Formation

Where the Clearing House determines that it wishes to proceed with Disciplinary Proceedings in accordance with Paragraph 8.2(b)(i) above, it will convene a "**Disciplinary Committee**" consisting of:

(i) The Chairman of the Risk Committee of the Clearing House, or his representative;

(ii) The Chief Compliance Officer, or his representative;

(iii) The Chief Risk Officer, or his representative, and

(iv) Two members of the Executive Committee of LCH.Clearnet Group Limited.

Details of the precise composition of the Disciplinary Committee shall be provided to the FCM Clearing Member as part of the Report, as appropriate.

(d) FCM Clearing Member Response

The FCM Clearing Member shall respond to the Disciplinary Committee, within 14 days of receiving a Report which indicates that the Clearing House intends to proceed with Disciplinary Proceedings, providing a statement of defen~~c~~se responding to the allegations.

If no response has been received by the Disciplinary Committee within 14 days or such extended period as has been agreed between the FCM Clearing Member and the Disciplinary Committee, the Clearing House shall be relieved of its obligations to follow the remaining steps of the investigation procedure (as set out in Paragraph 8.2(e) below) and the Disciplinary Committee may instead make a determination in respect of the Alleged Breach and issue its Recommendation to the Clearing House as provided for in Paragraphs 8.2(g) and 8.2(h) below.

(e) Exploratory Meetings

Once the FCM Clearing Member has responded to the Report, either the FCM Clearing Member or the Disciplinary Committee can, within 7 days, request a meeting with the other party to ask further questions and discuss the Alleged Breach (the "**Meeting**").

Unless otherwise agreed between the FCM Clearing Member and the Disciplinary Committee, the Meeting will be held at the Clearing House's offices in London, provided that, if appropriate, the Meeting may take place at the Clearing House's offices in New York, within 14 days from the request for a Meeting.

The Disciplinary Committee and the relevant FCM Clearing Member are each entitled to bring to the Meeting any person relevant to the Disciplinary Proceedings which includes but is not limited to the following:

~~8.2.2~~(i) relevant experts;

~~8.2.3~~(ii) legal advisors; and

~~8.2.4~~(iii) accounting advisors.

~~t~~The Clearing House and/or the FCM Clearing Member shall only be entitled to object to the attendance by any of the above if there is a substantiated conflict of interest.

The Disciplinary Committee shall, in addition, invite the Clearing House representative that led the investigation procedure to attend the Meeting.

The Disciplinary Committee shall, subject to the provisions of these Disciplinary Proceedings, decide upon its own procedure for conducting the Meeting and considering and determining the matters to be discussed in the course of the Meeting, on the basis of the Report, the FCM Clearing Member's response to the Report, and such other information and documentation as the Disciplinary Committee considers appropriate. A secretary will be appointed to keep minutes of the Meeting.

The Disciplinary Committee may reasonably request further or other documentation and information from the FCM Clearing Member, save that the FCM Clearing Member shall not be compelled to disclose any information which it is prohibited from disclosing by virtue of ~~Applicable Law~~applicable law or regulation, as a result of agreements signed with third parties or as a result of legal professional privilege (in which case the FCM Clearing Member shall provide the Clearing House with proof of such prohibition).

The matters discussed at the Meeting are confidential. The Disciplinary Committee and the FCM Clearing Member must ensure that any persons attending the Meeting are subject to a confidentiality agreement.

To ensure the efficiency of the Meeting, neither the Disciplinary Committee nor the FCM Clearing Member shall bring more than six representatives, unless otherwise agreed.

~~(a)~~(f) Determination

Having considered the Report, the FCM Clearing Member's response to the Report, any other information and documentation provided to the Disciplinary Committee in accordance with ~~Paragraph~~Section 8.2(e) above and conducted the Meeting, the Disciplinary Committee must determine whether, in its view, the Alleged Breach has been committed.

The Disciplinary Committee shall make its determination, in accordance with this ~~Paragraph~~Section 8.2(f), by a majority of the attendees, provided that no determination shall be made without a quorum of three (3) Disciplinary Committee members being in attendance.

In the event of a tie, the Chairman shall have a casting vote.

For the avoidance of doubt, the Disciplinary Committee shall not be bound to comply with any rule of ~~Applicable Law~~applicable law or regulation or court procedure in respect of the admissibility of evidence and may, in its discretion, accept, any finding of fact by:

(i) a relevant Regulatory Body;

(ii) a Governmental Authority; or

(iii) the courts of England and Wales, the State of New York or the United States, in connection with a Dispute.

~~(b)~~(g) Recommendation

Within 7 days of the later of:

(i) the FCM Clearing Member's response to the Report; and

(ii) the date of the Meeting, if applicable,

the Disciplinary Committee shall communicate its determination, made in accordance with ~~Paragraph~~Section 8.2(f) above, to the Clearing House (the "**Recommendation**").

The Disciplinary Committee shall set out in its Recommendation the grounds on which the Disciplinary Committee has determined that the Alleged Breach has or has not been committed and its proposal as to the sanctions, if any, that should be imposed by the Clearing House upon the FCM Clearing Member pursuant to ~~Paragraph~~Section 8.4 of these Disciplinary Procedures.

This ~~Paragraph~~Section 8.2(g) is without prejudice to the rights of the Disciplinary Committee to recommend that these Disciplinary Proceedings be discontinued and refer the matter to the Chief Executive Officer of the Clearing House to take action in accordance with the provisions of the Rules if the Disciplinary Committee has determined that the Alleged Breach has been committed but the sanctions set out in Paragraph 8.4 of these Disciplinary Procedures are, in the Disciplinary Committee's reasonable opinion, inadequate.

~~(c)~~(h) Decision Notice

Following receipt of a Recommendation, pursuant to ~~Paragraph~~Section 8.2(g) above, the Clearing House must decide whether or not to sanction the FCM Clearing Member in accordance with ~~Paragraph~~Section 8.4 of these Disciplinary Procedures or otherwise in accordance with the provisions of the Rules.

For the avoidance of doubt, the Clearing House shall not be bound by the terms of the Recommendation of the Disciplinary Committee.

A decision by the Clearing House in accordance with this ~~Paragraph~~Section 8.2(h) will be made by the Chief Executive Officer of the Clearing House or another suitably senior executive of the Clearing House.

Within 14 days of receiving a Recommendation, the Clearing House must notify the FCM Clearing Member of its decision by registered mail to the address notified to the Clearing House in its admission application (the "**Decision Notice**").

A Decision Notice shall include details of the grounds on which the Clearing House has come to its decision and the sanction(s), if any, to be imposed against the FCM Clearing Member by the Clearing House pursuant to ~~Paragraph~~Section 8.4 below or otherwise in accordance with the provisions of the Rules.

~~(d)~~(i) Action

Notwithstanding any decision by the Clearing House to convene a Disciplinary Committee and proceed with Disciplinary Proceedings in accordance with ~~Paragraphs~~Sections 8.2(c) to 8.2(i) above, the Clearing House may at any time choose to:

(i) discontinue the Disciplinary Proceedings;

(ii) determine that, in light of the relevant facts and circumstances, no sanction should be imposed upon the relevant FCM Clearing Member pursuant to ~~Paragraph~~Section 8.4 below or otherwise in accordance with the provisions of the Rules;

(iii) take alternative action in accordance with the provisions of the Rules (including, without limitation, suspension or termination of the FCM Clearing Member's membership of the Clearing House pursuant to the FCM Rulebook and/or the issuance of a Default Notice in respect of such FCM Clearing Member in respect of the FCM Clearing Member pursuant to the Default Rules), in which case the Clearing House shall be deemed to have instituted Disciplinary Proceedings in respect of the Alleged Breach; or

(iv) amend the scope of matters being considered by the Disciplinary Committee by amending the Report to add, delete or alter any detail of the Alleged Breach or to add detail of an additional Alleged Breach. For the avoidance of doubt, where the Report is amended in this way, the provisions of this ~~Paragraph~~Section 8.2 will apply (and, unless otherwise agreed between the FCM Clearing Member and the Disciplinary Committee, any timing specified in this ~~Paragraph~~Section 8.2 will restart) in respect of the amended Report.

8.3 **IMMEDIATE MEASURE**

Where the Alleged Breach comprises a breach of:

(a) any of an FCM Clearing Member's obligations set out in the FCM Rulebook when such breach constitutes a threat to the integrity or safety of the Clearing House or increases the risk exposure of the Clearing House or other FCM Clearing Members;

(b) an FCM Clearing Member's obligation to satisfy the relevant membership criteria pursuant to Section 1 of these FCM Procedures;

(c) an FCM Clearing Member's obligation to provide information and reporting to the Clearing House pursuant to Section 1 of these FCM Procedures;

(d) an FCM Clearing Member's obligations to submit its clearing activity to audits and inspections pursuant to Section 1 of these FCM Procedures;

(e) an FCM Clearing Member's obligations to satisfy its record keeping requirements pursuant to Section 1 of these FCM Procedures;

(f) an FCM Clearing Member's obligation to furnish the Clearing House with ~~M~~margin by the required time in accordance with FCM Regulation 9 and Section 3 of these FCM Procedures,

the Chief Executive Officer of the Clearing House or the Chief Compliance Officer shall be entitled at their sole discretion to, (a) issue a letter to the relevant FCM Clearing Member, reminding such member of their obligations under the FCM Rulebook or (b) impose a fine on the FCM Clearing Member in accordance with ~~Paragraph~~ Section 8.4, without being required to follow the procedure set out in ~~Paragraph~~ Section 8.2 above. In such circumstances the Clearing House must notify the FCM Clearing Member of its decision and the sanction that is to be imposed by way of a Decision Notice.

8.4 **SANCTIONS**

The Clearing House shall be entitled, in its absolute discretion, to impose the following sanctions against an FCM Clearing Member, pursuant to these Disciplinary Procedures, provided that any such sanction is proportionate and commensurate with the seriousness of the Alleged Breach:

(a) to impose a fine or require the FCM Clearing Member to make any other form of payment in an amount which it considers appropriate;

(b) public censure, by way of publishing all or part of the decision taken by the Clearing House pursuant to Disciplinary Proceedings on the Website;

(c) suspension for a fixed period, as determined by LCH.Clearnet Limited in its sole discretion from anyone or all of the clearing services offered by the Clearing House;

(d) issuance of a private warning or reprimand;

(e) termination of the FCM Clearing Membership Agreement; and/or

(f) any combination of the above.

8.5 **DISPUTING A DECISION**

Where an FCM Clearing Member wishes to dispute the Clearing House's decision to impose sanctions listed in ~~Paragraph~~Section 8.3 or 8.4, an FCM Clearing Member may, within 28 days (or such longer period as the Chief Executive Officer of the Clearing House or the Chief Compliance Officer may, at their discretion, direct) of receiving the Decision Notice in accordance with ~~Paragraph~~Section 8.2(h) or 8.3, file an Appeal in accordance with Section 6 of these FCM Procedures. In the event that the FCM Clearing Member does not lodge an appeal within the relevant timeframe, the decision rendered by the Clearing House in connection with the Alleged Breach shall be final and binding. In the event that the FCM Clearing Member does lodge an appeal, the results of the appeal process shall be final and binding.

8.6 **REPORTING AND PUBLICATION**

The Clearing House shall:

(a) report on its monitoring procedures in respect of the FCM Rulebook, compliance and breaches of the FCM Rulebook to its Regulatory Body pursuant to ~~Applicable Law~~applicable law and/or on the basis of any arrangements between the Clearing House and any Regulatory Body;

(b) immediately notify the Regulatory Body of a decision to suspend or terminate an FCM Clearing Member's membership rights or declare an FCM Clearing Member to be subject to an Event of Default (in each case in accordance with the FCM Rulebook); and

(c) prepare and publish a general report on the application of these Disciplinary Proceedings, from time to time but at least once a year, provided however that only the details of those FCM Clearing Members who have defaulted or whose membership rights have been suspended or terminated by the Clearing House shall be disclosed.

8.7 **INFRINGEMENT OF APPLICABLE LAW**

If the Clearing House finds, in the course of the investigation procedure, or otherwise, serious indications of a possible infringement of ~~Applicable Law~~applicable law, it shall report the matter to the relevant Regulatory Body as soon as possible.

Exhibit A-3
Default Rules
See Attached

LCH.CLEARNET LIMITED

The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, Part IV

DEFAULT RULES

1. Save where expressly stated to the contrary these Default Rules ("Rules") have effect with regard to the provision of clearing services for all markets cleared by the Clearing House.

2. (a) Words and expressions defined in the Clearing House's Rulebook shall have the same meanings in these Rules, save that in relation to the provision of clearing services by an FCM Clearing Member, words and expressions defined in the Clearing House's FCM Regulations shall have the same meanings in these Rules and such meanings shall prevail over any other meaning given to the relevant word or expression in the Clearing House's Rulebook;

   (b) A reference to a numbered Regulation in these Rules is a reference to the Regulation so numbered in the Regulations section of the Rulebook and a reference to a numbered FCM Regulation is a reference to the FCM Regulation so numbered in the FCM Regulations. A reference to a numbered Rule is a reference to the Rule so numbered in these Rules;

   (c) The expression "relevant office-holder" in these Rules has the meaning given to it by section 189 of the Companies Act 1989 and a reference to the defaulter shall include where the context permits a reference to the relevant office-holder; and

   (d) A reference to an agreement in these Rules is a reference to that agreement as amended, modified or varied from time to time.

3. In the event of a Clearing Member appearing to the Clearing House to be unable, or to be likely to become unable, to meet its obligations in respect of one or more Contracts, the Clearing House may (or upon the occurrence of an Automatic Early Termination Event, in which case such contracts will automatically terminate, the Clearing House will) take such steps listed in Rule 6 as in the circumstances appear to it best calculated:

   (a) to discharge all the Clearing Member's rights and liabilities under or in respect of all Contracts to which it is party or upon which it is or may be liable, and

   (b) to complete the process set out in Rule 8.

   Before taking any such step the Clearing House shall have regard to the interests of the members of any market that the Clearing Member may belong to and shall, where in the circumstances it is reasonably practicable to do so without prejudice to those interests if applicable or the interests of the Clearing House, consult any relevant Exchange to whose Exchange Rules open contracts registered in the name of the Clearing Member are subject. As soon as practicable after the Clearing House has elected to take any such step in relation to a Clearing Member (or in the case of an Automatic Early Termination Event as soon as practicable after the occurrence of such

event) the Clearing House shall send to such Clearing Member: (a) a notice of such step being taken or notice of the occurrence of an Automatic Early Termination Event (a "**Default Notice**"), and shall publish a copy of the Default Notice; and (b) in relation a defaulter who is a SwapClear Clearing Member, copies of any written notices received from the Individual Segregated Account Clearing Client(s) and/or any of the Omnibus Net Segregated Clearing Client(s) of that defaulter confirming their instructions for the Clearing House to arrange for a transfer or termination, close-out and re-establishment of their open SwapClear Contracts to/with the relevant Back-up SwapClear Clearing Member(s), provided, however, that the Clearing House shall have no liability for any failure to deliver such notices.

4. A Clearing Member (i) in respect of whom the Clearing House has issued a Default Notice under Rule 3; or (ii) in respect of whom an Automatic Early Termination Event has occurred is in these Rules called a “defaulter”.

5. Without prejudice to the generality of Rule 3, the Clearing House may take any or all of the events under paragraphs 5(a) to (q) below to show that a Clearing Member is or is likely to become unable to meet its obligations in respect of one or more Contracts. Also, the Clearing House may from time to time by publication in a circular to Clearing Members specify criteria (including but not limited to the jurisdiction of incorporation of a Clearing Member) according to which an event under paragraphs 5(i) to (p) below will constitute an Automatic Early Termination Event:

   (a) the Clearing Member fails duly to perform or is in breach of the Regulations, the FCM Regulations, the Procedures, or any of the terms of any agreement, understanding or arrangement with the Clearing House or the right of the Clearing Member to receive a transfer or termination, close-out and re-establishment of contracts pursuant to a Link has been suspended under Participating Exchange Rules, or a Clearing Member is a Defaulter (as defined in a Member Link Agreement to which the Clearing Member is a party);

   (b) the Clearing Member is in breach of the terms of membership of, or is declared to be in default by, or is suspended or expelled from membership of, an Exchange, a Participating Exchange or any other recognised, designated or overseas investment exchange or clearing house;

   (c) the Clearing Member is in breach of any Exchange Rules, Participating Exchange Rules or the rules of any recognised, designated or overseas investment exchange or clearing house;

   (d) the Clearing Member is in breach of the terms of membership of, or is refused an application for or is suspended or expelled from membership of, a Regulatory Body or is in breach of the rules of a Regulatory Body to which it is subject or its authorisation by a Regulatory Body is suspended or withdrawn;

   (e) a Regulatory Body takes or threatens to take action against or in respect of the Clearing Member under any statutory provision or process of law;

   (f) the Clearing Member is in default in the payment of any sum whatsoever due and payable to the Clearing House;

(g) the Clearing Member is in default in making or accepting a tender pursuant to Regulation 19 or in performing an open contract subject to tender or a delivery contract;

(h) the Clearing Member fails to pay any sum due and payable, or is otherwise in default under the terms of any agreement or threatens to suspend payment or to default under the terms of any agreement;

(i) in respect of the Clearing Member, a bankruptcy petition is presented or bankruptcy order made or a voluntary arrangement is approved;

(j) in respect of the Clearing Member, a receiver, manager or administrative receiver is appointed or a composition or scheme of arrangement is approved by the court;

(k) an assignment or composition is made by the Clearing Member for the benefit of creditors or any of them;

(l) a petition is presented for the winding up of the Clearing Member;

(m) an order is made for the winding up of the Clearing Member, or a resolution is passed for the winding up of the Clearing Member (save for the purpose of its amalgamation or reconstruction);

(n) in respect of the Clearing Member, a petition is presented or order made for the appointment of an administrator;

(o) the Clearing Member, being a partnership, is dissolved, or being a registered company, is dissolved or suffers its name to be struck off the register of companies;

(p) any step analogous to those mentioned in paragraphs (i) to (o) is taken in respect of the Clearing Member in any jurisdiction; or

(q) any distress, execution or other process is levied or enforced or served upon or against any property of the Clearing Member.

6. The steps which may be taken by the Clearing House under Rule 3 in respect of the defaulter or otherwise are:

(a) to register an original contract or an FCM ~~SwapClear~~ Transaction (as the case may be) in the name of the defaulter or to decline to register an original contract or an FCM ~~SwapClear~~ Transaction (as the case may be)~~-~~ in the name of the defaulter or otherwise to exercise the Clearing House's discretion with regard to the defaulter under Regulation 9(c) or, in the case of an FCM Clearing Member, FCM Regulation ~~5~~30(h);

(b) to effect a closing-out in respect of an open contract of the defaulter (whether by the entering into of a closing-out contract or otherwise) and at the option of the Clearing House to settle such contracts or to effect the transfer or termination, close-out and cash-settlement of an open contract of the defaulter by applying a price determined by the Clearing House in its discretion;

(c) to settle any open contract of which settlement might have been requested by the defaulter pursuant to Regulation 15(e) or 16;

(d) to invoice a Contract, other than a SwapClear Contract or an FCM SwapClear Contract or a ForexClear Contract, of the defaulter back by way of compulsory settlement in accordance with Regulation 28 at a price or premium determined under paragraph (d) of that Regulation;

(e) to sell any security deposited by the defaulter pursuant to Regulation 12 or, in the case of a defaulter who is an FCM Clearing Member, FCM Regulation 10, or any agreement made between the defaulter and the Clearing House by public or private sale for account of the defaulter without being obliged to obtain the defaulter's consent or any order of a court of law, and to appoint any person to execute any document for such purpose in the name and on behalf of the defaulter;

(f) subject to the Procedures, to exercise an option of the defaulter on its behalf notwithstanding that such exercise may take place on a day which is not a day prescribed for such exercise by any relevant Exchange Rules;

(g) to transfer an open contract of the defaulter to the account of another Clearing Member or to close-out and terminate such open contract and re-establish it with another Clearing Member, being a Clearing Member entitled and willing to have such open contract registered in its name or to transfer an open contract from the account of another Clearing Member to the account of the defaulter for the purposes of closing out an open contract registered in an account of the defaulter or for any other reason which the Clearing House considers appropriate in the circumstances without requiring the consent of any relevant Exchange;

(h) to take such steps as may be desirable, including crediting or debiting of accounts (including margin accounts), entry into new contracts, transfer of existing contracts, reversal of contracts, or termination, close-out and re-establishment of contracts, or any other step, to preserve as far as possible the position of any client of the Clearing Member. Where an open contract is transferred or closed-out, terminated, and re-established under paragraph (g), without requiring the consent of the relevant Exchange, to transfer (whether by way of transfer or by way of termination, close-out and re-establishment of positions) to the Clearing Member to whom the open contract is transferred (or with whom the replacement open contract is re-established) such cover held as security for the defaulter's obligations to the Clearing House on that account as the Clearing House may deem appropriate;

(i) tender or receive a tender in the defaulter's name;

(j) to perform an open contract subject to tender or a delivery contract by either delivery of or accepting delivery of the commodity the subject of such contract to or from, as the case may be, the defaulter, its agent or a third party in any manner permitted by the terms of the Contract and the Exchange Rules (if any);

(k) where the defaulter is party to an open contract subject to tender, to declare the defaulter's rights and liabilities in respect of performance thereof discharged, whereupon the provisions of Rule 7 shall apply to the defaulter in respect of the open contract;

(l) to make or procure the making of one or more contracts, including (without limitation) original contracts for the purpose of hedging market risk to which

the defaulter is exposed, and to register the same in the defaulter's name under the Regulations or the FCM Regulations (as the case may be);

(m) to make or procure the making of one or more contracts, whether or not in the terms of exchange contracts, for the sale, purchase or other disposition of a commodity, and to register the same in the defaulter's name under the Regulations;

(n) to designate a currency as a currency of account, and at the defaulter's expense to convert any sum payable by or to the defaulter in another currency into the currency of account;

(o) to take any step which in the circumstances is open to the Clearing House under any applicable Exchange Rules including, without limitation, to transfer (whether by way of transfer or by way of termination, close-out and re-establishment) an open contract of the defaulter to a Participating Exchange to be registered at the Participating Exchange in accordance with its rules;

(p) without prejudice to any other right of the Clearing House under the Regulations, to take such action as the Clearing House may deem necessary for its protection in the name and at the expense of the defaulter with regard to any open contract standing in its name;

(q) in respect of Contracts standing in the defaulter's name, to charge to its account the amount (or, if the amount is not finally known, the estimated amount) of any expenses incurred by the Clearing House with regard to or in consequence of the circumstances mentioned in Rule 3 or the steps which are or may be taken under this Rule, the Regulations or the FCM Regulations (as the case may be) and any expenses incurred with regard thereto under Rule 11 and the amount of any losses, costs or expenses incurred or suffered by the Clearing House referred to in paragraph (g) of Regulation 42 and any other amounts referred to in such paragraph;

(r) any other step calculated by the Clearing House to complete the process set out in Rule 8; and

(s) to obtain such advice or assistance, whether legal advice or otherwise, as the Clearing House may deem necessary and at the expense of the defaulter for any matter arising out of or in connection with the default,

PROVIDED that in the case of SwapClear Contracts, the steps which shall be taken by the Clearing House shall be set out in the SwapClear DMP Annex to these Default Rules, and

PROVIDED further that in the case of ForexClear Contracts, the steps which shall be taken by the Clearing House shall be set out in the ForexClear DMP Annex to these Default Rules.

7. (a) Where the Clearing House declares the defaulter's rights and liabilities under an open contract subject to tender discharged under Rule 6(k):

(i) those rights and liabilities and the rights and liabilities of the Clearing House under the open contract shall be discharged, and,

(ii) there shall arise between the defaulter and the Clearing House in respect of the open contract an obligation to account, as directed by

the Clearing House, for a settlement amount determined by the relevant Board under this Rule.

(b) The settlement amount referred to in paragraph (a) shall be an amount which, at the request of the Clearing House, the relevant Board determines to represent adequate compensation (in the circumstances known to the Board) for the discharge of the mutual rights and liabilities of the defaulter and the Clearing House under the open contract. The Board's determination shall be conclusive. The Clearing House shall direct how the settlement amount is to be accounted for between the defaulter and itself.

(c) Neither the Clearing House nor any relevant Board or Exchange shall have any liability whatsoever for anything done or omitted in the determination of a settlement amount under this Rule.

8. Upon the discharge of the defaulter's rights and liabilities under or in respect of all Contracts to which it is party the following process shall, subject to any contrary provision in Rule 16, be completed by the Clearing House:

(a) there shall be brought into account all sums payable: ~~(i)~~

(i) by or to a defaulter in respect of Contracts (other than FCM ~~SwapClear~~ Contracts); any other sum due under the Regulations; any sum due in respect of any breach of the Regulations; (except, if the Clearing House so determines at its discretion, any sum payable under a Contract as the price for the commodity the subject of such Contract delivered or to be delivered to the Clearing House by or on behalf of the defaulter); and/or any amount due from the defaulter to the Clearing House in respect of any Treasury Contract; ~~or (ii)~~

~~(a)~~(ii) by or to a defaulter in respect of FCM ~~SwapClear~~ Contracts; any other sum due under the FCM Regulations; and/or any sum due in respect of any breach of the FCM Regulations;

(b) the sums so payable shall be aggregated or set off so as to produce a net sum or as many net sums as required by Rule 10; and

(c) such net sum, or each such net sum:

(i) if payable by the defaulter to the Clearing House, shall be set off against any cover standing to the credit of the defaulter's account so as to produce a further net sum, or shall be aggregated with any debit balance of the defaulter's account, or

(ii) if payable by the Clearing House to the defaulter, shall be aggregated with any cover standing to the credit of the defaulter's account, or shall be set off against any debit balance of the defaulter's account so as to produce a further net sum.

(d) Where an amount is payable by the Clearing House to the defaulter in respect of a balance on its Proprietary Account or accounts, and there are amounts due to the Clearing House in respect of any client account or any FCM Omnibus OTC Client Account with LCH (as the case may be) operated by it, the balance on the Proprietary Account or accounts may be applied to meet the shortfall on the client account or accounts or on the FCM Omnibus

OTC Client Account(s) with LCH (as the case may be) in any way which the Clearing House may determine.

For the purposes of paragraph (a) of this Rule the Clearing House may assess the sum payable by or to the defaulter in respect of any breach of the Regulations or the FCM Regulations (as the case may be) in such reasonable manner as it thinks fit.

9. The sum, or each sum, finally payable by the defaulter to the Clearing House or by the Clearing House to the defaulter, or the fact that no sum is finally payable by either such party to the other, as the case may be upon completion of the process set out in Rule 8, shall be forthwith certified by the Clearing House. The certificate of the Clearing House under this Rule shall be conclusive as to the discharge of the defaulter's rights and liabilities in respect of the Contracts to which it relates. The Clearing House shall, as soon as practicable after issuing a Default Notice in respect of a Clearing Member, appoint a day on which any net sums certified under this Rule to be due to the defaulter are to be paid by the Clearing House. The day so appointed may fall before or after the effective date of termination of the defaulter's Clearing Membership Agreement but shall not fall on a day before the process specified in Rule 8 can be completed.

10. (a) Where the defaulter has more than one account with the Clearing House, the defaulter's accounts shall be combined for the purpose of Rules 8 and 9 as follows: an account which is an FCM Omnibus OTC Clearing Product Client Account with LCH of the defaulter other than an FCM Omnibus OTC Nodal Client Account with LCH of the defaulter may only be combined with other FCM Omnibus OTC Clearing Product Client Accounts with LCH of the defaulter other than FCM Omnibus OTC Nodal Client Accounts with LCH of the defaulter; an account which is an FCM Omnibus OTC Nodal Client Account with LCH of the defaulter may only be combined with other FCM Omnibus OTC Nodal Client Accounts with LCH of the defaulter; an account which is a Proprietary Account of the defaulter may be combined with any other Proprietary Accounts of the defaulter and (if the Clearing House so elects) Treasury Accounts of the defaulter (subject to Rule 8(d) and 10(d) of the Default Rules); and an account which is a Treasury Account of the defaulter may only be combined with other Treasury Accounts and (if the Clearing House so elects) Proprietary Accounts of the defaulter. Notwithstanding the foregoing, in no circumstances may an account which is an Individual Segregated Account of the defaulter or an Omnibus Net Segregated Account of the defaulter be combined with any other account of the defaulter.

(b) For the purposes of this Rule 10, each Individual Segregated Account of the defaulter and each Omnibus Net Segregated Account of the defaulter shall constitute a separate "kind of account". Where the defaulter has more than one kind of account with the Clearing House, the process set out in Rule 8 shall be separately completed in respect of each kind of account. In the case of each kind of account of the defaulter which is not an Omnibus Net Segregated Account, the sum finally payable in respect of that kind of account following completion of the process set out in Rule 8 shall be separately certified under Rule 9. In the case of each kind of account of the defaulter which is an Omnibus Net Segregated Account, the sum finally payable in respect of that kind of account following completion of the process set out in Rule 8 will be allocated by the Clearing House (pro rata as it sees fit in its sole discretion) between the Omnibus Net Segregated Clearing Clients sharing in that Omnibus Net Segregated Account. Each sum so allocated to

an Omnibus Net Segregated Clearing Client shall be separately certified under Rule 9.

(c) In Rule 8(c) the "defaulter's account" means:

(i) with regard to a net sum produced by reference to Contracts registered in an Individual Segregated Account of the defaulter, that Individual Segregated Account;

(ii) with regard to a net sum produced by reference to Contracts registered in an Omnibus Net Segregated Account of the defaulter, that Omnibus Net Segregated Account;

(iii) with regard to a net sum produced by reference to FCM ~~SwapClear~~ Contracts registered in one or more FCM Omnibus OTC Clearing Product Client Accounts with LCH of the defaulter other than any FCM Omnibus OTC Nodal Client Accounts with LCH of the defaulter, that FCM Omnibus OTC Clearing Product Client Account with LCH, or (if there is more than one) all those FCM Omnibus OTC Clearing Product Client Accounts with LCH combined;

~~(iii)~~(iv) with regard to a net sum produced by reference to FCM Nodal Contracts registered in one or more FCM Omnibus OTC Nodal Client Accounts with LCH of the defaulter, that FCM Omnibus OTC Nodal Client Account with LCH, or (if there is more than one) all those FCM Omnibus OTC Nodal Client Accounts with LCH combined;

~~(iv)~~(v) with regard to a net sum produced by reference to Contracts registered in one or more Proprietary Accounts of the defaulter, that Proprietary Account or those Proprietary Accounts combined and (if the Clearing House has elected in accordance with Rule 10(a)) any Treasury Accounts of the defaulter; and

~~(v)~~(vi) with regard to a net sum produced by reference to one or more Treasury Accounts of the defaulter, that Treasury Account or those Treasury Accounts combined, and (if the Clearing House has elected in accordance with Rule 10(a)) Proprietary Accounts.

(d) Notwithstanding any provision of the Rulebook to the contrary, any loss which relates to a Treasury Account may not be treated as a Default Loss (as defined in Rule 23(b)), whether or not cover has been applied in respect of such loss. Nothing in this Rule 10(d) requires the Clearing House to apply cover in respect of any such loss instead of any other amount referred to in Rule 8(a), except that the Clearing House may not apply cover in respect of any such loss to the extent that doing so would give rise to an Excess Loss (as defined in Rule 15).

11. Without further authorisation, permission or cooperation from the defaulter, the Clearing House may appoint any person to take or assist it in taking any step under these Rules or to complete or assist it in completing the process set out in Rule 8.

12. The Clearing House may co-operate, by the sharing of information and otherwise, with any Regulatory Body or relevant Exchange, any relevant office-holder acting in relation to the defaulter or its estate and any other authority or body having responsibility for, or any Clearing Member having an interest in, any matter arising out of or connected with the circumstances mentioned in Rule 3.

13. In addition to such copy report as it supplies under section 162(3) of the Companies Act 1989, the Clearing House shall report to the defaulter, or any relevant office-holder acting in relation to the defaulter or its estate, on steps taken in relation to the defaulter under Rule 6.

SWAPCLEAR DMP ANNEX

1. Scope and Interpretation

1.1 The Clearing House has established a SwapClear DMP which will apply to SwapClear Contracts following the issue of a Default Notice relating to a SwapClear Clearing Member and in respect of which, for the avoidance of doubt, the Clearing House will have no recourse to the process of invoicing-back. The fundamental principles of the SwapClear DMP are elaborated to the fullest extent possible in this Annex. Where exhaustive detail cannot be laid out in the provisions of this Annex, the SwapClear DMP will be undertaken on the basis of the principles contained herein.

1.2 The Clearing House has an obligation to ensure the on-going integrity of the SwapClear service and SwapClear Contracts in the interests of the Non-Defaulting SCMs. When a SwapClear Clearing Member defaults, Non-Defaulting SCMs are required to supply impartial expertise through the SwapClear DMG and to bid for the Auction Portfolios of a Defaulting SCM, as laid out in this Annex. In addition, most SCMs or their parent companies or subsidiaries or fellow subsidiaries, have direct interests in that integrity, notably as contributors to the various default funds of the Clearing House. Each SCM shall take all steps and execute all documents necessary or required by the Clearing House to comply with its obligations as a SCM arising out of this SwapClear DMP Annex.

1.3 The initial margining of SwapClear Contracts will be such so as to ensure that the acceptance of bids for the Auction Portfolios of a Defaulting SCM will recognise risk premiums, and that equivalent premiums will be paid by the Clearing House in closing-out large positions in other Contracts traded on exchange or ATS-organised markets.

1.4 In this Annex:

"**AIP**" has the meaning given in Rule 2.4 of this Annex;

"**Auction**" means the process of bidding by SwapClear Clearing Members for an Auction Portfolio prescribed by the Clearing House following consultation with the SwapClear DMG from time to time in accordance with Rule 2.3 of this Annex;

"**Auction Currency**" means in relation to an Auction, the currency of an Auction Portfolio which is the subject of that Auction;

"**Auction Losses**" has the meaning given in Rule 2.5.2 of this Annex;

"**Auction Portfolio**" means (i) a Portfolio; or (ii) a group of SwapClear Contracts resulting from the splitting of a Portfolio pursuant Rule 2.1 of this Annex including any connected hedging trades concluded by the Clearing House through Risk Neutralisation;

"**Bankruptcy Code**" means the U.S. Bankruptcy Code, as amended;

"**CEA**" means the U.S. Commodity Exchange Act, as amended;

"**CFTC**" means the U.S. Commodity Futures Trading Commission;

"**Currency Participant**" means, in respect of a specific SwapClear currency, a Non-Defaulting SCM who at the time the Clearing House declares a Default has SwapClear Contracts for that SwapClear currency registered in its name;

"**Derivatives Clearing Organization**" means an organisation designated and registered as such by way of United States Code Title 7, Chapter 1, paragraph 7a-1;

"**Equal Bid**" has the meaning given in Rule 2.3.5 of this Annex;

"**FCM House Business**" means the FCM SwapClear Contracts entered into by an FCM Clearing Member for its own account or for the account of an Affiliate;

"**Guidance**" means guidance, in the form of one or more written notices, issued from time to time pursuant to Rule 1.2 of this Annex by or on behalf of the Clearing House to SwapClear Clearing Members, supplementing the detail or conduct of any aspect of the SwapClear DMP;

“”**Higher Bid**” and “**Higher Bidder**” have the meanings given in Rule 2.5.3 of this Annex;

"**Initial Resources**" has the meaning given in Rule 2.5.2 of this Annex;

"**Losing Currency”** has the meaning given in Rule 2.5.4 of this Annex;

"**Losing Currency Original SCM**" has the meaning given in Rule 2.5.4 of this Annex;

"**Losing Currency Unfunded SCM**" has the meaning given in Rule 2.5.7 of this Annex;

“**Margin Cover**” has the meaning given in Rule 16(1) of the Default Fund Rules;

"**Non-defaulters' Contributions**" means the SwapClear Contributions made by Non-Defaulting SCMs to the SwapClear Default Fund;

"**Original Contributions**" has the meaning given in Rule 2.5.3 of this Annex;

"**Portfolios**" means, in respect of each SwapClear currency, the SwapClear Contracts in such currency registered in the name of a Defaulting SCM, and, where relevant, includes any connected hedging trades concluded by the Clearing House through Risk Neutralisation;

"**Potential Unfunded Contributions**" has the meaning given in Rule 2.4.2 of this Annex;

"**Recognised Clearing House**" mean an organisation which is declared to be a recognised clearing house by a recognition order (that is for the time being in force) made under section 290(1)(b) of the Financial Services and Markets Act 2000;

"**Relevant Original Contributions**" has the meaning given to it in Rule 2.5.3 of this Annex;

"**Relevant Unfunded Contributions**" has the meaning given to it in Rule 2.5.6 of this Annex;

"**Remaining Original Short Bidder**" has the meaning given in Rule 2.5.3 of this Annex;

"**Remaining Unfunded Short Bidder**" has the meaning given to it in Rule 2.5.6 of this Annex;

"**Risk Neutralisation**" means the process of reducing the market risk associated with a Defaulting SCM's obligations to the Clearing House under SwapClear Contracts by hedging the exposure prior to the auction process as described in Rule 2.2 of this Annex;

"**Short Bidder**" has the meaning given in Rule 2.5.3 of this Annex;

"**SwapClear Default Management Process Completion Date**" means the date when the SwapClear Default Management Process in relation to a Default has been completed as determined by the Clearing House in consultation with the SwapClear DMG and notified to all SCMs;

"**SwapClear DMG**" means the advisory Default Management Group established by the Clearing House pursuant to the terms of this Annex;

"**SwapClear DMP or SwapClear Default Management Process**" means the processes of the Clearing House outlined in this Annex, as the same may be supplemented and/or amended from time to time in accordance with this Annex; and

"**Worst Case Loss**" means, in respect of an Auction Portfolio or all of the SwapClear Contracts of a Non-Defaulting SCM denominated in a particular currency, the largest loss which could be incurred by the Clearing House in respect of the relevant group of SwapClear Contracts, as determined by the Clearing House using the SwapClear PAIRS margining algorithm based on 1250 historical scenarios (5 years history) and a holding period of 5 days.

1.5 Terms used in this Annex which are not defined herein shall have the meanings given to them in the Regulations and in the FCM Regulations.

2. SwapClear Clearing House Business and FCM House Business

The SwapClear Default Management Process in respect of SwapClear Clearing House Business and FCM House Business shall involve the stages described in this Rule 2.

2.1 Portfolio Splitting

The Clearing House, in consultation with and the assistance of the SwapClear DMG, shall determine the composition of each Auction Portfolio and shall have the discretion to divide a Portfolio into two or more individual Auction Portfolios with the aim of facilitating the efficiency of, and reducing the risk associated with, the auction process provided for in Rule 2.3 of this Annex. The overriding principle is that the Clearing House will structure Auction Portfolios with the intention of ensuring a SwapClear DMP which best protects the resources of the Clearing House, subject to compliance with applicable provisions of the CEA and regulations of the CFTC regarding segregation of client assets. Therefore, nothing in this Rule 2.1 shall be deemed to imply: (a) that the Clearing House is under any obligation to split a particular Portfolio of a Defaulting SCM (regardless of the number of SwapClear Contracts that such Portfolio contains); or (b) any particular requirements as to the composition of an individual Auction Portfolio, except that, subject to overriding risk

procedures it is broadly anticipated that the parameters of any Auction Portfolio shall not be materially different to those set out in the Clearing House's fire drill.

2.2 Risk Neutralisation

The Clearing House will, in consultation with and with the assistance of the SwapClear DMG, reduce the market risk associated with a Defaulting SCM's obligations to the Clearing House so far as is reasonably practicable by hedging the Clearing House's exposure in open SwapClear Contracts to which the Defaulting SCM is party. All such hedging shall be undertaken by the Clearing House with SCMs, on the basis of separate agreements between the Clearing House and each such SCM. The aim of Risk Neutralisation is to reduce market exposure to within defined tolerance limits expressed as deltas or other measures of market risk and as established from time to time by the Clearing House in consultation with the SwapClear DMG or as may reasonably be determined by the Clearing House in consultation with the SwapClear DMG once a Default has been declared under the Default Rules. For the avoidance of doubt, Risk Neutralisation may happen prior to, concurrently with and/or subsequently to the splitting of a Portfolio pursuant to Rule 2.1 above.

2.3 Auction

~~2.1.1~~2.3.1 Following the completion of Risk Neutralisation, the Clearing House shall auction each Auction Portfolio to Non-Defaulting SCMs. The Clearing House, in consultation with the SwapClear DMG, shall prescribe such procedures (in addition to those set out herein) for the conduct of the auction process as it considers reasonably appropriate from time to time.

~~2.1.2~~2.3.2 The Clearing House shall notify each SCM of all details that may be reasonably required in relation to an Auction Portfolio prior to the relevant Auction.

~~2.1.3~~2.3.3 The auction process may take place over a number of days and Auctions of different Auction Portfolios may take place at different times.

~~2.1.4~~2.3.4 SCMs will submit bids to the Clearing House representatives on the SwapClear DMG, who will ensure that the identities of the bidders are not revealed to the SCM representatives on the SwapClear DMG. For the avoidance of doubt, an SCM shall be entitled to submit a bid on behalf of one or more affiliated SCMs. The SwapClear DMG will oversee the bidding process in a manner which it considers best protects the resources of the Clearing House and ensures an orderly process.

~~2.1.5~~2.3.5 The Clearing House in consultation with the SwapClear DMG will have full discretion in deciding whether or not to accept a particular bid in an Auction and, in so deciding, will take into account the relevant factors that determine risk premiums, as well as the range of bids received relative to initial margin held and, subject to their availability, the Clearing House resources as set out in Rule 16 of the Clearing House's Default Fund Rules. In the event that more than one SCM submits a bid of the same value (each an "**Equal Bid**"), the Clearing House will, subject to its discretion to reject all such Equal Bids, select the bid which was received first in time.

~~2.1.6~~2.3.6 In the case of an Auction in which no bid is accepted or received (as the case may be), one or more further Auctions will be held in relation to the relevant Auction Portfolio. As soon as practicable following an Auction:

(a) in the event that a bid was accepted, the Clearing House will notify those Currency Participants in the relevant Auction Currency together with any other SCMs who participated in the Auction that a bid was accepted and shall notify the SCM who submitted the accepted bid that its bid was accepted;

(b) in the event that no bid was accepted, the Clearing House will notify all SCMs of the details of any further Auction.

~~2.1.7~~2.3.7 The SCM agrees to use all reasonable efforts to make a bid in an Auction for an Auction Portfolio in respect of which such SCM is a Currency Participant.

2.4 Auction Incentive Pools

~~2.1.8~~2.4.1 Before commencing the auction process, the Clearing House will calculate an auction incentive pool (each an "**AIP**") for each individual Auction Portfolio for the purposes of providing an initial allocation of the resources potentially available to it to satisfy any loss incurred in the Auction of each such Auction Portfolio. Notwithstanding such initial allocation, any resources utilised by the Clearing House will be allocated in accordance with Rule 2.5 below.

~~2.1.9~~2.4.2 For each AIP, the resources shall be allocated as follows:

(a) the resources of the Defaulting SCM (in the form of: (i) that part of the Margin Cover for the SwapClear Contracts of the Defaulting SCM pursuant to Rule 16(1) of the Default Fund Rules and (ii) the SwapClear Contribution made by the Defaulting SCM to the SwapClear Default Fund) available pursuant to Rule 16(2) of the Default Fund Rules at the time of the auction process will be allocated to the AIPs based on the proportion that (a) the risk of the relevant Auction Portfolio bears to (b) the aggregate of the risks (on an absolute basis) for all Auction Portfolios; the portion of the Capped Amount applied to the SwapClear Business of the Defaulting SCM pursuant to Rule 16(3) of the Default Fund Rules will be allocated to the AIPs based on the proportion that (a) the risk of the relevant Auction Portfolio bears to (b) the aggregate of the risks (on an absolute basis) for all Auction Portfolios; and

(b) the Non-defaulters' Contribution of each SCM and the total value of the SwapClear Unfunded Contributions which would be callable but have not been called by the Clearing House from the relevant SCM in respect of the relevant Default in accordance with Rule S8 of the Default Fund Rules (the "**Potential Unfunded Contributions**") will, subject to Rule 2.4.3 below, be allocated between the AIPs relating to the Auction Portfolios in which the relevant SCM is a Currency Participant based on the proportion that: (a) the risk of the SwapClear Contracts of such SCM denominated in the relevant currency bears to (b) the aggregate of the amounts calculated in (a) in respect of each currency in which the relevant SCM is a Currency Participant.

~~2.1.10~~2.4.3 Where a Portfolio for a particular Swapclear currency has been split into two or more Auction Portfolios, the Non-defaulters' Contributions and Potential Unfunded Contributions allocated to the AIP related to the relevant Portfolio will be further divided for the purposes of allocation into AIPs relating

to the relevant Auction Portfolios based on the proportion that (a) the risk of the SwapClear Contracts in each such Auction Portfolio bears to (b) the aggregate of the amounts calculated in (a) for each of the Auction Portfolios in the relevant currency.

2.5 Loss Attribution

~~2.1.11~~2.5.1 Following the completion of all Auctions of all Auction Portfolios of the Defaulting SCM, the Clearing House will determine whether losses incurred by it as a result of such Auctions are such that the Non-defaulters' Contributions must be utilised. Where applicable, such losses will be allocated to Non-defaulters' Contributions in accordance with the loss attribution process described in Rules 2.5.2 to 2.5.8 of this Annex.

~~2.1.12~~2.5.2 For each Auction Portfolio, losses to the Clearing House will be met using the resources as set out in Rule 16. In applying those resources, the Clearing House will allocate the losses in respect of each Auction Portfolio (the "**Auction Losses**") by reference to the resources allocated to the AIPs related to such Auction Portfolios in accordance with Rule 2.4 of this Annex. Where there are no Auction Losses in respect of an Auction Portfolio or the Auction Losses in respect of an Auction Portfolio do not require the full amount of the resources referred to in sub-paragraphs (a) and (b) of Rule 2.4.2 of this Annex allocated to the AIP related to the relevant Auction Portfolio (the "**Initial Resources**") to be fully utilised, the relevant surplus Initial Resources will be allocated pro rata between those AIPs relating to Auction Portfolios in respect of which there are Auction Losses requiring the utilisation of resources beyond the Initial Resources available in the relevant AIP in accordance with Rule 16(1), 16(2) and 16(3) until such time as all Initial Resources have been fully utilised.

~~2.1.13~~2.5.3 In the case of each Auction for which there are Auction Losses in respect of which the Non-defaulters' Contributions must be utilised, those Non-defaulter's Contributions, not including, for these purposes, any part of such Non-defaulters' Contributions that reflect any SwapClear Unfunded Contribution deposited with the Clearing House pursuant to the Default in respect of which the relevant Auction was held (the "**Original Contributions**") and which have been allocated to the AIP relating to the relevant Auction Portfolio (the "**Relevant Original Contributions**") will be used first in the following order:

(a) The Auction Losses will be attributed to the Relevant Original Contributions of those SCMs who are Currency Participants in the Auction Currency and who did not bid in the relevant Auction. Auction Losses will be attributed to the Relevant Original Contribution of an individual SCM pursuant to this sub-paragraph (i) based upon the proportion that: (a) the value of the Relevant Original Contribution of such SCM bears to (b) the total value of the Relevant Original Contributions of all SCMs who are Currency Participants in the Auction Currency and who did not bid in the relevant Auction;

(b) If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (i) above, those Auction Losses will be attributed to the Relevant Original Contributions of the Short Bidders. For the purposes of this sub-paragraph (ii) and sub-paragraph (ii) of Rule 2.5.6 of this Annex the

term "Short Bidder" means any SCM who is a Currency Participant in the Auction Currency and who submitted an unsuccessful bid in the relevant Auction save for any SCM who submitted a higher bid in an Auction than the bid accepted by the Clearing House in accordance with Rule 2.3.4 of this Annex (each such SCM, a "Higher Bidder" and each such bid, a "Higher Bid").

Auction Losses will be attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) based upon the proportion that (a) the variance of the bid of such Short Bidder from the winning bid (denominated in units of the relevant Auction Currency) bears to (b) the sum of the variances of the bids of all Short Bidders from the winning bid (denominated in units of the relevant Auction Currency);

Where the value of the Auction Losses attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) is greater than the value of the Relevant Original Contribution of such Short Bidder, the relevant excess Auction Losses will be attributed to each Short Bidder whose Relevant Original Contribution exceeds the value of the Auction Losses which have been attributed to it pursuant to this sub-paragraph (ii) (each a "Remaining Original Short Bidder") by (a) calculating the amount which is the bid of the relevant Remaining Original Short Bidder divided by the sum of the bids of all Remaining Original Short Bidders; and (b) multiplying such amount by the value of the relevant excess Auction Losses;

The Clearing House will repeat the loss attribution process described in this sub-paragraph (ii) until the first to occur of (a) the Auction Losses being fully met; and (b) the Relevant Original Contributions of all Short Bidders being fully attributed; and

(c) If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (ii) above, those Auction Losses will be attributed to the Relevant Original Contribution of the SCM who submitted the winning bid, together with, where applicable, the Relevant Original Contribution of any SCM who submitted a bid which is an Equal Bid or a Higher Bid in relation to that winning bid. The outstanding Auction Losses will be attributed to the Relevant Original Contribution of an individual SCM pursuant to this sub-paragraph (iii) based upon the proportion that: (a) the value of the Relevant Original Contribution of such SCM bears to (b) the total value of the Relevant Original Contributions of (i) the SCM who submitted the winning bid; (ii) any SCMs who submitted an Equal Bid to such winning bid; and (iii) any SCMs who were Higher Bidders, in the relevant Auction.

If, for an Auction Portfolio, there remain Auction Losses outstanding after the attribution process referenced to in sub-paragraph (iii) above, and there are AIPs relating to other Auction Portfolios in the same Auction Currency in which the Relevant Original Contributions have not been fully utilised, the Clearing House shall attribute the remaining Auctions Losses amongst such Remaining Original Contributions through the attribution process set out in sub-paragraphs (i) to (iii) above.

~~2.1.14~~2.5.4 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.3 above, those Auction Losses will be attributed to the Original Contributions of those SCMs who are Currency Participants in any other Auction Currency in relation to which Auction Losses have arisen to the extent that Non-defaulters' Contributions must be utilised (each a "**Losing Currency**") and whose Original Contributions have not yet been fully utilised (each a "**Losing Currency Original SCM**"). Such remaining Auction Losses will be attributed to any remaining Original Contribution of each such SCM pursuant to this Rule 2.5.4 based upon the proportion that: (a) the risk of all of the SwapClear Contracts of such SCM denominated in each of the Losing Currencies bears to (b) the aggregate of the amounts calculated in (a) for all Losing Currency Original SCMs. The Clearing House will repeat the loss attribution process described in this Rule 2.5.4 until the first to occur of (a) the Auction Losses being fully met; and (b) the Original Contributions of all Losing Currency Original SCMs being fully attributed.

~~2.1.15~~2.5.5 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.4 above, those remaining Auction Losses will be allocated to the Original Contributions of each SCM who is not a Currency Participant in any of the Losing Currencies based upon the proportion that (a) the value of each such Original Contribution bears to (b) the aggregate of the amounts calculated in (a) for each of such SCMs.

~~2.1.16~~2.5.6 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.5 above, the SwapClear Unfunded Contributions which have been allocated to the AIP relating to the relevant Auction Portfolio (the "**Relevant Unfunded Contributions**") will be used first in the following order:

(a) The Auction Losses will be attributed to the Relevant Unfunded Contributions of those SCMs who are Currency Participants in the Auction Currency and who did not bid in the relevant Auction. Auction Losses will be attributed to the Relevant Unfunded Contributions of an individual SCM pursuant to this sub-paragraph (i) based upon the proportion that: (a) the value of the Relevant Unfunded Contribution of such SCM bears to (b) the total value of the Relevant Unfunded Contributions of all SCMs who are Currency Participants in the Auction Currency and who did not bid in the relevant Auction;

(b) If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (i) above, those Auction Losses will be attributed to the Relevant Unfunded Contributions of the Short Bidders in the relevant Auction. Auction Losses will be attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) based upon the proportion that (a) the variance of the bid of such Short Bidder from the winning bid (denominated in units of the relevant Auction Currency) bears to (b) the sum of the variances of the bids of all Short Bidders from the winning bid (denominated in units of the relevant Auction Currency);

Where the value of the Auction Losses attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) is greater than the value of the Relevant Unfunded Contribution of such Short Bidder, the

relevant excess Auction Losses will be attributed to each Short Bidder whose Relevant Unfunded Contribution exceeds the value of the Auction Losses which have been attributed to it pursuant to this sub-paragraph (ii) (each a "**Remaining Unfunded Short Bidder**") by (a) calculating the amount which is the bid of the relevant Remaining Unfunded Short Bidder divided by the sum of the bids of all Remaining Unfunded Short Bidders; and (b) multiplying such amount by the value of the relevant excess Auction Losses;

The Clearing House will repeat the loss attribution process described in this sub-paragraph (ii) until the first to occur of (a) the Auction Losses being fully met; and (b) the Relevant Unfunded Contributions of all Short Bidders being fully attributed; and

(c) If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (ii) above, those Auction Losses will be attributed to the Relevant Unfunded Contribution of the SCM who submitted the winning bid, together with, where applicable, the Relevant Unfunded Contribution of any SCM who submitted a bid which is an Equal Bid or a Higher Bid in relation to that winning bid. The outstanding Auction Losses will be attributed to the Relevant Unfunded Contribution of an individual SCM pursuant to this sub-paragraph (iii) based upon the proportion that: (a) the value of the Relevant Unfunded Contribution of such SCM bears to (b) the total value of the Relevant Unfunded Contributions of (i) the SCM who submitted the winning bid; (ii) any SCMs who submitted an Equal Bid to such winning bid; and (iii) any SCMs who were Higher Bidders, in the relevant Auction.

If, for an Auction Portfolio, there remain Auction Losses outstanding after the attribution process referenced to in sub-paragraph (iii) above, and there are AIPs relating to other Auction Portfolios in the same Auction Currency in which the Relevant Unfunded Contributions have not been fully utilised, the Clearing House shall attribute the remaining Auctions Losses amongst such Remaining Unfunded Contributions through the attribution process set out in sub-paragraphs (i) to (iii) above.

~~2.1.17~~2.5.7 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.6 above, those Auction Losses will be attributed to the SwapClear Unfunded Contributions of those SCMs who are Currency Participants in any other Losing Currency and whose SwapClear Unfunded Contributions have not yet been fully utilised (each a "**Losing Currency Unfunded SCM**"). Such remaining Auction Losses will be attributed to any remaining SwapClear Unfunded Contributions of each such SCM pursuant to this Rule 2.5.7 based upon the proportion that: (a) the risk of all of the SwapClear Contracts of such SCM denominated in each of the Losing Currencies bears to (b) the aggregate of the amounts calculated in (a) for all Losing Currency Unfunded SCMs. The Clearing House will repeat the loss attribution process described in this Rule 2.5.7 until the first to occur of (a) the Auction Losses being fully met; and (b) the SwapClear Unfunded Contributions of all Losing Currency Unfunded SCMs being fully attributed.

~~2.1.18~~2.5.8 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.7 above, those remaining Auction Losses will be allocated to the SwapClear Unfunded Contributions of each SCM who is not a Currency Participant in any of the Losing Currencies based upon the proportion that (a) the value of each such SwapClear Unfunded Contribution bears to (b) the aggregate of the amounts calculated in (a) for each of such SCMs.

2.6 For the purposes of Rules 2.4 and 2.5 above, all references to the risk associated with an Auction Portfolio or with all of the SwapClear Contracts of a Non-Defaulting SCM denominated in a particular currency shall be references to such risk as determined by the Clearing House in its sole discretion on the basis of Worst Case Loss.

3. Default Management in respect of SwapClear Clearing Client Business and FCM Client Business

3.1 The SwapClear DMP in respect of any contract which is a SwapClear Contract in respect of SwapClear Clearing Client Business shall involve the stages described in Regulation 52B.

3.2 The SwapClear DMP in respect of any contract which is an FCM SwapClear Contract in respect of FCM Client Business shall be conducted in accordance with FCM Regulation 9(g).

4. Transfer of Cash Flows and Registration of Positions

4.1 Following the disposal of an Auction Portfolio by way of Auction (and notwithstanding that other Auction Portfolios of the Defaulting SCM may not yet have been auctioned) the Clearing House, will, with the co-operation of the SCMs, transfer to the SCM whose bid won that Auction Portfolio the rights and obligations, from the Defaulting SCM, arising out of the positions which that SCM has successfully bid for under the SwapClear Default Management Process. Such transfer may take place by way of registration of new positions with the Clearing House in the name of the relevant SCM, or novation of rights and obligations to the relevant SCM. All such registrations shall be made in a way that recognises the variation margin paid or received in relation to the SwapClear Contracts of the Defaulting SCM representing such new positions.

4.2 In order to effect the transfer of positions, the Clearing House shall prescribe such procedures and timetable as it considers reasonably appropriate in the circumstances. SCMs will be required to exercise best endeavours to comply with such requirements as may be established by the Clearing House, after consultation with the SwapClear DMG, to effect the transfer of positions, including but not limited to the payment of any sums due as a result of the winning bid and the provision of cover in an amount required by the Clearing House for initial margin and variation margin in respect of positions which are to be registered in their names. The Clearing House agrees that in such procedures it shall make provision for set-off by the Clearing House of amounts owed by the Clearing House to the SCM as a result of the operation of the SwapClear DMP against sums owed by the SCM to the Clearing House in respect thereof.

4.3 Where, as a result of an Auction, the Clearing House is required to make a payment to a SCM in respect of a winning bid, the Clearing House shall not be permitted to register any position, whether as a new position or as a novation of existing rights and obligations, to any such SCM if the Clearing House does not simultaneously

credit that SCM with the requisite amount. If any position is so registered without such payment, such registration shall be deemed void *ab initio* and unenforceable against the relevant SCM. For the avoidance of doubt, the Clearing House will utilise the resources available to it pursuant to Rule 16 of the Default Fund Rules for the purposes of making such a payment notwithstanding that other Auction Portfolios of the Defaulting SCM may not yet have been auctioned and that the loss attribution process provided for by Rule 2.5 of this Annex has not yet occurred.

5. Information Regarding the SwapClear DMP

Whenever the SwapClear DMP is implemented by the Clearing House in respect of a Defaulting SCM, the Clearing House will, with the assistance of the SwapClear DMG, provide such ongoing information to SCMs as the Clearing House deems reasonably appropriate in respect of the progress of the SwapClear DMP.

Nothing in this Rule 5 shall require the Clearing House to disclose information in respect of the SwapClear DMP which, in the reasonable opinion of the Clearing House, may be subject to obligations of confidentiality, may constitute market sensitive data or is, in the Clearing House's reasonable opinion, inappropriate for disclosure to SCMs.

6. Bankruptcy Code and Related Issues

Notwithstanding any other provision of this Annex in the event of a Default by an FCM Clearing Member, the completion of any and all actions, including but not limited to any transfers or transactions, permitted or required to be taken by the Clearing House hereunder shall be subject in all respects to the provisions of the Bankruptcy Code, Part 190 of the regulations of the CFTC, the Dodd-Frank Wall Street Reform and Consumer Protection Act 2010, and the receipt of any approvals required under the Bankruptcy Code or such regulations.

7. CEA Issues

Notwithstanding any other provision of this Annex in the event of a Default by an FCM Clearing Member, the operation of this Annex shall in all respects be subject to applicable provisions of the CEA and CFTC regulations regarding the handling, custody, liquidation, transfer and disposition of client positions and assets, including but not limited to those provisions requiring segregation of client assets and prohibiting application of the assets of non-defaulting clients to amounts owed by defaulting clients.

8. Miscellaneous

8.1 Subject to Rules 2.4 and 2.5 of this Annex, the resources available to the Clearing House and their order of use are defined in Rule 16 of the Default Fund Rules as modified and/or supplemented by the SwapClear Default Fund Supplement.

8.2 The Clearing House may from time to time supplement the details of any of the stages set out in Rule 2 of this Annex or any other aspects of the SwapClear DMP, in consultation with the SwapClear DMG, either by way of further Guidance or immediately on notice to SCMs on a case-by-case basis where the Clearing House deems it appropriate to do so in the circumstances of the Default, provided that the Clearing House may not take any such action that effects a material change to the terms of this Annex without the written consent of 50% of all SwapClear Clearing Members unless such change is invoked unilaterally against all SCMs and is necessary to manage the Clearing House's risk or otherwise to meet the Clearing

House's continuing regulatory obligations including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization. The Clearing House agrees that, in the ordinary course, it shall discuss any such Guidance with the SwapClear DMG prior to bringing the Guidance into effect except that it shall not be required to do so where (i) the Guidance is not material to the rights and obligations of the SCMs or (ii) the Clearing House deems it inappropriate to do so in the circumstances of the Default and it is not possible to convene the SwapClear DMG in timely fashion.

8.3 The timetable for implementation of the stages of the SwapClear Default Management Process following issue of a Default Notice by the Clearing House shall be either (1) as prescribed by the Clearing House from time to time in consultation with the SwapClear DMG and set out in Guidance; or (2) imposed by the Clearing House without prior notice to the SCMs on a case-by-case basis where the Clearing House, in consultation with the SwapClear DMG, deems it appropriate to do so in the circumstances of the Default.

9. Role and Constitution of SwapClear DMG

9.1 The SwapClear DMG shall meet at regular intervals in order to:

9.1.1 keep under review the SwapClear DMP, together with any Guidance issued in respect thereof;

9.1.2 keep under review the terms of reference of the SwapClear DMG to ensure they remain appropriate;

9.1.3 consider appropriate supplements or amendments to the SwapClear DMP and/or Guidance in order to improve the procedures in place; and

9.1.4 consider any other business relevant to the SwapClear DMP which any member of the SwapClear DMG from time to time sees fit to raise at such meetings.

9.2 The members of the SwapClear DMG shall also meet within one hour, or as soon as reasonably practical, following notification by the Clearing House that a Default Notice has been served upon an SCM, and at sufficiently frequent intervals thereafter for so long as may be necessary to assist the Clearing House in the implementation of the SwapClear DMP as contemplated under this Agreement. Such implementation shall include, without limitation, the provision of general default management advice with regard to: (1) the ongoing obligations of the Clearing House to its non-defaulting members; (2) the neutralisation and closing-out of the individual obligations of the Defaulting SCM; and (3) the splitting of Portfolios and the disposal of Auction Portfolios in accordance with the SwapClear DMP. Where it is not possible or practicable for the SCM to provide its nominated representative within an appropriate timeframe, it shall provide an alternate of suitable experience and expertise to participate on the SwapClear DMG.

9.3 The SwapClear DMG shall be made up of the following individuals who, unless stated otherwise, shall be appointed by the Clearing House which shall ensure that the composition is such as to provide effective review of the SwapClear DMP and suitable expertise and representation of market-making capacity in the event of a Default:

~~9.1.5~~9.3.1 in the event of the issuance of a Default Notice, the chief executive or deputy chief executive of the Clearing House, who shall act as chairman;

9.1.6 9.3.2 representatives of at least five SCMs, being senior executives with appropriate skills and expertise;

9.1.7 9.3.3 at least one director (staff member of director grade) of the Clearing House's Risk Management department; and

9.1.8 9.3.4 such other individuals as the SwapClear DMG considers appropriate from time to time in relation to individual meetings.

9.4 For the purpose of SwapClear DMG meetings convened to deal with a specific Defaulting SCM, the Clearing House may, after consultation with the SwapClear DMG, invite the Defaulting SCM to nominate one or more representatives to join the SwapClear DMG to assist it in carrying out its functions in the SwapClear DMP for that Defaulting SCM, and also request representatives from any other SCMs. In the event of receiving such request, the SCM shall be obliged to provide its nominated representative, or an alternate with appropriate skills, experience and expertise, as if the SCM were a member of the SwapClear DMG.

9.5 In establishing the SwapClear DMG, the Clearing House agrees that in the normal course of events (not including the Clearing House's declaration of a Default and the invocation of the processes as outlined in Rules 2, 3 and 4 of this Annex) it will, as far as practicable, and in accordance with the terms of reference of the SwapClear DMG, rotate the membership of the SwapClear DMG on a regular basis and amongst all SCMs. The SCM agrees that, when requested to do so by the Clearing House, it will make available a representative to participate in the SwapClear DMG. The Clearing House shall agree with the SCM the identity of such representative and shall be able to request a substitute where it believes the SCM's nominated representative does not have the requisite skills or expertise.

9.6 Each SCM who makes available a representative to serve on the SwapClear DMG agrees, and shall procure that, to the extent applicable, its representative agrees:

9.1.9 9.6.1 to ensure that such representative will be fully available, at any time and for such periods of time as the Clearing House may require during the course of a Default, to perform his function as a member of the SwapClear DMG including attending meetings, considering and advising the Clearing House upon aspects of the SwapClear DMP. The SCM shall ensure that a representative's other work commitments do not affect his availability for this purpose;

9.1.10 9.6.2 to take all steps to respect the confidential capacity in which such a representative receives information through the SwapClear DMG and to establish adequate procedures to prevent the disclosure or use for any commercial purpose outside the scope of the SwapClear DMP of any such confidential information by the SCM or its representative. Such procedures shall normally include, without limitation, the establishment of Chinese walls within the SCM; and

9.1.11 9.6.3 to be bound by and to ensure that it and any of its executives or directors serving on the SwapClear DMG complies with the requirements contained in the Procedures or the FCM Procedures (as the case may be).

9.7 Each SCM shall accept that:

9.1.129.7.1 representatives of SCMs serving on the SwapClear DMG are doing so in order to assist the Clearing House in ensuring the on-going integrity of the SwapClear service in the interests of Non-Defaulting SCMs; and

9.1.139.7.2 representatives of SCMs serving on the SwapClear DMG and their employers shall have no liability for any disinterested advice or actions, mandated or otherwise, that are undertaken as part of the SwapClear Default Management Process, provided, however, that nothing in this Rule 8.7.2 shall exclude the liability of such representatives and employers for any personal injury or death caused by their negligence or for any fraud or wilful default on the part of such representatives and employers.

9.8 The Clearing House agrees that, in exercising its rights and obligations in consulting with the SwapClear DMG pursuant to this Agreement, it will use all reasonable commercial endeavours to agree a common position with the SwapClear DMG, provided that nothing in this Rule shall prevent the Clearing House acting in a way which it reasonably determines necessary to manage its risk or otherwise meet its continuing regulatory obligations including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization.

FOREXCLEAR DMP ANNEX

1. Scope and interpretation

1.1 The Clearing House has established a ForexClear DMP which will apply to ForexClear Contracts following the issue of a Default Notice relating to a ForexClear Clearing Member and in respect of which, for the avoidance of doubt, the Clearing House will have no recourse to the process of invoicing-back. The fundamental principles of the ForexClear DMP are elaborated to the fullest extent possible in this Annex. Where exhaustive detail cannot be laid out in the provisions of this Annex, the ForexClear DMP will be undertaken on the basis of the principles contained herein.

1.2 The Clearing House has an obligation to ensure the on-going integrity of the ForexClear service and ForexClear Contracts in the interests of the Non-Defaulting FXCCMs. When a ForexClear Clearing Member defaults, Non-Defaulting FXCCMs are required to supply impartial expertise through the ForexClear DMG and to bid for the Auction Portfolios of a Defaulting FXCCM, as laid out in this Annex. In addition, most FXCCMs or their parent companies or subsidiaries or fellow subsidiaries, have direct interests in that integrity, notably as contributors to the various default funds of the Clearing House. Each FXCCM shall take all steps and execute all documents necessary or required by the Clearing House to comply with its obligations as a FXCCM arising out of this ForexClear DMP Annex.

1.3 The initial margining of ForexClear Contracts will be such so as to ensure that the acceptance of bids for the Auction Portfolio of a Defaulting FXCCM will recognise risk premiums, and that equivalent premiums will be paid by the Clearing House in closing-out large positions in other Contracts traded on exchange or ATS-organised markets.

1.4 In this Annex:

"**AIP**" has the meaning given in Rule 2.4 of this Annex;

"**Auction**" means the process of bidding by FXCCMs for an Auction Portfolio, prescribed by the Clearing House, following consultation with the ForexClear DMG from time to time in accordance with Rule 2.3 of this Annex;

"**Auction Currency Pair**" means in relation to an Auction, the Currency Pair of an Auction Portfolio which is the subject of that Auction;

"**Auction Losses**" has the meaning given in Rule 2.5.2 of this Annex;

"**Auction Portfolio**" means (i) a Portfolio: or (ii) a group of ForexClear Contracts resulting from the splitting of a Portfolio pursuant to Rule 2.1 of this Annex including any connected hedging trades concluded by the Clearing House through Risk Neutralisation;

"**Currency Pair**" bears the meaning set out at Part A of the Schedule to the ForexClear Regulations;

"**Currency Pair Participant**" means, in respect of a specific Currency Pair, a Non-defaulting FXCCM who at the time the Clearing House declares a Default has ForexClear Contracts for that Currency Pair registered in its name;

"**Defaulting FXCCM**" means an FXCCM who is a defaulter;

"**Derivatives Clearing Organization**" means an organisation designated and registered as such by way of United States Code - Title 7, Chapter 1, paragraph 7a–1;

"**Equal Bid**" has the meaning given in Rule 2.3.5 of this Annex;

"**ForexClear DMG**" means the advisory ForexClear Default Management Group established by the Clearing House pursuant to the terms of this Annex;

"**ForexClear Default Management Process**" or "**ForexClear DMP**" means the processes of the Clearing House outlined in this Annex, as the same may be supplemented and/or amended from time to time in accordance with this Annex;

"**ForexClear Default Management Process Completion Date**" means the date when the ForexClear Default Management Process in relation to a Default has been completed as determined by the Clearing House in consultation with the ForexClear DMG and notified to all FXCCMs;

"**Guidance**" means guidance, in the form of one or more written notices, issued from time to time pursuant to Rule 5.2 of this Annex by or on behalf of the Clearing House to FXCCMs, supplementing the detail or conduct of any aspect of the ForexClear DMP

"**Higher Bid**" and "**Higher Bidder**" have the meanings given in Rule 2.5.3 of this Annex;

"**Initial Resources**" has the meaning given in Rule 2.5.2 of this Annex;

"**Losing Currency"** has the meaning given in Rule 2.5.4 of this Annex;

"**Losing Currency Original FXCCM**" has the meaning given in Rule 2.5.4 of this Annex;

"**Losing Currency Unfunded FXCCM**" has the meaning given in Rule 2.5.7 of this Annex;

"**Margin Cover**" has the meaning given in Rule 16(1) of the Default Fund Rules;

"**Non-defaulters' Contributions**" means the ForexClear Contributions made by Non-Defaulting FXCCMs to the ForexClear Default Fund;

"**Original** Contributions" has the meaning given in Rule 2.5.3 of this Annex;

"**Portfolio**" means, in respect of each Currency Pair, the ForexClear Contracts in such Currency Pair registered in the name of a Defaulting FXCCM, and, where relevant, includes any connected hedging trades concluded by the Clearing House through Risk Neutralisation;

"**Potential Unfunded** Contributions" has the meaning given in Rule 2.4.2 of this Annex;

"**Recognised Clearing House**" mean an organisation which is declared to be a recognised clearing house by a recognition order (that is for the time being in force) made under section 290(1)(b) of the Financial Services and Markets Act 2000;

"**Relevant Original Contributions**" has the meaning given to it in Rule 2.5.3 of this Annex;

"**Relevant Unfunded Contributions**" has the meaning given to it in Rule 2.5.6 of this Annex;

"**Remaining Original Short Bidder**" has the meaning given in Rule 2.5.3 of this Annex;

"**Remaining Unfunded Short Bidder**" has the meaning given to it in Rule 2.5.6 of this Annex;

"**Risk Neutralisation**" means the process of reducing the market risk associated with a Defaulting FXCCM's obligations to the Clearing House under ForexClear Contracts by hedging the exposure prior to the auction process as described in Rule 2.2 of this Annex; and

"**Short Bidder**" has the meaning given in Rule 2.5.3 of this Annex.

1.5 Terms used in this Annex which are not defined herein shall have the meanings given to them in the General Regulations.

2. FOREXCLEAR DEFAULT MANAGEMENT PROCESS

The ForexClear Default Management Process in respect of ForexClear Clearing House Business shall involve the stages described in this Rule 2.

2.1 Portfolio Splitting

The Clearing House, in consultation with and the assistance of the ForexClear DMG, shall determine the composition of each Auction Portfolio and shall have the discretion to divide a Portfolio into two or more individual Auction Portfolios with the aim of facilitating the efficiency of, and reducing the risk associated with, the auction process provided for in Rule 2.3 of this Annex. The overriding principle is that the Clearing House will structure Auction Portfolios with the intention of ensuring a ForexClear DMP which best protects the resources of the Clearing House. Therefore, nothing in this Rule 2.1 shall be deemed to imply: (a) that the Clearing House is under any obligation to split a particular Portfolio of a Defaulting FXCCM (regardless of the number of ForexClear Contracts that such Portfolio contains); or (b) any particular requirements as to the composition of an individual Auction Portfolio, except that, subject to overriding risk procedures it is broadly anticipated that the parameters of any Auction Portfolio shall not be materially different to those set out in the Clearing House's fire drill.

2.2 Risk Neutralisation

The Clearing House will, in consultation with and with the assistance of the ForexClear DMG, reduce the market risk associated with a Defaulting FXCCM's obligations to the Clearing House so far as is reasonably practicable by hedging the Clearing House's exposure in open ForexClear Contracts to which the Defaulting FXCCM is party. Hedging may be undertaken in a number of sessions, but should be undertaken as quickly as is compatible with efficient execution. All such hedging shall be undertaken by the Clearing House with FXCCMs, on the basis of separate agreements between the Clearing House and each such FXCCM. The aim of Risk Neutralisation is to reduce market exposure to within defined tolerance limits expressed as deltas or other measures of market risk and as established from time

to time by the Clearing House in consultation with the ForexClear DMG or as may reasonably be determined by the Clearing House in consultation with the ForexClear DMG once a Default has been declared under the Default Rules. For the avoidance of doubt, Risk Neutralisation may happen prior to, concurrently with and/or subsequently to the splitting of a Portfolio pursuant to Rule 2.1 above.

2.3 **Auction**

2.3.1 Following the completion of Risk Neutralisation, the Clearing House shall calculate the AIP for each Auction Portfolio under Rule 2.4 and then shall auction each Auction Portfolio to Non-Defaulting FXCCMs. The Clearing House, in consultation with the ForexClear DMG, shall prescribe such procedures (in addition to those set out herein) for the conduct of the auction process as it considers reasonably appropriate from time to time.

2.3.2 The Clearing House shall notify each FXCCM of all details that may be reasonably required in relation to an Auction Portfolio prior to the relevant Auction.

2.3.3 The auction process may take place over a number of days and Auctions of different Auction Portfolios may take place at different times.

2.3.4 FXCCMs will submit bids to the Clearing House representatives on the ForexClear DMG, who will ensure that the identities of the bidders are not revealed to the FXCCM representatives on the ForexClear DMG. For the avoidance of doubt, an FXCCM shall be entitled to submit a bid on behalf of one or more affiliated FXCCMs. The ForexClear DMG will oversee the bidding process in a manner which it considers best protects the resources of the Clearing House and ensures an orderly process.

2.3.5 The Clearing House in consultation with the ForexClear DMG will have full discretion in deciding whether or not to accept a particular bid in an Auction and, in so deciding, will take into account the relevant factors that determine risk premiums, as well as the range of bids received relative to initial margin held and, subject to their availability, the Clearing House resources as set out in Rule 16 of the Clearing House's Default Fund Rules. In the event that more than one FXCCM submits a bid of the same value (each an "Equal Bid"), the Clearing House will, subject to its discretion to reject all such Equal Bids, select the bid which was received first in time.

2.3.6 In the case of an Auction in which no bid is accepted or received (as the case may be), one or more further Auctions will be held in relation to the relevant Auction Portfolio. As soon as practicable following an Auction:

a in the event that a bid was accepted, the Clearing House will notify those Currency Pair Participants in the relevant Auction Currency Pair together with any other FXCCMs who participated in the Auction that a bid was accepted and shall notify the FXCCM who submitted the accepted bid that its bid was accepted;

b in the event that no bid was accepted, the Clearing House will notify all FXCCMs of the details of any further Auction.

2.3.7 The FXCCM agrees to use all reasonable efforts to make a bid in an Auction for an Auction Portfolio in respect of which such FXCCM is a Currency Pair Participant.

2.4 Auction Incentive Pools

2.4.1 Before commencing the auction process, the Clearing House will calculate an auction incentive pool (each an "AIP") for each individual Auction Portfolio for the purposes of providing an initial allocation of the resources potentially available to it to satisfy any loss incurred in the Auction of each such Auction Portfolio. Notwithstanding such initial allocation, any resources utilised by the Clearing House will be allocated in accordance with Rule 2.5 below.

2.4.2 For each AIP, the resources shall be allocated as follows:

a the resources of the Defaulting FXCCM (in the form of: (i) that part of the Margin Cover for the ForexClear Contracts of the Defaulting FXCCM pursuant to Rule 16(1) of the Default Fund Rules and (ii) the ForexClear Contribution made by the Defaulting FXCCM to the ForexClear Default Fund) available pursuant to Rule 16(2) of the Default Fund Rules at the time of the auction process will be allocated to the AIPs based on the proportion that (a) the risk of the relevant Auction Portfolio bears to (b) the aggregate of the risks (on an absolute basis) for all Auction Portfolios;

b the portion of the Capped Amount applied to the ForexClear Business of the Defaulting FXCCM pursuant to Rule 16(3) of the Default Fund Rules will be allocated to the AIPs based on the proportion that (a) the risk of the relevant Auction Portfolio bears to (b) the aggregate of the risks (on an absolute basis) for all Auction Portfolios; and

c the Non-defaulters' Contribution of each FXCCM and the total value of the ForexClear Unfunded Contributions which would be callable but have not been called by the Clearing House from the relevant FXCCM in respect of the relevant Default in accordance with Rule F8 of the Default Fund Rules (the "**Potential Unfunded Contributions**") will, subject to Rule 2.4.3 below, be allocated between the AIPs relating to the Auction Portfolios in which the relevant FXCCM is a Currency Pair Participant based on the proportion that: (a) the risk of the ForexClear Contracts of such FXCCM denominated in the Currency Pair bears to (b) the aggregate of the amounts calculated in (a) in respect of each Currency Pair in which the relevant FXCCM is a Currency Pair Participant.

2.4.3 Where a Portfolio for a particular Currency Pair has been split into two or more Auction Portfolios, the Non-defaulters' Contributions and Potential Unfunded Contributions allocated to the AIP related to the relevant Portfolio will be further divided for the purposes of allocation into AIPs relating to the relevant Auction Portfolios based on the proportion that (a) the risk of the ForexClear Contracts in each such Auction Portfolio bears to (b) the aggregate of the amounts calculated in (a) for each of the Auction Portfolios in the relevant Currency Pair.

2.5 Loss Attribution

2.5.1 Following the completion of all Auctions of all Auction Portfolios of the Defaulting FXCCM, the Clearing House will determine whether losses incurred by it as a result of such Auctions are such that the Non-defaulters' Contributions must be utilised. Where applicable, such losses will be

allocated to Non-defaulters' Contributions in accordance with the loss attribution process described in Rules 2.5.2 to 2.5.8 below.

2.5.2 For each Auction Portfolio, losses to the Clearing House will be met using the resources as set out in Rule 16 of the Default Fund Rules. In applying those resources, the Clearing House will allocate the losses in respect of each Auction Portfolio (the "**Auction Losses**") by reference to the resources allocated to the AIPs related to such Auction Portfolios in accordance with Rule 2.4. Where there are no Auction Losses in respect of an Auction Portfolio or the Auction Losses in respect of an Auction Portfolio do not require the full amount of the resources referred to in sub-paragraphs (a) and (b) of Rule 2.4.2 allocated to the AIP related to the relevant Auction Portfolio (the "**Initial Resources**") to be fully utilised, the relevant surplus Initial Resources will be allocated pro rata between those AIPs relating to Auction Portfolios in respect of which there are Auction Losses requiring the utilisation of resources beyond the Initial Resources available in the relevant AIP in accordance with Rule 16(1), 16(2) and 16(3) of the Default Fund Rules until such time as all Initial Resources have been fully utilised.

2.5.3 In the case of each Auction for which there are Auction Losses in respect of which the Non-defaulters' Contributions must be utilised, those Non-defaulter's Contributions, not including, for these purposes, any part of such Non-defaulters' Contributions that reflect any ForexClear Unfunded Contribution deposited with the Clearing House pursuant to the Default in respect of which the relevant Auction was held (the "**Original Contributions**") and which have been allocated to the AIP relating to the relevant Auction Portfolio (the "**Relevant Original Contributions**") will be used first in the following order:

a The Auction Losses will be attributed to the Relevant Original Contributions of those FXCCMs who are Currency Pair Participants in the Auction Currency Pair and who did not bid in the relevant Auction. Auction Losses will be attributed to the Relevant Original Contribution of an individual FXCCM pursuant to this sub-paragraph (i) based upon the proportion that: (a) the value of the Relevant Original Contribution of such FXCCM bears to (b) the total value of the Relevant Original Contributions of all FXCCMs who are Currency Pair Participants in the Auction Currency Pair and who did not bid in the relevant Auction;

b If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (i) above, those Auction Losses will be attributed to the Relevant Original Contributions of the Short Bidders. For the purposes of this sub-paragraph (ii) and sub-paragraph (ii) of Rule 2.5.6, the term "**Short Bidder**" means any FXCCM who is a Currency Pair Participant in the Auction Currency Pair and who submitted an unsuccessful bid in the relevant Auction save for any FXCCM who submitted a higher bid in an Auction than the bid accepted by the Clearing House in accordance with Rule 2.3.4 (each such FXCCM, a "**Higher Bidder**" and each such bid, a "**Higher Bid**").

Auction Losses will be attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) based upon the proportion that (a) the variance of the bid of such Short Bidder from the winning bid in

USD bears to (b) the sum of the variances of the bids of all Short Bidders from the winning bid in USD;

Where the value of the Auction Losses attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) is greater than the value of the Relevant Original Contribution of such Short Bidder, the relevant excess Auction Losses will be attributed to each Short Bidder whose Relevant Original Contribution exceeds the value of the Auction Losses which have been attributed to it pursuant to this sub-paragraph (ii) (each a "**Remaining Original Short Bidder**") by (a) calculating the amount which is the bid of the relevant Remaining Original Short Bidder divided by the sum of the bids of all Remaining Original Short Bidders; and (b) multiplying such amount by the value of the relevant excess Auction Losses;

The Clearing House will repeat the loss attribution process described in this sub-paragraph (ii) until the first to occur of (a) the Auction Losses being fully met; and (b) the Relevant Original Contributions of all Short Bidders being fully attributed; and

c If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (ii) above, those Auction Losses will be attributed to the Relevant Original Contribution of the FXCCM who submitted the winning bid, together with, where applicable, the Relevant Original Contribution of any FXCCM who submitted a bid which is an Equal Bid or a Higher Bid in relation to that winning bid. The outstanding Auction Losses will be attributed to the Relevant Original Contribution of an individual FXCCM pursuant to this sub-paragraph (iii) based upon the proportion that: (a) the value of the Relevant Original Contribution of such FXCCM bears to (b) the total value of the Relevant Original Contributions of (i) the FXCCM who submitted the winning bid; (ii) any FXCCMs who submitted an Equal Bid to such winning bid; and (iii) any FXCCMs who were Higher Bidders in the relevant Auction.

If, for an Auction Portfolio, there remain Auction Losses outstanding after the attribution process referenced to in sub-paragraph (iii) above, and there are AIPs relating to other Auction Portfolios in the same Auction Currency Pair in which the Relevant Original Contributions have not been fully utilised, the Clearing House shall attribute the remaining Auction Losses amongst such Remaining Original Contributions through the attribution process set out in sub-paragraphs (i) to (iii) above.

2.5.4 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.3 above, those Auction Losses will be attributed to the Original Contributions of those FXCCMs who are Currency Pair Participants in any other Auction Currency Pair in relation to which Auction Losses have arisen to the extent that Non-defaulters' Contributions must be utilised (each a "**Losing Currency Pair**") and whose Original Contributions have not yet been fully utilised (each a "**Losing Currency Pair Original FXCCM**"). Such remaining Auction Losses will be attributed to any remaining Original Contribution of each such FXCCM pursuant to this Rule 2.5.4 based upon the proportion that: (a) the risk of all of the ForexClear Contracts of such FXCCM denominated in any of the

Losing Currency Pairs bears to (b) the aggregate risk of the amounts calculated in (a) for all Losing Currency Pair Original FXCCMs. The Clearing House will repeat the loss attribution process described in this Rule 2.5.4 until the first to occur of (a) the Auction Losses being fully met; and (b) the Original Contributions of all Losing Currency Pair Original FXCCMs being fully attributed.

2.5.5 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.4 above, those remaining Auction Losses will be allocated to the Original Contributions of each FXCCM who is not a Currency Pair Participant in any of the Losing Currency Pairs based upon the proportion that (a) the value of each such Original Contribution bears to (b) the aggregate of the amounts calculated in (a) for each of such FXCCMs.

2.5.6 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.5 above, the ForexClear Unfunded Contributions which have been allocated to the AIP relating to the relevant Auction Portfolio (the "**Relevant Unfunded Contributions**") will be used first in the following order:

a The Auction Losses will be attributed to the Relevant Unfunded Contributions of those FXCCMs who are Currency Pair Participants in the Auction Currency Pair and who did not bid in the relevant Auction. Auction Losses will be attributed to the Relevant Unfunded Contributions of an individual FXCCM pursuant to this sub-paragraph (i) based upon the proportion that: (a) the value of the Relevant Unfunded Contribution of such FXCCM bears to (b) the total value of the Relevant Unfunded Contributions of all FXCCMs who are Currency Pair Participants in the Auction Currency Pair and who did not bid in the relevant Auction;

b If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (i) above, those Auction Losses will be attributed to the Relevant Unfunded Contributions of the Short Bidders in the relevant Auction. Auction Losses will be attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) based upon the proportion that (a) the variance of the bid of such Short Bidder from the winning bid in USD bears to (b) the sum of the variances of the bids of all Short Bidders from the winning bid in USD;

Where the value of the Auction Losses attributed to an individual Short Bidder pursuant to this sub-paragraph (ii) is greater than the value of the Relevant Unfunded Contribution of such Short Bidder, the relevant excess Auction Losses will be attributed to each Short Bidder whose Relevant Unfunded Contribution exceeds the value of the Auction Losses which have been attributed to it pursuant to this sub-paragraph (ii) (each a "**Remaining Unfunded Short Bidder**") by (a) calculating the amount which is the bid of the relevant Remaining Unfunded Short Bidder divided by the sum of the bids of all Remaining Unfunded Short Bidders; and (b) multiplying such amount by the value of the relevant excess Auction Losses;

The Clearing House will repeat the loss attribution process described in this sub-paragraph (ii) until the first to occur of (a) the Auction

Losses being fully met; and (b) the Relevant Unfunded Contributions of all Short Bidders being fully attributed; and

c If and to the extent that there are Auction Losses outstanding after the attribution process referred to in sub-paragraph (ii) above, those Auction Losses will be attributed to the Relevant Unfunded Contribution of the FXCCM who submitted the winning bid, together with, where applicable, the Relevant Unfunded Contribution of any FXCCM who submitted a bid which is an Equal Bid or a Higher Bid in relation to that winning bid. The outstanding Auction Losses will be attributed to the Relevant Unfunded Contribution of an individual FXCCM pursuant to this sub-paragraph (iii) based upon the proportion that: (a) the value of the Relevant Unfunded Contribution of such FXCCM bears to (b) the total value of the Relevant Unfunded Contributions of (i) the FXCCM who submitted the winning bid; (ii) any FXCCMs who submitted an Equal Bid to such winning bid; and (iii) any FXCCMs who were Higher Bidders, in the relevant Auction.

If, for an Auction Portfolio, there remain Auction Losses outstanding after the attribution process referenced to in sub-paragraph (iii) above, and there are AIPs relating to other Auction Portfolios in the same Auction Currency Pair in which the Relevant Unfunded Contributions have not been fully utilised, the Clearing House shall attribute the remaining Auction Losses amongst such Remaining Unfunded Contributions through the attribution process set out in sub-paragraphs (i) to (iii) above.

2.5.7 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.6 above, those Auction Losses will be attributed to the ForexClear Unfunded Contributions of those FXCCMs who are Currency Pair Participants in any other Losing Currency Pair and whose ForexClear Unfunded Contributions have not yet been fully utilised (each a "**Losing Currency Pair Unfunded FXCCM**"). Such remaining Auction Losses will be attributed to any remaining ForexClear Unfunded Contributions of each such FXCCM pursuant to this Rule 2.5.7 based upon the proportion that: (a) the risk of all of the ForexClear Contracts of such FXCCM denominated in any of the Losing Currency Pairs bears to (b) the aggregate risk of the amounts calculated in (a) for all Losing Currency Pair Unfunded FXCCMs. The Clearing House will repeat the loss attribution process described in this Rule 3.5.7 until the first to occur of (a) the Auction Losses being fully met; and (b) the ForexClear Unfunded Contributions of all Losing Currency Pair Unfunded FXCCMs being fully attributed.

2.5.8 If and to the extent that there are Auction Losses outstanding following the attribution process referred to in Rule 2.5.7 above, those remaining Auction Losses will be allocated to the ForexClear Unfunded Contributions of each FXCCM who is not a Currency Pair Participant in any of the Losing Currency Pairs based upon the proportion that (a) the value of each such ForexClear Unfunded Contribution bears to (b) the aggregate of the amounts calculated in (a) for each of such FXCCMs.

2.6 For the purposes of Rules 2.4 and 2.5 above, all references to the risk associated with a ForexClear Contract shall be references to such risk as determined by the Clearing House in its sole discretion for the purpose of calculating initial margin in accordance with the Procedures.

3. TRANSFER OF CASH FLOWS / REGISTRATION OF POSITIONS

3.1 Following the disposal of an Auction Portfolio by way of Auction (and notwithstanding that other Auction Portfolios of the Defaulting FXCCM may not yet have been auctioned) the Clearing House, will, with the co-operation of the FXCCMs, transfer to the FXCCM whose bid won that Auction Portfolio the rights and obligations, from the Defaulting FXCCM, arising out of the positions which that FXCCM has successfully bid for under the ForexClear Default Management Process. Such transfer may take place by way of registration of new positions with the Clearing House in the name of the relevant FXCCM, or novation of rights and obligations to the relevant FXCCM. All such registrations shall be made in a way that recognises the variation margin paid or received in relation to the ForexClear Contracts of the Defaulting FXCCM representing such new positions.

3.2 In order to effect the transfer of positions, the Clearing House shall prescribe such procedures and timetable as it considers reasonably appropriate in the circumstances. FXCCMs will be required to exercise best endeavours to comply with such requirements as may be established by the Clearing House, after consultation with the ForexClear DMG, to effect the transfer of positions, including but not limited to the payment of any sums due as a result of the winning bid and the provision of cover in an amount required by the Clearing House for initial margin and variation margin in respect of positions which are to be registered in their names. The Clearing House agrees that in such procedures it shall make provision for set-off by the Clearing House of amounts owed by the Clearing House to the FXCCM as a result of the operation of the ForexClear DMP against sums owed by the FXCCM to the Clearing House in respect thereof.

3.3 Where, as a result of an Auction, the Clearing House is required to make a payment to an FXCCM in respect of a winning bid, the Clearing House shall not be permitted to register any position, whether as a new position or as a novation of existing rights and obligations, to any such FXCCM if the Clearing House does not simultaneously credit that FXCCM with the requisite amount. If any position is so registered without such payment, such registration shall be deemed void *ab initio* and unenforceable against the relevant FXCCM. For the avoidance of doubt, the Clearing House will utilise the resources available to it pursuant to Rule 16 of the Default Fund Rules for the purposes of making such a payment notwithstanding that other Auction Portfolios of the Defaulting FXCCM may not yet have been auctioned and that the loss attribution process provided for by Rule 2.5 has not yet occurred.

4. INFORMATION REGARDING DEFAULT MANAGEMENT PROCESS

4.1 Whenever the ForexClear DMP is implemented by the Clearing House in respect of a Defaulting FXCCM, the Clearing House will, with the assistance of the ForexClear DMG, provide such ongoing information to FXCCMs as the Clearing House deems reasonably appropriate in respect of the progress of the ForexClear DMP.

4.2 Nothing in this Rule 4 shall require the Clearing House to disclose information in respect of the ForexClear DMP which, in the reasonable opinion of the Clearing House, may be subject to obligations of confidentiality, may constitute market sensitive data or is, in the Clearing House's reasonable opinion, inappropriate for disclosure to FXCCMs.

5. MISCELLANEOUS

5.1 Subject to Rules 2.4 and 2.5 of this Annex, the resources available to the Clearing House and their order of use are defined in Rule 16 of the Default Fund Rules as modified and/or supplemented by the ForexClear Default Fund Supplement.

5.2 The Clearing House may from time to time supplement the details of any of the stages set out in Rule 2 of this Annex or any other aspects of the ForexClear DMP, in consultation with the ForexClear DMG, either by way of further Guidance or immediately on notice to FXCCMs on a case-by-case basis where the Clearing House deems it appropriate to do so in the circumstances of the Default, provided that the Clearing House may not take any such action that effects a material change to the terms of this Annex without the written consent of 50% of all ForexClear Clearing Members unless such change is invoked unilaterally against all FXCCMs and is necessary to manage the Clearing House's risk or otherwise to meet the Clearing House's continuing regulatory obligations including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization. The Clearing House agrees that, in the ordinary course, it shall discuss any such Guidance with the ForexClear DMG prior to bringing the Guidance into effect except that it shall not be required to do so where (i) the Guidance is not material to the rights and obligations of the FXCCMs or (ii) the Clearing House deems it inappropriate to do so in the circumstances of the Default and it is not possible to convene the ForexClear DMG in timely fashion.

5.3 The timetable for implementation of the stages of the ForexClear Default Management Process following issue of a Default Notice by the Clearing House shall be either (1) as prescribed by the Clearing House from time to time in consultation with the ForexClear DMG and set out in Guidance; or (2) imposed by the Clearing House without prior notice to the FXCCMs on a case-by-case basis where the Clearing House, in consultation with the ForexClear DMG, deems it appropriate to do so in the circumstances of the Default.

6. ROLE AND CONSTITUTION OF FOREXCLEAR DMG

6.1 The ForexClear DMG shall meet at regular intervals in order to:

6.1.1 keep under review the ForexClear DMP, together with any Guidance issued in respect thereof;

6.1.2 keep under review the terms of reference of the ForexClear DMG to ensure they remain appropriate;

6.1.3 consider appropriate supplements or amendments to the ForexClear DMP and/or Guidance in order to improve the procedures in place; and

6.1.4 consider any other business relevant to the ForexClear DMP which any member of the ForexClear DMG from time to time sees fit to raise at such meetings.

6.2 The members of the ForexClear DMG shall also meet within one hour, or as soon as reasonably practical, following notification by the Clearing House that a Default Notice has been served upon an FXCCM, and at sufficiently frequent intervals thereafter for so long as may be necessary to assist the Clearing House in the implementation of the ForexClear DMP as contemplated under this Agreement. Such implementation shall include, without limitation, the provision of general default management advice with regard to: (1) the ongoing obligations of the Clearing House to its non-defaulting members; (2) the neutralisation and closing-out of the individual obligations of the Defaulting FXCCM; and (3) the splitting of Portfolios and

the disposal of Auction Portfolios in accordance with the ForexClear DMP. Where it is not possible or practicable for the FXCCM to provide its nominated representative within an appropriate timeframe, it shall provide an alternate of suitable experience and expertise to participate on the ForexClear DMG.

6.3 The ForexClear DMG shall be made up of the following individuals who, unless stated otherwise, shall be appointed by the Clearing House which shall ensure that the composition is such as to provide effective review of the ForexClear DMP and suitable expertise and representation of market-making capacity in the event of a Default:

6.3.1 in the event of the issuance of a Default Notice, the chief executive or deputy chief executive of the Clearing House, who shall act as chairman;

6.3.2 at least six representatives of at least four FXCCMs, being senior executives with appropriate skills and expertise;

6.3.3 at least one director (staff member of director grade) of the Clearing House's Risk Management department; and

6.3.4 such other individuals as the ForexClear DMG considers appropriate from time to time in relation to individual meetings.

6.4 For the purpose of ForexClear DMG meetings convened to deal with a specific Defaulting FXCCM, the Clearing House may, after consultation with the ForexClear DMG, invite the Defaulting FXCCM to nominate one or more representatives to join the ForexClear DMG to assist it in carrying out its functions in the ForexClear Default Management Process for that Defaulting FXCCM, and also request representatives from any other FXCCMs. In the event of receiving such request, the FXCCM shall be obliged to provide its nominated representative, or an alternate with appropriate skills, experience and expertise, as if the FXCCM were a member of the ForexClear DMG.

6.5 In establishing the ForexClear DMG, the Clearing House agrees that in the normal course of events (not including the Clearing House's declaration of a Default and the invocation of the processes as outlined in Rules 2, 3 and 4 of this Annex) it will, as far as practicable, and in accordance with the terms of reference of the ForexClear DMG, rotate the membership of the ForexClear DMG on a regular basis and amongst all FXCCMs. The FXCCM agrees that, when requested to do so by the Clearing House, it will make available a representative to participate in the ForexClear DMG. The Clearing House shall agree with the FXCCM the identity of such representative and shall be able to request a substitute where it believes the FXCCM's nominated representative does not have the requisite skills or expertise.

6.6 Each FXCCM who makes available a representative to serve on the ForexClear DMG agrees, and shall procure that, to the extent applicable, its representative agrees:

6.6.1 to ensure that such representative will be fully available, at any time and for such periods of time as the Clearing House may require during the course of a Default, to perform his function as a member of the ForexClear DMG including attending meetings, considering and advising the Clearing House upon aspects of the ForexClear DMP. The FXCCM shall ensure that a representative's other work commitments do not affect his availability for this purpose;

6.6.2 to take all steps to respect the confidential capacity in which such a representative receives information through the ForexClear DMG and to establish adequate procedures to prevent the disclosure or use for any commercial purpose outside the scope of the ForexClear DMP of any such confidential information by the FXCCM or its representative. Such procedures shall normally include, without limitation, the establishment of Chinese walls within the FXCCM; and

6.6.3 to be bound by and to ensure that it and any of its executives or directors serving on the ForexClear DMG complies with the requirements contained in the Procedures.

6.7 Each FXCCM shall accept that:

6.7.1 representatives of FXCCMs serving on the ForexClear DMG are doing so in order to assist the Clearing House in ensuring the on-going integrity of the ForexClear Service in the interests of Non-Defaulting FXCCMs; and

6.7.2 representatives of FXCCMs serving on the ForexClear DMG and their employers shall have no liability for any disinterested advice or actions, mandated or otherwise, that are undertaken as part of the ForexClear Default Management Process, provided, however, that nothing in this Rule 6.7.2 shall exclude the liability of such representatives and employers for any personal injury or death caused by their negligence or for any fraud or wilful default on the part of such representatives and employers.

6.8 The Clearing House agrees that, in exercising its rights and obligations in consulting with the ForexClear DMG pursuant to this Agreement, it will use all reasonable commercial endeavours to agree a common position with the ForexClear DMG, provided that nothing in this Rule shall prevent the Clearing House acting in a way which it reasonably determines necessary to manage its risk or otherwise meet its continuing regulatory obligations including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization.

Exhibit A-4
Default Fund Rules
See Attached

LCH.CLEARNET LIMITED

(The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001, Part IV)

DEFAULT FUND RULES

14. These Default Fund Rules (including the ForexClear Default Fund Supplement, the SwapClear Default Fund Supplement and the RepoClear Default Fund Supplement) form part of the Default Rules and the Clearing House Rulebook but do not apply in relation to a Participating Exchange

Interpretation

15. For the purposes of Rules 15 to 37 (inclusive), the ForexClear Default Fund Supplement, the SwapClear Default Fund Supplement and the RepoClear Default Fund Supplement, the following terms have the following meanings:-

"***Aggregate Excess Loss***" means the total value of a General Excess Loss, a ForexClear Excess Loss, a SwapClear Excess Loss and/or a RepoClear Excess Loss (singularly or in combination), as the context requires;

"***Capped Amount***" has the meaning assigned to it in Rule 16(c);

"***Cleared Exchange Contract***" means, for the purposes of the Default Fund Rules, a Contract on the terms of a contract entered into under or in accordance with the rules of a Specified Exchange;

Contribution" has the meaning assigned to it in Rule 17;

"***Deductible***" means, at the time of preparation of a Rule 26 Certificate, the Capped Amount as defined in Rule 16(c);

"***Default***" means the issue, in respect of a Clearing Member, of a Default Notice as provided for by Rule 3 or the occurrence, in respect of a Clearing Member, of an Automatic Early Termination Event;

"***Default Loss***" has the meaning assigned to it in Rule 23(b);

"***Defaulting FXCCM***" means an FXCCM who is a defaulter under Rule 4;

"***Defaulting RCM***" means an RCM who is a defaulter under Rule 4;

"***Defaulting SCM***" means an SCM who is a defaulter under Rule 4;

"***EONIA***", means in relation to a RepoClear Contribution, the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page;

"***EquityClear Clearing Member***" includes, for the purposes of the Default Fund Rules, any Clearing Member participating in any part of the EquityClear service;

"***EquityClear Contracts***" includes, for the purposes of the Default Fund Rules, all cash equity contracts and CFDs cleared by the Clearing House;

"***EquityClear Contribution***" means the part of a Clearing Member's Contribution attributable to EquityClear business as calculated in accordance with Rules 18A, 19A, 19B and 32A;

"***EquityClear Fund Amount***" means, subject to Rule 32, £100,000,000;

"***EquityClear Transition Date***" means the first Quarter Day as at which the aggregate of EquityClear Contributions calculated under the formula stated in Rule 19A is equal to or greater than the EquityClear Fund Amount;

"***Excess Loss***" means a General Excess Loss;

"***Exchange Clearing Member***" includes, for the purposes of the Default Fund Rules, any Clearing Member participating in business conducted on Specified Exchanges and under the LCH Enclear OTC Regulations~~;~~ or part IV of the FCM Regulations (Regulations Applicable to FCM EnClear Contracts);

"***Exchange Contribution***" has the meaning assigned to it in Rule 19;

"***Exchange Fund Amount***" means, subject to Rule 32, £310,000,000;

"***Excluded Transaction***" means, subject to Rule 37, any Contract designated by the Procedures as excluded for the purposes of the Default Fund Rules;

"***Fed Funds Rate***" means the Federal Funds Rate as published by the Federal Reserve Bank of New York;

"***ForexClear Business***" means any transaction, obligation or liability arising out of any ForexClear Contract;

"***ForexClear Clearing Member***" or "FXCCM" means, for the purposes of the Default Fund Rules and the ForexClear Default Fund Supplement, a Clearing Member which engages in ForexClear Business;

"***ForexClear Contribution***" has the meaning assigned to it in Rule 17;

"***ForexClear Default Management Process***" has the meaning assigned to it in the ForexClear DMP Annex;

"***ForexClear Default Management Process Completion Date***" has the meaning assigned to it in the ForexClear DMP Annex;

"***ForexClear Default Period***" has the meaning ascribed to it in Rule F2 of the ForexClear Default Fund Supplement;

"***ForexClear Determination Date***" has the meaning assigned to it in Rule F2;

"***ForexClear DMG***" has the meaning assigned to it in the ForexClear DMP Annex;

"***ForexClear Excess Loss***" means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the proportion of the Deductible applicable to ForexClear Business under Rule 16(3) and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under

any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses arising out of ForexClear Business;

"***ForexClear Fund Amount***" means the amount as determined in accordance with Rule F2(c) of the ForexClear Default Fund Supplement;

"***ForexClear Loss Distribution Process***" has the meaning assigned to it in Rule F9 of the ForexClear Default Fund Supplement;

"***ForexClear Unfunded Contribution***" has the meaning assigned to it in Rule F8 of the ForexClear Default Fund Supplement;

"***ForexClear Unfunded Contribution Notice***" has the meaning assigned to it in Rule F8 of the ForexClear Default Fund Supplement;

"**ForexClear Voluntary Payment**" has the meaning assigned to it in Rule F10 of the ForexClear Default Fund Supplement;

"**ForexClear Voluntary Payment Notice**" has the meaning assigned to it in Rule F10 of the ForexClear Default Fund Supplement; and

"***General Business***" means any transaction, obligation or liability arising out of any Contract constituting EquityClear or Exchange business;

"***General Clearing Member***" means a Clearing Member which engages in General Business;

"***General Contribution***" has the meaning assigned to it in Rule 17;

"***General Excess Loss***" means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the proportion of the Deductible applicable to General Business under Rule 16(c) and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses arising out of General Business;

"***General Fund Amount***" means the sum of the EquityClear Fund Amount and the Exchange Fund Amount;

"***Insufficient Resources Determination***" has the meaning assigned to it in Rule S11 of the SwapClear Default Fund Supplement or Rule F11 of the ForexClear Default Fund Supplement, as applicable;

"***LIBOR***" means, in relation to a Contribution, the rate per annum (rounded upwards, if not already such a multiple, to the next whole multiple of one-sixteenth of one per cent) known as the British Bankers' Association Interest Settlement Rate for three-month deposits in sterling being offered to prime banking names in London at or about the time specified by the Procedures for fixing the rate of interest for the period for which interest is payable or, where no such rate is available, such rate as in the opinion of the Clearing House approximates thereto;

"***Margin Weight***" has the meaning assigned to it in Rule 19;

"***Minimum Contribution***" means, subject to Rule 32, the sum of the Minimum EquityClear Contribution and the Minimum ;

"***Minimum EquityClear Contribution***" means, subject to Rule 32, £1,000,000;

"***Minimum EquityClear Contribution Member***" means a Clearing Member in respect of which the Preliminary EquityClear Contribution calculated under Rule 19B is equal to or less than the Minimum EquityClear Contribution for the time being;

"***Minimum Exchange Contribution***" means, subject to Rule 32, £100,000;

"***Minimum Exchange Contribution Member***" means a Clearing Member in respect of which the Preliminary Exchange Contribution calculated under Rule 19 is equal to or less than the Minimum Exchange Contribution for the time being;

"Minimum ForexClear Contribution" means, subject to Rule F2, USD 5,000,000;

"***Minimum RepoClear Contribution***" means, subject to Rule R2, EUR 2,500,000;

"***Minimum RepoClear Contribution Member***" means an RCM in respect of which the Preliminary RepoClear Contribution calculated under Rule R2 is equal to or less than the Minimum RepoClear Contribution for the time being;

"***Minimum SwapClear Contribution***" means, subject to Rule S2, £10,000,000;

"***Minimum SwapClear Contribution Member***" means an SCM in respect of which the Preliminary SwapClear Contribution calculated under Rule S2 is equal to or less than the Minimum SwapClear Contribution for the time being;

"***Net Recovery***" means any sum received by the Clearing House from or for the account of a defaulter after the issue by the Clearing House of a Rule 26 Certificate in respect of losses arising upon the defaulter's Default less any amount payable to any insurer or provider of analogous services in respect of any amount due from but not previously paid by the defaulter;

"***New Member***" means:

(a) at the time of assessment of the amount of any General Contribution, any Clearing Member whose Clearing Member status commenced or will commence after the Quarter Day immediately before such time and includes any Clearing Member whose Clearing Membership Agreement commenced before the Quarter Day immediately before such time but who commenced or will commence clearing Cleared Exchange Contracts or EquityClear Contracts after the Quarter Day immediately before such time;

(b) at the time of assessment of the amount of any ForexClear Contribution, any FXCCM whose Clearing Member status commenced or will commence after the ForexClear Determination Date immediately before such time and includes any FXCCM whose Clearing Membership Agreement commenced before the ForexClear Determination Date immediately before such time but who

commenced or will commence clearing ForexClear Contracts after the ForexClear Determination Date immediately before such time;

(c) at the time of assessment of the amount of any SwapClear Contribution, any SCM whose Clearing Member status commenced or will commence after the SwapClear Determination Date immediately before such time and includes any SCM whose Clearing Membership Agreement commenced before the SwapClear Determination Date immediately before such time but who commenced or will commence clearing SwapClear Contracts after the SwapClear Determination Date immediately before such time; or

(d) at the time of assessment of the amount of any RepoClear Contribution, any RCM whose Clearing Member status commenced or will commence after the RepoClear Determination Date immediately before such time and includes any RCM whose Clearing Membership Agreement commenced before the RepoClear Determination Date immediately before such time but who commenced or will commence clearing RepoClear Contracts after the RepoClear Determination Date immediately before such time;

"***Non-Defaulting FXCCM***" means an FXCCM which is not a defaulter under Rule 4;

"***Non-Defaulting RCM***" means an RCM which is not a defaulter under Rule 4;

"***Non-Defaulting SCM***" means an SCM which is not a defaulter under Rule 4;

"***Quarter Day***" means each of 31 January, 30 April, 31 July and 31 October in any year or, if any such day is not a business day, the next succeeding business day, or, in exceptional circumstances, any such other business day as may be determined by the Clearing House;

"***Relevant Business***" means General Business, ForexClear Business SwapClear Business or RepoClear Business;

"***Relevant Default***" has the meaning ascribed to it in Rule S2 of the SwapClear Default Fund Supplement, Rule F2 of the ForexClear Default Fund Supplement or Rule R2 of the RepoClear Default Fund Supplement, as applicable;

"***RepoClear Amendment***" has the meaning assigned to it in Rule R.11 of the RepoClear Default Fund Supplement.

"***RepoClear Available Resources***" means, in respect of any RepoClear Default, the amounts available to the Clearing House for application in meeting any loss suffered by or incurred by the Clearing House in accordance with Rule 16(a) to (h) as at the Last Call prior to Default in respect of that RepoClear Default.

"***RepoClear Business***" means any transaction, obligation or liability arising out of any RepoClear Contract;

"***RepoClear Clearing Member***" or "RCM" means, for the purposes of the Default Fund Rules and the RepoClear Default Fund Supplement, a Clearing Member participating in any part of the RepoClear service;

"***RepoClear Contribution***" has the meaning assigned to it in Rule 17;

"***RepoClear Default***" means, any Default in respect of an RCM.;

"***RepoClear Default Management Process***" means the process for allocating RepoClear Default Losses pursuant to the RepoClear Default Fund Supplement;

"***RepoClear Default Management Process Completion Date***" means, in respect of a RepoClear Default, the earlier to occur of the date on which the Clearing House notifies the RCMs that all RepoClear Default Losses associated with that Default have been satisfied out of the RepoClear Available Resources and the last day of the Loss Distribution Period in respect of that RepoClear Default;

"***RepoClear Default Period***" has the meaning ascribed to it in Rule R.2 of the RepoClear Default Fund Supplement;

"***RepoClear Determination Date***" has the meaning assigned to it in Rule R2 of the RepoClear Default Fund Supplement;

"***RepoClear DMG***" means the advisory default management group established by the Clearing House for the purpose of the RepoClear Default Fund Supplement;

"***RepoClear Excess Loss***" means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the proportion of the Deductible applicable to RepoClear Business under Rule 16(c) and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses arising out of RepoClear Business;

"***RepoClear Loss Distribution Process***" has the meaning assigned to it in Rule R.9 of the RepoClear Default Fund Supplement;

"***RepoClear Segregated Fund Amount***" means the amount as determined in accordance with Rule R.3 of the RepoClear Default Fund Supplement;

"***RepoClear Unfunded Contribution***" has the meaning assigned to it in Rule R.8 of the RepoClear Default Fund Supplement;

"***RepoClear Unfunded Contribution Notice***" has the meaning assigned to it in Rule R.8 of the RepoClear Default Fund Supplement;

"***RepoClear Voluntary Payment***" has the meaning assigned to it in Rule R.10 of the RepoClear Default Fund Supplement;

"***RepoClear Voluntary Payment Notice***" has the meaning assigned to it in Rule R.10 of the RepoClear Default Fund Supplement;

"***Retiring Member***" means at any time any Clearing Member or, as the context may require, any former Clearing Member, who has given notice to terminate its Clearing Member status to the Clearing House or in respect of whom the Clearing House has terminated or given notice to terminate its Clearing Member status;

"***Rule 26 Certificate***" has the meaning assigned to it in Rule 26;

"***SONIA***", means in relation to a SwapClear Contribution or a RepoClear Contribution, the overnight rate as calculated by the Wholesale Market Broker's Association and appearing on the Reuters Screen SONIA Page;

"***Specified Exchange***" means Turquoise Global Holdings Limited, LIFFE Administration and Management Limited, The London Metal Exchange Limited, Nodal Exchange LLC, Hong Kong Mercantile Exchange Limited or any Exchange succeeding to any such person;

"***SwapClear Amendment***" has meaning assigned to it in Rule S12 of the SwapClear Default Fund Supplement;

"***SwapClear Business***" means any transaction, obligation or liability arising out of any SwapClear Contract;

"***SwapClear Clearing Member***" or "SCM" means, for the purposes of the Default Fund Rules and the SwapClear Default Fund Supplement, a Clearing Member participating in any part of the SwapClear service.

"***SwapClear Contribution***" has the meaning assigned to it in Rule 17;

"***SwapClear Default Management Process***" has the meaning assigned to it in the SwapClear DMP Annex;

"***SwapClear Default Management Process Completion Date***" has the meaning assigned to it in the SwapClear DMP Annex;

"***SwapClear Default Period***" has the meaning ascribed to it in Rule S2 of the SwapClear Default Fund Supplement;

"***SwapClear Determination Date***" has the meaning assigned to it in Rule S2 of the SwapClear Default Fund Supplement;

"***SwapClear DMG***" has the meaning assigned to it in the SwapClear DMP Annex;

"***SwapClear Excess Loss***" means the net sum or aggregate of net sums certified to be payable by a defaulter by a Rule 26 Certificate less (a) the proportion of the Deductible applicable to SwapClear Business under Rule 16(3) and (b) any sums then immediately payable in respect of Default Losses owed by such defaulter by any insurer or provider of analogous services under any policy of insurance or analogous instrument written in favour of the Clearing House in relation to Default Losses arising out of SwapClear Business;

"***SwapClear Loss Distribution Process***" has the meaning assigned to it in Rule S9 of the SwapClear Default Fund Supplement;

"***SwapClear Segregated Fund Amount***" means the amount as determined in accordance with Rule S2(b) of the SwapClear Default Fund Supplement;

"***SwapClear Unfunded Contribution***" has the meaning assigned to it in Rule S7 of the SwapClear Default Fund Supplement;

"***SwapClear Unfunded Contribution Notice***" has the meaning assigned to it in Rule S7 of the SwapClear Default Fund Supplement;

"***SwapClear Voluntary Payment***" has the meaning assigned to it in Rule S9 of the SwapClear Default Fund Supplement;

"***SwapClear Voluntary Payment Notice***" has the meaning assigned to it in Rule S9 of the SwapClear Default Fund Supplement; and

"***Volume Weight***" has the meaning assigned to it in Rule 19.

Words and expressions assigned meanings in the Clearing House Rulebook shall have the same meanings in these Rules.

Reduction of Losses on Default

16. Subject to any contrary provision of the Rulebook, where a defaulter fails to pay any sum payable to the Clearing House, the Clearing House shall reduce or bear its loss in the manner provided by this Rule:-

(a) first, to the extent the Clearing House determines appropriate, in applying any cover for margin and any other sum owed to the defaulter other than any Contribution (together, "***Margin Cover***"), provided that Margin Cover related to the General Business is to be applied first to any loss attributable to the General Business until such loss is absorbed, Margin Cover related to the ForexClear Business is to be applied first to any loss attributable to the ForexClear Business until such loss is absorbed, Margin Cover related to the SwapClear Business is to be applied first to any loss attributable to the SwapClear Business until such loss is absorbed and Margin Cover related to the RepoClear Business is to be applied first to any loss attributable to the RepoClear Business until such loss is absorbed;

(b) second, by recourse to (i) the defaulter's relevant Contribution (i.e. ForexClear Contribution in respect of ForexClear Business, SwapClear Contribution in respect of SwapClear Business, RepoClear Contribution in respect of RepoClear Business and General Contribution in respect of General Business), followed by (ii) any other Contribution made by the defaulter to the extent not utilised under (i) above. The Clearing House will exercise its rights of recourse under this Rule 16(b) by set-off against the Clearing House's obligation to repay the relevant Contributions to the defaulter;

(c) third, by payment from the Clearing House's own account of an amount up to a maximum of £20,000,000 (or such greater amount (if any) as may be determined from time to time by the Board of the Clearing House) (the "**Capped Amount**"). For the avoidance of doubt, amounts will only be paid under this stage (c) if and to the extent that to do so would not result in the Clearing House being unable to meet all its other liabilities (taking into account for these purposes the obligation of the Clearing House to return initial margin provided in the form of cash and to repay the Contributions of all Clearing Members).

Where there are amounts due from the defaulter at this stage in respect of more than one of General Business, ForexClear Business, SwapClear Business and RepoClear Business, the Capped Amount shall be applied to those amounts pro rata;

(d) fourth, to the extent that any insurance or analogous arrangement is not available to the Clearing House, by recourse to the indemnities given under Rule 28 by Clearing Members other than the defaulter (which shall be satisfied by set-off against the Clearing House's obligation to repay the relevant Contributions of such Clearing Members);

(e) fifth, by recourse to any insurance cover or analogous arrangement;

(f) sixth, by recourse to the indemnities given under Rule 28 by Clearing Members other than the defaulter (which shall be satisfied by set-off against the Clearing House's obligation to repay the relevant Contributions of such Clearing Members);

(g) seventh, by recourse to any other indemnities, guarantees, undertakings or monies provided by Clearing Members; and

(h) eighth, and in respect of General Excess Loss and RepoClear Excess Loss only, as a loss borne by the Clearing House for its own account. For the avoidance of doubt, amounts will only be paid under this stage (h) if and to the extent that to do so would not result in the Clearing House being unable to meet all its other liabilities (taking into account for these purposes the obligation of the Clearing House to return initial margin provided in the form of cash and to repay the Contributions of all Clearing Members).

This Rule has effect without prejudice to any rights of the Clearing House or any other person against the defaulter. For the avoidance of doubt, (i) the effect of Rule F11 is that only stages (a) to (g) under this Rule 16 will apply in respect of any ForexClear Excess Loss, and any outstanding contracts retained by the Clearing House will be closed out in accordance with the procedure set out in Rule F11 without any recourse to the capital of the Clearing House under Rule 16(h); and (ii) the effect of Rule S10 is that only stages (a) to (g) under this Rule 16 will apply in respect of any SwapClear Excess Loss, and any outstanding contracts retained by the Clearing House will be closed out in accordance with the procedure set out in Rule S10 without any recourse to the capital of the Clearing House under Rule 16(h).

Where a defaulter is engaged in more than one of General Business, ForexClear Business,SwapClear Business and RepoClear Business (each a "**Relevant Business**" in respect of the defaulter), the completion of the default management processes in respect of each such Relevant Business may occur at different times. The Clearing House may be required to make a determination in respect of one Relevant Business (including certification of a Default Loss under Rule 23(b), certification of a net sum payable under Rule 26(a) or the value of a General Excess Loss, ForexClear Excess Loss, SwapClear Excess Loss and/or RepoClear Excess Loss) in order to manage the default at a time when (a) the determination is contingent on an outcome of the default management process in respect of some other Relevant Business, and (b) that outcome has not yet been reached. In the interests of efficient resolution, the Clearing House may at such point make assumptions about that outcome, and proceed with the relevant process on that basis. Where any such assumptions have been made, the Clearing House shall, on the completion of the default management processes in respect of all Relevant Businesses, make such credits to the default funds relating to the Relevant Businesses and such distributions to former Clearing Members as may be necessary to put the default funds and those firms which had contributed to such default funds at the time of the relevant default in the position that they would have been if the correct outcomes had been used and the relevant assumptions had not been made.

Contributions to Fund

17. Each Clearing Member shall deposit and maintain with the Clearing House one or more sums of cash (each a "***Contribution***") in an amount calculated by the Clearing House in accordance with these Rules. A Clearing Member's "***General Contribution***" shall be equal to the sum of its EquityClear Clearing Member Contribution (if any), as defined in Rule 19A, and its Exchange Contribution (if any*),* as defined in Rule 19*,* denominated in sterling as cover, in accordance with Rules 15 to 37 (inclusive). An FXCCM's "***ForexClear Contribution***" shall be the amount specified in the ForexClear Default Fund Supplement, in accordance with Rules 15 to 37 (inclusive) and shall include any ForexClear Unfunded Contributions deposited and made by the FXCCM with the Clearing House. An SCM's "***SwapClear Contribution***" shall be the amount specified in the SwapClear Default Fund Supplement, in accordance with Rules 15 to 37 (inclusive) and shall include any SwapClear Unfunded Contributions deposited and made by the SCM with the Clearing House. An RCM's "***RepoClear Contribution***" shall be the amount specified in the RepoClear Default Fund Supplement, in accordance with Rules 15 is to 37 (inclusive) and shall include any RepoClear Unfunded Contributions deposited and made by the RCM with the Clearing House.

18. Subject to Rule 18A, the amount of each General Clearing Member's General Contribution shall be determined by the Clearing House as soon as practicable after each Quarter Day on the basis of information available as at close of business on such Quarter Day and notified to such General Clearing Member as soon as practicable after such determination in accordance with the Procedures.

18A Until the EquityClear Transition Date, and subject to Rule 32A, the Clearing House may require an EquityClear Clearing Member to deposit and maintain with the Clearing House an additional sum of cash (a "***Supplementary EquityClear Contribution***") denominated in sterling as cover, to form part of that Clearing Member's General Contribution. The Clearing House may exercise its rights under this Rule in respect of any date before the EquityClear Transition Date on which, in the reasonable opinion of the Clearing House, 10% of the Clearing Member's requirement for initial margin (as calculated under the Procedures section of the Rulebook or other arrangements applicable) in respect of all EquityClear Contracts significantly exceeds the Clearing Member's EquityClear Contribution actually held by the Clearing House on that date. A Supplementary EquityClear Contribution required to be deposited under this Rule shall be payable in such amount and at such time as the Clearing House shall appoint.

19. Subject to Rules 20, 21, 33 and 34, an Exchange Clearing Member's Contribution (its "***Exchange Contribution***") to the Exchange Fund Amount shall be determined with reference to business conducted by it on the Specified Exchanges and under the LCH Enclear OTC Regulations~~,~~ or part IV of the FCM Regulations (Regulations Applicable to FCM EnClear Contracts), as at close of business on each Quarter Day, as follows:-

(a) the Clearing Member's "***Margin Weight***" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect: (1) of all Contracts (other than EquityClear, SwapClear, ForexClear and RepoClear Contracts) and (2) all LCH Enclear OTC Contracts by the total of such average daily requirements applied to all Clearing Members other than defaulters;

(b) the Clearing Member's "***Volume Weight***" shall be calculated by dividing the average daily number of Cleared Exchange Contracts and LCH Enclear OTC

Contracts registered for the first time with the Clearing House in the name of the Clearing Member during the Reference Period by the total of such average numbers for all Clearing Members other than defaulters;

(c) the Clearing Member's "***Weight Factor***" shall be calculated by adding one-half of its Margin Weight as defined in (a) above to one-half of its Volume Weight as defined in (b) above;

(d) the Clearing Member's "***Preliminary Exchange Contribution***" shall be calculated by multiplying the Exchange Fund Amount by its Weight Factor;

(e) if the Clearing Member's Preliminary Exchange Contribution is below the Minimum Exchange Contribution for the time being, the Clearing Member's Exchange Contribution shall be the Minimum Exchange Contribution;

(f) for each Minimum Exchange Contribution Member, the arithmetical difference shall be calculated between (i) the Minimum Exchange Contribution and (ii) the Clearing Member's Preliminary Exchange Contribution, and the "***Exchange Surplus***" shall be calculated by adding together all such differences;

(g) for each Clearing Member other than a Minimum Contribution Member, the Clearing Member's "***Exchange Discount***" shall be such Clearing Member's *pro rata* share of the Exchange Surplus calculated as the proportion of such Clearing Member's Preliminary Exchange Contribution relative to the aggregate Preliminary Exchange Contributions of all Clearing Members other than Minimum Exchange Contribution Members;

(h) for each Clearing Member other than a Minimum Exchange Contribution Member, the Clearing Member's Exchange Contribution shall be the Preliminary Exchange Contribution less the Clearing Member's Exchange Discount; provided that if the outcome of such calculation would result in an Exchange Contribution less than the Minimum Exchange Contribution, such Clearing Member shall pay the Minimum Exchange Contribution notwithstanding that the arithmetical sum of Exchange Contributions paid by all Clearing Members may thereby exceed the Exchange Fund Amount.

19A Subject to Rules 18A, 20, 21, 32A, 33 and 34, each EquityClear Clearing Member's Contribution attributable to EquityClear business conducted by it shall be determined as at close of business on each Quarter Day before the EquityClear Transition Date and shall be the higher of the Minimum EquityClear Contribution and 10% of the Clearing Member's average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect of all EquityClear Contracts.

19B Subject to Rules 20, 21, 33 and 34, each EquityClear Clearing Member's Contribution attributable to EquityClear business conducted by it shall be determined as at close of business on the EquityClear Transition Date and each Quarter Day thereafter as follows:-

(a) the Clearing Member's "***EquityClear Margin Weight***" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the Clearing Member during the Reference Period in respect of all EquityClear

Contracts by the total of such average daily requirements applied to all Clearing Members other than defaulters;

(b) the Clearing Member's "***Preliminary EquityClear Contribution***" shall be calculated by multiplying the EquityClear Fund Amount by the Clearing Member's EquityClear Margin Weight;

(c) if the Clearing Member's Preliminary EquityClear Contribution is below the Minimum EquityClear Contribution for the time being, the Clearing Member's EquityClear Contribution shall be the Minimum EquityClear Contribution;

(d) for each Minimum EquityClear Contribution Member, the arithmetical difference shall be calculated between (i) the Minimum EquityClear Contribution and (ii) the Clearing Member's Preliminary EquityClear Contribution, and the "EquityClear Surplus" shall be calculated by adding together all such differences;

(e) for each Clearing Member other than a Minimum EquityClear Contribution Member, the Clearing Member's "EquityClear Discount" shall be such Clearing Member's pro rata share of the EquityClear Surplus calculated as the proportion of such Clearing Member's Preliminary EquityClear Contribution relative to the aggregate Preliminary EquityClear Contributions of all Clearing Members other than Minimum EquityClear Contribution Members;

(f) for each Clearing Member other than a Minimum EquityClear Contribution Member, the Clearing Member's EquityClear Contribution shall be the Preliminary EquityClear Contribution less the Clearing Member's EquityClear Discount; provided that if the outcome of such calculation would result in a EquityClear Contribution less than the Minimum EquityClear Contribution, such Clearing Member shall pay the Minimum EquityClear Contribution notwithstanding that the arithmetical sum of EquityClear Contributions paid by all Clearing Members may thereby exceed the EquityClear Fund Amount.

20. For the purposes of the calculations under Rules 18A, 19, 19A, 19B and 19C:-

(a) "***Reference Period***" means the period starting on the day immediately after the Quarter Day immediately before the Quarter Day as at which the determination is made and ending on the Quarter Day as at which the determination is made (including both the day at the start of the period and the day at the end of the period);

(b) no account shall be taken, in calculating Margin Weight or EquityClear Margin Weight, of any margin required in relation to an Excluded Transaction, nor in calculating Volume Weight of any Contract which is registered in the course of an Excluded Transaction;

(c) references to "**Clearing Members**" do not include references to defaulters (apart from any defaulter in respect of which the Clearing House permits the application of Rules 19, 19A, 19B andthis Rule) or persons which were formerly Clearing Members but are not Clearing Members on the date at which the determination is made;

(d) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds; and

(e) no account shall be taken, in calculating initial margin under Rules 18A, or 19A, and 19B Margin Weight under Rule 19 or EquityClear Margin Weight under Rule 19B, of any offsets in the initial margin required for Cleared Exchange Contracts from a Clearing Member, which may otherwise be permissible under the Procedures or other arrangements applicable.

Provided that the Clearing Member is not a defaulter, the amount of its Contribution shall be paid in accordance with and subject to Rule 22. The provisions of Rule 19, 19A, 19B and this Rule do not apply to a Clearing Member which is a defaulter, unless the Clearing House so permits in any particular case.

21. Without prejudice to any other requirements which the Clearing House may impose, the amount of the General Contribution of a New Member shall be the sum of (a) where the New Member has applied to become an EquityClear Clearing Member, the Minimum EquityClear Contribution, (b) where the New Member has applied to become an Exchange Clearing Member, the Minimum Exchange Contribution, and (d) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

Payment of Contributions

22. Upon determination of the amount of a General Contribution as at any Quarter Day:

(a) if the amount of the General Contribution of a General Clearing Member immediately before close of business on that Quarter Day exceeds the amount of the General Clearing Member's General Contribution as determined under these Rules as at close of business on that Quarter Day, the excess shall be paid by the Clearing House to such General Clearing Member in accordance with the Procedures;

(b) if the amount of the General Contribution of a Clearing Member immediately before close of business on that Quarter Day is the same as the amount of the General Clearing Member's General Contribution as so determined, no sum shall then be payable by or to such General Clearing Member in respect of its General Contribution; and

(c) if the amount of the General Contribution of a General Clearing Member immediately before close of business on that Quarter Day is less than the amount of the General Clearing Member's General Contribution as so determined, the shortfall shall be paid by such General Clearing Member to the Clearing House in accordance with the Procedures.

The provisions of this Rule do not apply to a General Clearing Member which is a defaulter, unless the Clearing House so permits in any particular case.

Terms on which Contribution is held

23. (a) Subject to Rules 23(b) and 23(c), the outstanding balance of a Clearing Member's Contribution (or, as appropriate, part thereof) shall be repayable to the Clearing Member on the earliest to occur of the following events:

(i) if the Clearing Member is not a defaulter, the effective date of termination of Clearing Member's status (including a Termination Date under General Regulation 39A or under FCM Regulation 26A);

(ii) if the Clearing Member has become a defaulter, the date or event appointed by the Clearing House for repayment of sums due to the Clearing Member under Rule 9;

(iii) the amount of the Contribution being reduced by virtue of the recalculation of its amount in accordance with Rule 19 or Rule F2 of the ForexClear Default Fund Supplement in respect of a ForexClear Contribution Rule S2 of the SwapClear Default Fund Supplement in respect of a SwapClear Contribution or Rule R.2 of the RepoClear Default Fund Supplement in respect of a RepoClear Contribution (in which case the Contribution shall be repayable only to the extent of such reduction);

(iv) the Clearing House making an Insufficient Resources Determination pursuant to Rule F11 or Rule S10; and

(v) the expiry of a period of 50 years from the date on which the Contribution was paid to the Clearing House.

(b) If a Clearing Member becomes a defaulter, the Clearing House shall as soon as practicable after any Margin Cover has been applied pursuant to Rule 16, certify one or more net sums then payable by the defaulter to the Clearing House in respect of General Business ("***General Business Default Loss***"), ForexClear Business ("***ForexClear Business Default Loss***") SwapClear Business ("***SwapClear Business Default Loss***") and/or RepoClear Business ("***RepoClear Business Default Loss***") (as applicable) (each a "***Default Loss***"), disregarding for this purpose any of the defaulting Clearing Member's Contributions. If the Clearing House certifies any Default Loss, all of the defaulting Clearing Member's Contributions shall immediately become due and repayable, but only in an amount not exceeding the total Default Loss. In this regard:

(i) where there is a General Business Default Loss only and the defaulter's General Contribution exceeds the General Business Default Loss, the defaulter's ForexClear Contribution SwapClear Contribution and RepoClear Contribution shall not become due and repayable;

(ii) where there is a ForexClear Business Default Loss only and the defaulter's ForexClear Contribution exceeds the ForexClear Business Default Loss, the defaulter's General Contribution SwapClear Contribution and RepoClear Contribution shall not become due and repayable; and

(iii) where there is a SwapClear Business Default Loss only and the defaulter's SwapClear Contribution exceeds the SwapClear Business Default Loss, the defaulter's General Contribution, ForexClear Contribution and RepoClear Contribution shall not become due and repayable; and ForexClear Contribution shall not become due and repayable.

(iv) where there is a RepoClear Business Default Loss only and the defaulter's RepoClear Contribution exceeds the RepoClear Business Default Loss, the defaulter's General Contribution, ForexClear Contribution and SwapClear Contribution shall not become due and repayable.

(c) If an amount becomes payable by the Clearing Member under Rule 28, the Clearing Member's relevant Contribution shall immediately become due and repayable, but only to the extent of such amount.

24. On any day interest shall accrue on the amount of each General Contribution then held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28, at such rate and in such manner as provided by the Procedures, provided that the rate of interest shall not be less than LIBOR plus one per cent. Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Fund Rules any interest which has accrued under this Rule shall not be regarded as part of the Contribution.

25. A Clearing Member's entitlement to repayment of any of its Contributions or any part of them shall not be capable of assignment by the Clearing Member, nor shall Contributions be capable of being charged or subject to any other form of security whether purporting to rank in priority over, *pari passu* with or subsequent to the rights of the Clearing House. Any purported charge or assignment by a Clearing Member (whether by way of security or otherwise) of its Contributions shall be void. A Clearing Member shall not otherwise encumber (or seek to encumber) its Contributions.

Application of defaulter's Contribution, and Certification of Aggregate Excess Losses

26. Without prejudice to any other right of set-off or application of funds to which the Clearing House may be entitled, in the event of a Default and the certification by the Clearing House of a Default Loss under Rule 23(b) in respect thereof the Clearing House shall without notice set off in or towards satisfaction of any sums payable to the Clearing House from the defaulter any amount of any Contribution of the defaulter which has become due and repayable in accordance with Rule 23(b). If the Clearing House is to have recourse, in accordance with Rule 16, to the indemnities, guarantees, undertakings or monies provided by Clearing Members other than the defaulter, as soon as practicable the Clearing House shall certify (by a "***Rule 26 Certificate***"):-

(a) the amount of the defaulter's Contribution applied under this Rule and the net sum (if any), or each net sum (if more than one), then immediately payable by the defaulter to the Clearing House in respect of (i) General Business, (ii) ForexClear Business (iii) SwapClear Business and (iv) RepoClear Business, taking into account for this purpose the defaulter's Contribution but excluding for this purpose any sum due to the Clearing House in respect of any Excluded Transaction; and

(b) the extent to which any sums so payable by the defaulter to the Clearing House but unpaid may be claimed by the Clearing House under a policy of insurance or analogous instrument relating to Default Losses.

The Clearing House may issue more than one Rule 26 Certificate in relation to losses arising upon any Default.

Where a Rule 26 Certificate is to be issued in respect of the Default of an FXCCM, the Clearing House may assume that no further recoveries will be made in respect of obligations of the Defaulting FXCCM beyond the value of its ForexClear Contribution.

Where a Rule 26 Certificate is to be issued in respect of the Default of an SCM, the Clearing House may assume that no further recoveries will be made in respect of obligations of the Defaulting SCM beyond the value of its SwapClear Contribution. Where a Rule 26 Certificate is to be issued in respect of the Default of an RCM, the Clearing House may assume that no further recoveries will be made in respect of obligations of the Defaulting RCM beyond the value of its RepoClear Contribution.

27. The Clearing House may in the exercise of the right conferred by Rule 26 set off the amount due (in accordance with Rule 23(b)) to a defaulter in respect of the defaulter's Contribution or any part thereof against sums owing on any account whether or not it is a client account, and the Clearing House shall have unfettered discretion in this regard. A defaulter's Contribution shall not be treated as standing to the credit of any client account of the defaulter except to the extent that any Default Loss certified under Rule 23(b) arises in relation to a client account and the Clearing House so requires.

Application of Fund and Indemnity

28. By virtue of the Clearing Membership Agreement and this Rule, and subject to Rule 29:

    (a) each Clearing Member engaged in General Business indemnifies the Clearing House in respect of General Excess Loss upon the Default of another Clearing Member in an aggregate amount not exceeding the amount due from it as its General Contribution at the date of the issue of the Rule 26 Certificate which relates to such Aggregate Excess Loss;

    (b) each Clearing Member engaged in ForexClear Business indemnifies the Clearing House in respect of the aggregate of the ForexClear Excess Losses calculated in respect of the Defaults of FXCCMs occurring in a ForexClear Default Period in an aggregate amount not exceeding the amount due from it as its ForexClear Contribution as calculated under the ForexClear Default Fund Supplement on the ForexClear Determination Date immediately prior to the commencement of the relevant ForexClear Default Period together with any ForexClear Unfunded Contribution that the Clearing House has called or would be entitled to call from such FXCCM during such ForexClear Default Period;

    (c) each SCM indemnifies the Clearing House in respect of the aggregate of the SwapClear Excess Losses calculated in respect of the Defaults of SCMs occurring in a SwapClear Default Period in an aggregate amount not exceeding the amount due from it as its SwapClear Contribution as calculated under the SwapClear Default Fund Supplement on the SwapClear Determination Date immediately prior to the commencement of the relevant SwapClear Default Period together with any SwapClear Unfunded Contribution that the Clearing House has called or would be entitled to call from such SCM during such SwapClear Default Period; and

    (d) each RCM indemnifies the Clearing House in respect of the aggregate of the RepoClear Excess Losses calculated in respect of the Defaults of RCMs occurring in a RepoClear Default Period in an aggregate amount not

exceeding the amount due from it as its RepoClear Contribution as calculated under the RepoClear Default Fund Supplement on the RepoClear Determination Date immediately prior to the commencement of the relevant RepoClear Default Period together with any RepoClear Unfunded Contribution that the Clearing House has called or would be entitled to call from such RCM during such RepoClear Default Period.

The amount due by a Clearing Member in respect of each General Excess Loss shall be the Clearing Member's *pro rata* share of such loss arising upon the relevant Default calculated as the proportion of such Member's relevant Contribution relative to the aggregate relevant Contributions of all Clearing Members other than the relevant defaulter at the time of the relevant Default. The amount due by a Clearing Member in respect of each ForexClear Excess Loss shall be determined in accordance with the provisions of the ForexClear DMP Annex. The amount due by a Clearing Member in respect of each SwapClear Excess Loss shall be determined in accordance with the provisions of the SwapClear DMP Annex. The amount due by a Clearing Member in respect of each RepoClear Excess Loss shall be determined in accordance with the provisions of the RepoClear Default Fund Supplement. The amount so due shall become immediately payable automatically (without any obligation on the part of the Clearing House to make demand on the Clearing Member) upon the issue by the Clearing House of the applicable Rule 26 Certificate. Without prejudice to any other right of set-off or application of funds to which the Clearing House may be entitled, the Clearing House shall forthwith without notice set off any amount due in accordance with Rule 23(c) to a Clearing Member in respect of the relevant Contribution of such Clearing Member in or towards satisfaction of the amount payable by such Clearing Member under this Rule 28.

29. This Rule applies to a defaulter (the "***First defaulter***") where the Contribution of the First defaulter has not been repaid to the First defaulter or applied by the Clearing House under Rule 26, and Aggregate Excess Losses arise upon the Defaults of other Clearing Members. Where this Rule applies, Rule 28 shall have effect with the following modifications:-

(a) the balances (if any) of the First defaulter's relevant Contributions may be applied under Rule 28 in respect of such relevant Aggregate Excess Losses up to and including the date three months after the date of issue of the Default Notice in respect of the First defaulter's Default; and

(b) after the date three months after the date of issue of such Default Notice, the balances (if any) of the First defaulter's relevant Contributions may not be applied under Rule 28 in respect of such relevant Aggregate Excess Losses, but they may be retained on account of losses arising upon the First defaulter's own Default, and for the purposes of Rule 28 they shall be disregarded.

30. The Clearing House shall give notice to each Clearing Member as soon as practicable after an amount has become due in accordance with Rule 28 and of the manner in which it has been satisfied.

31. If, in relation to a Default, the Clearing House has been unable to certify in any Rule 26 Certificates issued on or before the Quarter Day immediately after the Default all sums which may be or become due to the Clearing House from the Defaulter (because such sums will not or may not become liquidated or for any other reason payable until a later date), the Clearing House shall maintain a Contribution from each Clearing Member (other than the Defaulter) as cover for the performance by

such Clearing Member of its obligation to indemnify the Clearing House in relation to any General Excess Loss not yet certified. In fulfilment of this requirement the Clearing House may take any step which appears to the Clearing House to be appropriate, and the steps so taken may include any (including a combination) of the following:-

(a) postponement of the date for adjustment of Clearing Members' Contributions under Rule 22;

(b) reduction of the amounts payable to some or all Clearing Members under Rule 22(a); and

(c) estimation of the amount of Aggregate Excess Losses which may become certified after the relevant Quarter Day as appropriate, and application of Rule 28 as if such estimated amount were already realised as a General Excess Loss.

The Clearing House shall notify Clearing Members of any steps taken under this Rule.

Reinstatement of the Fund

32. Where, after a Default, the Clearing House has applied part or all of a General Contribution under Rule 26 or Rule 28, the General Fund Amount shall be reduced forthwith by the aggregate amount of the Contributions or parts of Contributions so applied, and the EquityClear Fund Amount and the Exchange Fund Amount shall be reduced *pro rata*. Unless and until the Clearing House has repaid a defaulter's Contribution, the General Fund Amount shall be treated as having been reduced by the amount of the defaulter's Contribution (if any) regardless of whether the Clearing House has applied part or all of that Contribution under Rule 26. Following a reduction of the General Fund Amount in accordance with this Rule, the Clearing House may by a single increase or by a series of increases raise the General Fund Amount to such level not exceeding £410,000,000 and after such interval or intervals as it considers appropriate, provided that:

(a) upon each such increase the EquityClear Fund Amount and the Exchange Fund Amount shall increase *pro rata*; and

(b) no such increase shall bind any Clearing Member which does not agree to it.

Where by virtue of this Rule the General Fund Amount is less than £410,000,000, the size of the Minimum EquityClear Contribution and the Minimum Exchange Contribution shall also be adjusted in proportion to the size of the General Fund Amount as adjusted for the time being.

32A If on any Quarter Day before the EquityClear Transition Date the General Fund Amount is by virtue of Rule 32 less than it was before the Default, the formula in Rule 19A shall be modified so that the alternative basis of calculation is reduced from 10% of the Clearing Member's average daily requirement for initial margin (as provided by Rule 19A) to 10% of such average daily requirement multiplied by the Relevant Proportion. On any date in respect of which the Clearing House exercises its rights under Rule 18A and as at which the General Fund Amount is by virtue of Rule 32 less than it was before the Default the sum with which the Clearing Member's EquityClear Contribution is to be compared shall be reduced from 10% of the Clearing Member's requirement for initial margin (as provided by Rule 18A) to 10% of such requirement multiplied by the Relevant Proportion. For the purposes of this

Rule, the "***Relevant Proportion***" means, in relation to a date, the proportion which the General Fund Amount at such date bears to the amount before the Default.

Effect of cessation of Clearing Member status

33. Subject to Rule 34, if a Quarter Day, a ForexClear Determination Date a SwapClear Determination Date or a RepoClear Determination Date, as appropriate, occurs after the giving of notice: (i) by or in respect of any Retiring Member; (ii) by a Clearing Member to the Clearing House for the purposes of resigning from a particular Service; or (iii) by the Clearing House to a Clearing Member for the purposes of requiring such Clearing Member to resign from a particular Service (the "**Relevant Service**") (a Clearing Member for the purposes of (ii) and (iii) of this paragraph, a "**Resigning Member**"), and before the termination of such Retiring Member's Clearing Member status or the Resigning Member's resignation from the Relevant Service (as the case may be):-

(a) if the Retiring Member or Resigning Member is not a defaulter, the amount of such Retiring Member's Contribution or such Resigning Member's Contribution in respect of the Relevant Service shall be determined by the Clearing House on the basis set out in Rules 19, 19 and 19B, the ForexClear Default Fund Supplement the SwapClear Default Fund Supplement and the RepoClear Default Fund Supplement (as applicable) without regard to the impending termination of such Retiring Member's Clearing Member status or Resigning Member's resignation (as the case may be), and the provisions of Rule 22, Rule F5 of the ForexClear Default Fund Supplement Rule S4 of the SwapClear Default Fund Supplement and Rule R.5 of the RepoClear Default Fund Supplement (as applicable) shall apply in respect of such Contribution accordingly;

(b) if the Retiring Member or Resigning Member is a defaulter, the balance of that Retiring Member's Contribution or the Resigning Member's Contribution in respect of the Relevant Service (as the case may be) after any part of it has been applied under Rule 26 or Rule 28 shall not be subject to adjustment under Rules 19, 19 and 19B, the ForexClear Default Fund Supplement the SwapClear Default Fund Supplement and the RepoClear Default Fund Supplement (as applicable), and the provisions of Rule 22, Rule F5 of the ForexClear Default Fund Supplement Rule S4 of the SwapClear Default Fund Supplement and Rule R.5 of the RepoClear Default Fund Supplement (as applicable) shall not apply to such Retiring Member or Resigning Member in respect of the Relevant Service.

Notwithstanding the foregoing, in such circumstances the amounts of the respective Contributions of all Clearing Members other than any Retiring Member or any Resigning Member in respect of the Relevant Service shall be determined by the Clearing House on the basis set out in Rules 18A, 19, 19A and 19B, the ForexClear Default Fund Supplement the SwapClear Default Fund Supplement and the RepoClear Default Fund Supplement (as applicable), but disregarding for all purposes any Clearing Member which is a Retiring Member or, in relation to a Relevant Service, any Resigning Member in respect of that Relevant Service, in particular disregarding such Clearing Member's daily requirement for margin and such Clearing Member's daily number of Contracts and treating any such Retiring Member as no longer being a Clearing Member, but without prejudice to any reduction of the General Fund Amount under Rule 32.

34. This Rule applies at any Quarter Day, ForexClear Determination Date SwapClear Determination Date or RepoClear Determination Date, as appropriate, after a Retiring Member has given notice of termination of its Clearing Member status, where another Clearing Member (the "***Continuing Member***") has arranged to undertake clearing on behalf of the Retiring Member. If, in the opinion of the Clearing House, the Contribution of the Continuing Member determined under Rules 18A, 19, 19A and 19B, the ForexClear Default Fund Supplement, the SwapClear Default Fund Supplement and/or the RepoClear Default Fund Supplement does not fairly reflect the Continuing Member's share of clearing activity, the Clearing House may determine the Contribution of the Continuing Member as if the EquityClear Margin Weight, Margin Weight, Volume Weight, RepoClear Margin Weight, SwapClear Margin Weight and ForexClear Margin Weight of the Retiring Member were part of the EquityClear Margin Weight, Margin Weight, Volume Weight, RepoClear Margin Weight, SwapClear Margin Weight and ForexClear Margin Weight respectively of the Continuing Member. If the Clearing House determines the amount of a Continuing Member's Contribution under this Rule, the Clearing House shall give notice to the Continuing Member, and the provisions of Rule 33 shall not apply.

35. A Retiring Member and a Resigning Member in respect of a Relevant Service shall, until the completion of the process set out in Rule 8 in relation to any Default, continue to be liable under its Rule 28 indemnity in respect of Aggregate Excess Losses arising upon such Default, notwithstanding that the Clearing Member status of the Retiring Member has terminated or that the Resigning Member has resigned in respect of the Relevant Service before that time. While a Retiring Member or Resigning Member continues to be so liable, it shall provide such cover as the Clearing House shall require in respect of its liability in relation to any Aggregate Excess Losses not yet certified, subject to such cover not exceeding the Retiring Member's Contribution at the time of the termination of its clearing membership. or the Resigning Member's Contribution to the Relevant Service at the time of its resignation. In fulfilment of this requirement the Clearing House may take any step which appears to the Clearing House to be appropriate, including postponement of the date for repayment of part or all of the Retiring Member's Contribution or Resigning Member's Contribution in respect of the Relevant Service (as the case may be). The Clearing House shall notify the Retiring Member or Resigning Member of any steps taken under this Rule.

Recoveries from defaulters

36. If all or part of the Contributions of any Clearing Member shall have been applied in accordance with Rule 28, the Clearing House shall account to each such Clearing Member (whether or not he remains at the relevant time a Clearing Member of the Clearing House) in respect of any Net Recovery, *pro rata* to the respective amounts applied in accordance with Rule 28 in relation to the relevant Default and in an amount not exceeding, in relation to each such Clearing Member, the amount of its Contributions so applied.

Contracts on terms prescribed by new Exchanges

37. Notwithstanding anything in the Procedures, and subject as follows, any Contract on terms prescribed by any Exchange other than a Specified Exchange shall be an Excluded Transaction. The Clearing House may direct that any such Contract as is referred to in this Rule shall not be an Excluded Transaction, provided that no such direction shall bind any Clearing Member which does not agree to it.

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ForexClear Default Fund Supplement

F1. In accordance with and subject to Rule F2, the amount of each ForexClear Clearing Member's ForexClear Contributions shall be determined by the Clearing House as soon as practicable after each ForexClear Determination Date as appropriate on the basis of information available as at close of business on such ForexClear Determination Date and notified to such FXCCM as soon as practicable after such determination in accordance with the Procedures.

F2. Each FXCCM's ForexClear Contribution (other than a ForexClear Unfunded Contribution) shall be determined by the Clearing House in accordance with the following provisions:

(a) determinations will be made by the Clearing House on the date that an FXCCM joins the ForexClear Service, and at close of business on the first business day of each subsequent month, and otherwise in accordance with paragraph (g) below, (each a "***ForexClear Determination Date***") provided, however, that, following a Default any such determinations and any such ForexClear Determination Date which might otherwise have occurred under this Rule F2 shall be suspended for the duration of the period (the "***ForexClear Default Period***") commencing on the date of such Default and terminating on the last to occur of the following dates:

(i) the date which is the close of business on the day falling 30 calendar days after the ForexClear Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and

(ii) where, prior to the to the end of the period referred to in (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "***Relevant Default***") occur, the date which is the close of business on the day falling 30 calendar days after the ForexClear Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day);

(b) On each business day, the Clearing House will determine a "***Combined Loss Value***" in respect of each of the 30 preceding business days. The Combined Loss Value in respect of a particular day will be the sum of the largest and the second largest stress-testing loss incurred on that day in relation to ForexClear Business (for a given scenario).

(c) the "***ForexClear Fund Amount***" shall be calculated in United States Dollars ("***USD***"), and, for a given ForexClear Determination Date, shall be the largest of the 30 Combined Loss Values determined under Rule (b) plus 10%. The ForexClear Fund Amount shall not be less than USD 70 million ("***ForexClear Fund Floor***");

(d) the FXCCM's "***ForexClear Margin Weight***" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the FXCCM during the reference period in Rule F2(c), above, in respect of all ForexClear Contracts to which the FXCCM is a party by the total of such average daily requirements applied to all Non Defaulting FXCCMs;

(e) the FXCCM's "***Preliminary ForexClear Contribution***" shall be calculated by multiplying the ForexClear Fund Amount by the FXCCM's ForexClear Margin Weight;

(f) if the FXCCM's Preliminary ForexClear Contribution is below the Minimum ForexClear Contribution for the time being, the FXCCM's ForexClear Contribution shall be the Minimum ForexClear Contribution; and

(g) subject to Rule F2(a), the Clearing House may recalculate the ForexClear Fund Amount on any business day if the Combined Loss Value differs by more than 25% from the figure on which the previous ForexClear Contribution determination was based.

F3. For the purposes of the calculations under Rule F2

(a) references to "ForexClear Clearing Members" or "FXCCMs" do not include references to Defaulting FXCCMs (apart from any Defaulting FXCCM in respect of which the Clearing House permits the application of Rule F2) or persons which were formerly FXCCMs but are not FXCCMs at the ForexClear Determination Date at which the relevant determination is made;

(b) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand US dollars; and

(c) no account shall be taken, in calculating initial margin or ForexClear Margin Weight under Rule F2 of any offsets in the initial margin required for ForexClear Contracts from an FXCCM, which may otherwise be permissible under the Procedures or other arrangements applicable.

Provided that the FXCCM is not a defaulter, the amount of its ForexClear Contribution shall be calculated in accordance with and subject to Rule F5 and Rule F2. The provisions of Rule F1, Rule F2, this Rule F3 and Rule F5 do not apply to a Defaulting FXCCM, unless the Clearing House so permits in any particular case.

F4. Without prejudice to any other requirements which the Clearing House may impose, the amount of the ForexClear Contribution of a New Member shall be the sum of (a) the Minimum ForexClear Contribution and (b) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

F5. Upon determination of the amount of a ForexClear Contribution in accordance with Rule F2:

(a) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date exceeds the amount of the FXCCM's ForexClear Contribution as determined under Rule F2 as at close of business on that day, the excess shall be paid by the Clearing House to such FXCCM in USD in accordance with the Procedures;

(b) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date is the same as the amount of the FXCCM's ForexClear Contribution as so

determined, no sum shall then be payable by or to such FXCCM in respect of its Contribution; and

(c) if the amount of the ForexClear Contribution of an FXCCM immediately before close of business on the relevant ForexClear Determination Date is less than the amount of the FXCCM's ForexClear Contribution as so determined, the shortfall shall be paid by such FXCCM to the Clearing House in USD in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting FXCCM, unless the Clearing House so permits in any particular case.

F6. On any day interest shall accrue on the amount of each ForexClear Contribution then held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28, at such rate and in such manner as provided by the Procedures, provided that the rate of interest for any particular day shall not be less than the Fed Funds Rate published on that day (or, in relation to any day for which the Fed Funds Rate is not available, the Fed Funds Rate most recently published before such day). Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Fund Rules any interest which has accrued under this Rule shall not be regarded as part of the ForexClear Contribution.

F7. Where, after a Default, the Clearing House has applied part or all of a ForexClear Contribution under Rule 26 or Rule 28, the ForexClear Fund Amount shall be reduced forthwith by the aggregate amount of the ForexClear Contributions or parts of ForexClear Contributions so applied and the amount of the ForexClear Contribution that each FXCCM must maintain with the Clearing House shall be reduced by the amount of its ForexClear Contribution which has been applied pursuant to Rule 28, in each case until the next ForexClear Determination Date. Unless and until the Clearing House has repaid a defaulter's ForexClear Contribution (or remaining part thereof, as applicable), the ForexClear Fund Amount shall be treated as having been reduced by the amount of the defaulter's ForexClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that ForexClear Contribution under Rule 26.

F8. Where, after a Default, the Clearing House determines that (i) by reason of a reduction in accordance with Rule F7, the value of the ForexClear Fund Amount has been reduced by at least 25%; or (ii) by the time of the ForexClear Default Management Process Completion Date in relation to the relevant Default the value of the ForexClear Fund Amount will be reduced by at least 25%, the Clearing House may, by notice in writing (the "ForexClear Unfunded Contribution Notice"), require each Non-Defaulting FXCCM to deposit and maintain an amount (each a "ForexClear Unfunded Contribution") in accordance with the following provisions:

(a) ForexClear Unfunded Contributions will only be payable in circumstances where the relevant ForexClear Unfunded Contribution Notice is delivered by the Clearing House to FXCCMs prior to the ForexClear Default Management Process Completion Date in relation to the relevant Default;

(b) the value of the ForexClear Unfunded Contribution payable by each individual FXCCM shall be the product of (i) the percentage by which the value of the ForexClear Fund Amount has been reduced and (ii) the value of the ForexClear Contribution of such FXCCM as determined by the Clearing House at the last ForexClear Determination Date prior to the date when the relevant Default occurred;

(c) the Clearing House may, by the delivery of one or more further ForexClear Unfunded Contribution Notices, require each Non-Defaulting FXCCM to pay one or more further ForexClear Unfunded Contributions in respect of the same Default, provided that the total value of the ForexClear Unfunded Contributions payable by an individual FXCCM in respect of a particular Default (determined in accordance with paragraph (b) above) may not exceed the value of the ForexClear Contribution of such FXCCM as at the last ForexClear Determination Date prior to the date when the relevant Default occurred; and

(d) following a Default in respect of which ForexClear Unfunded Contributions were paid (the "First Default"), the Clearing House may require the payment of further ForexClear Unfunded Contributions in respect of subsequent Defaults (which, for the avoidance of doubt, can never be a First Default), provided that ForexClear Unfunded Contributions will not be payable in respect of any more than three Defaults in any six month period (commencing on the date of delivery of the first ForexClear Unfunded Contribution Notice in respect of the First Default).

FXCCMs will be required to deposit the full amount of their ForexClear Unfunded Contributions (without exercising any rights of set-off or counterclaim) with the Clearing House on the business day following receipt of a ForexClear Unfunded Contribution Notice.

For the avoidance of doubt, references to “FXCCMs” for the purposes of this Rule F8 include any FXCCM (other than a Defaulting FXCCM) who is: (i) a Retiring Member but whose status as a Clearing Member has not yet been terminated; and (ii) a Resigning Member whose resignation from the ForexClear Service is not yet effective.

F9. ForexClear Loss Distribution Process

Where, after a Default, the Clearing House determines that the ForexClear Excess Loss resulting from the Default will exceed the amounts to be applied to it under Rule 16(1) to (7), the Clearing House may implement the process (the "ForexClear Loss Distribution Process") described in this Rule F9.

(a) For the purposes of this Rule F9 and for Rule F11, the following definitions will apply:

"Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment" means, in respect of each Cash Payment and any business day, the sum of the Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and any Cash Gainer Base Currency Adjustment to Cash Payment or Cash Loser Base Currency Adjustment to Cash Payment.

"Auction Portfolio" has the meaning assigned to it in the ForexClear DMP Annex.

"Available Resources" means, in respect of any Loss Distribution Period, the amounts available to the Clearing House for application in meeting any loss suffered or incurred by the Clearing House in accordance with Rule 16(1) to (7) as at the relevant Last Call prior to Default.

"Cash Gain" means, in respect of any Cash Gainer and any Loss Distribution Day, the amount of positive Cumulative Pre Haircut Base Currency Gains

Losses and Realised Cash Flows in respect of such Cash Gainer in respect of such Loss Distribution Day.

"Cash Gainer" means, in respect of any Loss Distribution Day, each Margin Account in respect of which the value of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows on such Loss Distribution Day is greater than zero.

"Cash Gainer Payment Currency Adjustment to Cash Payment" has the meaning set out in paragraph (b)(i) of this Rule F9.

"Cash Loser" means, in respect of any Loss Distribution Day, each Margin Account in respect of which the value of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows on such Loss Distribution Day is equal to or less than zero.

"Cash Loser Base Currency Adjustment to Cash Payment" has the meaning set out in paragraph (b)(ii) of this Rule F9.

"Cash Loser Payment Currency Adjustment to Cash Payment" has the meaning set out in paragraph (b)(ii) of this Rule F9.

"Cash Payment" means, in respect of any business day, the aggregated amount which would be paid by the Clearing House to a Non-Defaulting FXCCM (expressed as a positive number) or by such FXCCM to the Clearing House (expressed as a negative number) in respect of a Cash Payment Type in a Cash Payment Currency on such business day.

"Cash Payment Currency" means each of the currencies in which payments made between the Clearing House and an FXCCM may be denominated.

"Cash Payment Type" means each of the Price Alignment Interest (as defined in the ForexClear Procedures), consideration (fee) payments and variation margin payable in respect of a Margin Account of a Non-Defaulting FXCCM.

"Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows" means in respect of each Margin Account of each Non-Defaulting FXCCM and any business day, the sum of the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payments payable on such Margin Account.

"Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment" means, in respect of each Cash Payment and any business day, the aggregate amount, if any, paid by the Clearing House to a Non-Defaulting FXCCM (expressed as a positive number) or by such FXCCM to the Clearing House (expressed as a negative number) in respect of Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment from but excluding the relevant Last Call Prior to Default to and including such business day.

"Cumulative LCH Transfer Cost" means, on any business day during any Loss Distribution Period, the sum of any LCH Transfer Cost for each day from but excluding the relevant Last Call prior to Default to and including such business day.

"Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows" means, in respect of each Margin Account of each Non-Defaulting FXCCM and any business day, the sum of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payments payable on such Margin Account.

"Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment" means, in respect of each Cash Payment and any business day, the sum of the Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment for such Cash Payment for each day from but excluding the relevant Last Call prior to Default to and including such business day.

"Distribution Haircut" or **"DH"** means, on each Loss Distribution Day, the fraction determined by the Clearing House in accordance with the following formula:

DH(t) = LUL(t) / TCG(t)

where:

"LUL" means the LCH Uncovered Loss; and

"TCG" means the Total Cash Gains.

"FXCCM Adjustment Amount" means in respect of the Margin Account(s) of any Non-Defaulting FXCCM and any Loss Distribution Day, an amount equal to the sum of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows in respect of such Margin Account(s) of such FXCCM less the sum of the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows in respect of such Margin Account(s) of such Clearing Member, in each case in respect of the Loss Distribution Period in which such Loss Distribution Day falls.

"Last Call prior to Default" means the most recent business day on which payments of cover required to be made by FXCCMs were made in full.

"LCH Transfer Cost" means the cost (converted, where applicable, into USD at a rate of exchange determined by the Clearing House in its sole discretion) to the Clearing House of transferring the rights and obligations arising out of the Auction Portfolios of a Defaulting FXCCM to those FXCCMs who have successfully bid for such Auction Portfolios in Auctions.

"LCH Uncovered Loss" means, in respect of the Clearing House on any business day in any Loss Distribution Period, the amount calculated in accordance with the following formula:

LCH Uncovered Loss(t) = Max (0, (TCPH (t) + CLC(t) - TAR))

where:

"TCPH" means the Total Cumulative Pre Haircut Base Currency Gains losses and Realised Cash Flows;

"CLC" means the Cumulative LCH Transfer Cost;

"TAR" means the Total Available Resources; and

the LCH Uncovered Loss as at the Last Call prior to Default shall be zero.

"Loss Distribution Cap Amount" means, in respect of each Non-Defaulting FXCCM and any Loss Distribution Period, an amount equal to the higher of (i) USD 100,000,000; (ii) the product of (a) 100 per cent. and (b) the ForexClear Contribution of such Non-Defaulting FXCCM as at the last ForexClear Determination Date prior to the date when the Default occurred at the beginning of that Loss Distribution Period; and (iii) any adjusted cap as may be agreed pursuant to paragraph (d) of this Rule F9.

"Loss Distribution Day" means any business day in a Loss Distribution Period on which the Clearing House, in consultation with the ForexClear DMG, prior to calling for: (i) cover in respect of margin in accordance with the provisions of the Procedures; and (ii) Required Collateral, on such business day, determines that the LCH Uncovered Loss for that business day is greater than zero.

"Loss Distribution Period" means the period from, but excluding, the day on which a Default occurs with respect to an FXCCM to but excluding the earlier of: (i) the business day on which (a) the rights and obligations arising out of the Auction Portfolios of the Defaulting FXCCM are transferred to those FXCCMs which have successfully bid for such Auction Portfolios in Auctions, or, if any Default occurs with respect to any other FXCCM prior to the end of a Loss Distribution Period, the rights and obligations arising out of the Auction Portfolios of any subsequent Defaulting FXCCM are transferred to those FXCCMs who have successfully bid for such Auction Portfolios in Auctions and (b) all payments required to be made by such FXCCMs and/or the Clearing House in respect of such Auction(s) have been made in full; or (ii) any Loss Distribution Day in respect of which the Clearing House determines that the FXCCM Adjustment Amount for any FXCCM would be equal to or greater than the Loss Distribution Cap Amount for such Loss Distribution Day.

"Margin Account" means each Proprietary Account of an FXCCM.

"Payment Currency Adjustment to Cash Payment" means one or more Cash Gainer Payment Currency Adjustment to Cash Payment(s) and/or one or more Cash Loser Payment Currency Adjustment to Cash Payment(s).

"Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment" means, in respect of each Cash Payment and any business day, the amount (converted, where applicable, into USD at the Rate of Exchange which would be paid by the Clearing House to a Non-Defaulting FXCCM (expressed as a positive number) or by such FXCCM to the Clearing House (expressed as a negative number) on such business day in the absence of the application of the Distribution Haircut.

"Rate of Exchange" means, for any day, the applicable rate of exchange for converting one currency into another as determined by the Clearing House by reference to Reuters;

"t" means, in respect of any determination made in relation to a business day, such business day.

"t-1" means, in respect of any determination made in relation to a business day, the business day immediately prior to such business day.

"Total Available Resources" means, on any business day during a Loss Distribution Period the sum of (i) the Available Resources and (ii) any Unfunded Contributions deposited with the Clearing House since the relevant Last Call Prior to Default.

"Total Cash Gains" means, in respect of any business day, the sum of the Cash Gain in respect of all Cash Gainers on such business day.

"Total Cumulative Pre Haircut Base Currency Gains losses and Realised Cash Flows" means, in respect of any business day the sum of all Total Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payments.

"Total Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment" means, in respect of any business day, the sum of the Total Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment for each business day from but excluding the relevant Last Call prior to Default to and including such business day.

"Total Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment" means, in respect of any business day, the sum of the Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment in respect of all Margin Accounts of all Non-Defaulting SCMs on such business day.

"Underlying Cash Payment" means, in respect of a Cash Gainer Base Currency Adjustment to Cash Payment or a Cash Loser Base Currency Adjustment to Cash Payment, the Cash Payment in respect of which such Cash Gainer Base Currency Adjustment to Cash Payment or Cash Loser Base Currency Adjustment to Cash Payment is calculated.

(b) **Adjustment of Underlying Cash Payments**

(i) Cash Gainer

On each Loss Distribution Day for each Margin Account of each Non-Defaulting FXCCM which is deemed to be a Cash Gainer, the relevant FXCCM shall be required to pay the Clearing House an amount equal to each positive amount determined as follows or, as applicable, the Clearing House shall be required to pay the relevant FXCCM the absolute value of each negative amount determined as follows (in each case, such amount the "***Cash Gainer Payment Currency Adjustment to Cash Payment***"): The Cash Gainer Payment Currency Adjustment to Cash Payment is the value of the amount determined in accordance with the formula below (the "***Cash Gainer Base Currency Adjustment to Cash Payment***") converted at the Rate of Exchange into the Cash Payment Currency in which the relevant Underlying Cash Payment is denominated:

where:

Cash Gainer Base Currency Adjustment to Cash Payment (t) = PHG(t) – (CHG(t) * Max (0, 1 - DH(t)) – CAG(t-1))

"***PHG***" means the Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment;

"***CHG***" means the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment;

"***DH***" means the Distribution Haircut; and

"***CAG***" means the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and where "CAG" as at the Last Call prior to Default shall be zero.

(ii) Cash Loser

On each Loss Distribution Day for each Margin Account of each Non-Defaulting FXCCM which is deemed to be a Cash Loser, the Clearing House shall be required to pay the absolute value of each amount (the "***Cash Loser Payment Currency Adjustment to Cash Payment***") determined as follows: The Cash Loser Payment Currency Adjustment to Cash Payment is the value of the amount determined in accordance with the formula below (the "***Cash Loser Base Currency Adjustment to Cash Payment***") converted at the Rate of Exchange into the Cash Payment Currency in which the relevant Underlying Cash Payment is denominated:

where

Cash Loser Base Currency Adjustment to Cash Payment(t) = PHG(t) – (CHG(t) – CAG(t-1))

"***PHG***" Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment;

"***CHG***" means the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment; and

"***CAG***" means the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and where "CAG" as at the Last Call prior to Default shall be zero.

(iii) Application of Payment Currency Adjustment to Cash Payment

On each Loss Distribution Day, the Clearing House shall apply the payment or receipt of any Payment Currency Adjustment to Cash Payment as an offset against any payments denominated in the same Cash Payment Currency as the relevant Payment Currency Adjustment to Cash Payment due from or receivable by the relevant FXCCM.

(c) **Application of Cash Gainer Payment Currency Adjustment to Cash Payment**

The Clearing House shall apply all payments it receives in respect of Cash Gainer Payment Currency Adjustment to Cash Payments solely for the purposes of meeting any loss incurred by the Clearing House following, and in relation to, each Default, as contemplated in accordance with Rule 16(1) to (7).

(d) **Adjustment to Loss Distribution Cap Amount**

If, during a Loss Distribution Period, the Clearing House considers that the Cash Gainer Payment Currency Adjustment to Cash Payments applied to a particular Margin Account of an FXCCM are, or are about to be equal to or greater than the Loss Distribution Cap Amount, the Clearing House may propose an adjustment to such Loss Distribution Cap Amount. If agreed by all Non-Defaulting FXCCMs, the Loss Distribution Cap Amount as adjusted pursuant to this paragraph (d) shall be applicable for the remainder of the relevant Loss Distribution Period.

(e) **No Rebate**

The payment to the Clearing House by any FXCCM of any Cash Gainer Payment Currency Adjustment to Cash Payment shall be final and shall not give rise to any obligation of the Clearing House to repay any such amount or to pay any interest thereon.

(f) **Application of any Recoveries**

If the ForexClear Loss Distribution Process has been invoked by the Clearing House in accordance with this Rule F9, the Clearing House shall reimburse the FXCCMs (irrespective of whether they remain FXCCMs at the time of the recovery) and the Clearing House on a *pro rata* basis by reference to the resources which have been applied pursuant to Rule 16(1) to (7) and including the net amount of any one or more FXCCM Adjustment Amounts paid by the relevant FXCCMs:

(i) any amounts received from the Defaulting FXCCM as a result of the Clearing House being a creditor of the Defaulting FXCCM in respect of the ForexClear Business of such Defaulting FXCCM in the context of the occurrence of any of the events under Rule 5(i) to (p) in respect of the Defaulting FXCCM or otherwise, other than in respect of sums due to the Clearing House for its own account; or (ii) any other amounts howsoever obtained or recovered in the course of the Clearing House's operation of the ForexClear Default Management Process or which are otherwise referable to the Defaulting FXCCM,

in each case net of any related expenses incurred by the Clearing House or other sums owing to the Clearing House by the Defaulting FXCCM in connection with the ForexClear Service. For the avoidance of doubt, nothing in this paragraph (f) shall oblige the Clearing House to pursue any litigation or other action in order to recover the amounts contemplated above and if another default fund of the Clearing House has also been applied as a result of the FXCCM's Default, any amounts recovered shall be applied *pari passu* as between the relevant default funds

F10. Where, after the Default of one or more FXCCMs, the Clearing House determines that, notwithstanding the availability of any resources remaining under Rule 16(1) to (7) and the availability of the ForexClear Loss Distribution Process in accordance with the terms of Rule F9, it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those ForexClear Contracts to which it is party with Non-Defaulting FXCCMs, the Clearing House will by notice in writing (a "**ForexClear Voluntary Payment Notice**"): (i) inform all Non-Defaulting FXCCMs that it has insufficient resources and that it is likely to invoke Rule F11; and (ii) invite each Non-Defaulting FXCCM to make a payment of funds (a

"**ForexClear Voluntary Payment**"), in accordance with Rule 16(7), to make up for the relevant shortfall.

ForexClear Voluntary Payments will be made on the following terms:

(a) no FXCCM shall be obliged to make a ForexClear Voluntary Payment;

(b) any ForexClear Voluntary Payment will be made by an FXCCM by the close of business on the business day after receipt of the relevant ForexClear Voluntary Payment Notice;

(c) no ForexClear Voluntary Payment may be withdrawn once made; and

(d) the Clearing House shall full discretion whether or not to accept a particular ForexClear Voluntary Payment.

Any failure by the Clearing House to deliver a ForexClear Voluntary Payment Notice pursuant to this Rule F10 will not invalidate any action taken by the Clearing House pursuant to Rule F11 nor give rise to any liability whatsoever on the part of the Clearing House.

Any ForexClear Voluntary Payments remaining unused at the time of the expiry of the relevant ForexClear Default Period will be accounted for ratably by the Clearing House as if they were amounts paid in respect of the ForexClear Contributions of those FXCCMs from whom ForexClear Voluntary Payments were accepted.

F11. Where, following the process for inviting ForexClear Voluntary Payments in accordance with Rule F10, the Clearing House makes a determination (an "Insufficient Resources Determination") that it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those ForexClear Contracts to which it is party with Non-Defaulting FXCCMs, the following provisions shall have effect:

(a) All outstanding ForexClear Contracts shall be closed out as of the clearing day following the date the Insufficient Resources Determination was made and any further obligations to make any payments under or in respect of such ForexClear Contracts shall cease. The closing prices used shall be mid prices calculated by the Clearing House in accordance with the methodology used by it to carry out end of day margin runs in respect of the outstanding ForexClear Contracts. Where such data is not available to the Clearing House, the closing price shall be the last price used by the Clearing House to calculate the variation margin requirement for the position to be closed out.

(b) On the basis of the close out values established for each outstanding ForexClear Contract, an account shall be taken (as at the time of close out) of what is due in respect of each FXCCM, from that FXCCM to the Clearing House and from the Clearing House to that FXCCM, as well as all other amounts owing under or in respect of ForexClear Contracts and any other amounts that may be due in respect of the ForexClear Service (including for these purposes, a proportionate share of any amounts owed generally to or from the Clearing House), and the sums due from the FXCCM shall be set off against the sums due from the Clearing House and only the balance of the account shall be payable. For the avoidance of doubt, amounts in respect of ForexClear Contracts shall include, but not be limited to, returns of variation margin associated therewith and the repayment of any Net Cash Gainer

Payment Currency Adjustment to Cash Payments made in the ForexClear Default Period to which the Insufficient Resources Determination relates (and in respect of which F9(e) shall be specifically disapplied), but shall exclude the repayment of any cash initial margin or any outstanding ForexClear Contributions.

To the extent that the aggregate of all of the amounts owed to the Clearing House by FXCCMs plus all of those other resources applicable to the ForexClear Clearing Service under Rule 16(1) to (7) that have not been applied towards a ForexClear Excess Loss is less than the aggregate of the amounts owed to FXCCMs by the Clearing House, each amount owed to FXCCMs by the Clearing House shall be reduced pro rata the shortfall.

(c) For each FXCCM, the amount due to it or due from it as determined pursuant to (b) shall be aggregated with its claim determined pursuant to (c) above and only the net sum shall be payable. Where the result of such calculations is that an FXCCM owes an amount to the Clearing House, that FXCCM shall pay that amount to the Clearing House immediately. Where the result of such calculations is that an FXCCM is owed an amount by the Clearing House, the Clearing House shall pay that amount to the FXCCM immediately, subject to (f) below.

(d) The payment of such amount to an FXCCM, pursuant to (d) above subject to any re-calculations performed pursuant to (f) below, shall constitute the full and final payment in respect of the ForexClear Service and such FXCCM shall not be permitted to make any further claims to the Clearing House in respect of amounts relating to the ForexClear Service nor shall it be permitted to notify the Clearing House of a Termination Date pursuant to Regulation 39A for a failure to pay any amounts in relation to the ForexClear Service.

(e) The Clearing House may make the payments due under (d) above in one or more instalments to the FXCCMs in proportion to the value of their claims on the Clearing House under (b) above if some but not all of the amounts due under (d) or Rule 16(1) to 16(7) above have not yet been received. The Clearing House shall take reasonable steps to recover such amounts and may deduct therefrom reasonable administration costs for such recovery. To the extent that the Clearing House determines that any such amounts will not in fact be recoverable, it shall re-determine the amounts due to FXCCMs in accordance with this Rule F11.

(f) This Rule F11 shall not be applied in the event that a Termination Date has been specified in relation to the Clearing House in accordance with Regulation 39A.

(g) Nothing in the foregoing shall override the obligation of the Clearing House to return initial margin provided by way of security to a FXCCM pursuant to its Regulations and Procedures.

F12. **Ballot Arrangements**

(a) Notwithstanding anything to the contrary in clauses 9.4 and 9.5 of the Clearing Membership Agreement, no proposal for any of the amendments set out in paragraphs (i), (ii) and (iii) below (each a "**ForexClear Amendment**") shall be capable of coming into effect unless first approved in a ballot of FXCCMs:

(i) any amendment to the value of the ForexClear Fund Floor as provided for in paragraph (c) of Rule F2 or as subsequently approved in a ballot under this Rule F12;

(ii) any amendment providing for a change in the nature of the liabilities for which an FXCCM's indemnity is given by virtue of paragraph (b) of Rule 28; and

(iii) any amendment which, in the opinion of the Board of Directors of the Clearing House would represent a significant change in the commitments of the FXCCMs but not in the commitments of any other Clearing Members,

(b) For the purposes of a ballot conducted pursuant to this Rule F12, the provisions of clauses 9.4, 9.6 and 9.7 of the Clearing Membership Agreement shall apply with the following amendments:

(i) the words "major amendment to the Default Fund Rules" in the first line of clause 9.4 of the Clearing Membership Agreement shall be replaced with the words "ForexClear Amendment";

(ii) all references to "Clearing Members" shall be replaced with references to "FXCCMs";

(iii) in paragraph (c) of clause 9.4 of the Clearing Membership Agreement, the reference to "Contributions" shall be replaced with a reference to "ForexClear Contributions" and the reference to "Quarter Day" shall be replaced with a reference to "ForexClear Determination Date";

(iv) references to "Fund Amount" in clauses 9.6 and 9.7 of the Clearing Membership Agreement shall be replaced with references to "ForexClear Fund Amount";

(v) the reference to "clause 9.4" in clause 9.6 of the Clearing Membership Agreement shall be replaced with a reference to "Rule F12 of the ForexClear Default Fund Supplement to the Default Fund Rules"; and

(vi) the references to "Contribution" in clauses 9.6 and 9.7 of the Clearing Membership Agreement shall be replaced with references to "ForexClear Contribution".

(c) For the purposes of a ballot conducted under clauses 9.4 and 9.5 of the Clearing Membership Agreement other than a ballot in relation to an amendment which, in the opinion of the Board of Directors of the Clearing House falls within paragraph (c) of clause 9.5 of the Clearing Membership Agreement but not within paragraph (a)(iii) of this Rule F12, references to "Clearing Members" shall not include FXCCMs who are not engaged in any business with the Clearing House other than ForexClear Business and ForexClear Contributions shall not count as "Contributions".

SwapClear Default Fund Supplement

S1. On each business day, the Clearing House will determine a "***Combined Loss Value***" in respect of each of the 60 preceding business days. The Combined Loss Value in respect of a particular day will be the sum of the largest and the second largest stress-testing loss incurred on that day in relation to SwapClear Business (for a given scenario).

S2. Each SCM's SwapClear Contribution (other than a SwapClear Unfunded Contribution) shall be determined by the Clearing House in accordance with the following provisions:

(a) determinations will be made by the Clearing House on the date that an SCM joins the SwapClear Service, and at close of business on the first business day of each subsequent month, and otherwise in accordance with paragraph (k) below (each a "***SwapClear Determination Date***") provided, however, that, following a Default, any such determinations and any such SwapClear Determination Date which might otherwise have occurred under this Rule S2 shall be suspended for the duration of the period (the "***SwapClear Default Period***") commencing on the date of such Default and terminating on the last to occur of the following dates:

i the date which is the close of business on the day falling 30 calendar days after the SwapClear Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and

ii where, prior to the to the end of the period referred to in (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "***Relevant Default***") occur, the date which is the close of business on the day falling 30 calendar days after the SwapClear Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day);

(b) the "***SwapClear Segregated Fund Amount***" shall be denominated in pounds sterling, and, for a given SwapClear Determination Date, shall be the largest of the 60 Combined Loss Values determined under Rule S1 plus 10%. The SwapClear Segregated Fund Amount shall not be less than £1 billion pounds (the "SwapClear Fund Floor") and shall not be more than £5 billion pounds (the "***SwapClear Fund Cap***");the SCM's ***"SwapClear Margin Weight"*** shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the SCM during the 20 business day period preceding the relevant SwapClear Determination Date in respect of all SwapClear Contracts to which such SCM is a party by the total of such average daily requirements applied to all Non-Defaulting SCMs;

(c) the SCM's "***SwapClear Margin Weight***" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the SCM during the 20 business day period preceding the relevant SwapClear Determination Date in respect of all SwapClear Contracts to which such SCM is a party by the total of such average daily requirements applied to all Non-Defaulting SCMs;

(d) the SCM's "***Preliminary SwapClear Contribution***" shall be calculated by multiplying the SwapClear Segregated Fund Amount by the SCM's SwapClear Margin Weight;

(e) if the Clearing Member's Preliminary SwapClear Contribution is below the Minimum SwapClear Contribution for the time being, the Clearing Member's SwapClear Contribution shall be the Minimum SwapClear Contribution;

(f) the "***SwapClear Actual Total***" shall be calculated by adding together (i) the amount which is the product of the Minimum SwapClear Contribution and the number of Minimum SwapClear Contribution Members; and (ii) the aggregate Preliminary SwapClear Contributions of those SCMs which are not Minimum SwapClear Contribution Members;

(g) where the SwapClear Actual Total is greater than the SwapClear Fund Cap, the "***SwapClear Excess***" shall be the arithmetical difference between the SwapClear Actual Total and the SwapClear Fund Cap;

(h) where the SwapClear Actual Total is less than the SwapClear Fund Floor, the "***SwapClear Shortfall***" shall be the arithmetical difference between the SwapClear Fund Floor and the SwapClear Actual Total;

(i) for each SCM other than a Minimum SwapClear Contribution Member: (i) the SCM's "***SwapClear Discount***" (if any) shall be such SCM's *pro rata* share of the SwapClear Excess calculated as the proportion of such SCM's Preliminary SwapClear Contribution relative to the aggregate Preliminary SwapClear Contributions of all SCMs other than Minimum SwapClear Contribution Members; and (ii) the SCM's "***SwapClear Increase***" (if any) shall be such SCM's *pro rata* share of the SwapClear Shortfall calculated as the proportion of such SCM's Preliminary SwapClear Contribution relative to the aggregate Preliminary SwapClear Contributions of all SCMs other than Minimum SwapClear Contribution Members;

(j) for each SCM other than a Minimum SwapClear Contribution Member, the SCM's SwapClear Contribution shall be the Preliminary SwapClear Contribution (i) less any SwapClear Discount applicable to the SCM or (ii) plus any SwapClear Increase applicable to the SCM; provided that if the application of any SwapClear Discount would result in a SwapClear Contribution less than the Minimum SwapClear Contribution, such SCM shall pay the Minimum SwapClear Contribution notwithstanding that the arithmetical sum of SwapClear Contributions paid by all SCMs may thereby exceed the SwapClear Fund Cap; and

(k) the Clearing House may recalculate the SwapClear Segregated Fund Amount and the SwapClear Contributions due from each SCM on any business day if the largest of the 60 Combined Loss Values determined under Rule S1 on that day differs by more than 25% from the Combined Loss Value on which the previous SwapClear Contribution determination was based and, on such business day, the Clearing House shall be entitled to require those SCMs whose portfolios have caused the increase in the Combined Loss Value to pay an additional amount in respect of their SwapClear Contributions.

S3. For the purposes of the calculations under Rule S2:

(a) references to "SwapClear Clearing Members" or "SCMs" do not include references to Defaulting SCMs (apart from any Defaulting SCM in respect of which the Clearing House permits the application of Rule S2) or persons which were formerly SCMs but are not SCMs at the SwapClear Determination Date at which the relevant determination is made;

(b) Contributions shall be rounded upwards, if not already such a multiple, to the next integral multiple of one thousand pounds; and

(c) no account shall be taken, in calculating initial margin or SwapClear Margin Weight under Rule S2 of any offsets in the initial margin required for SwapClear Contracts from an SCM, which may otherwise be permissible under the Procedures or other arrangements applicable.

Provided that the SCM is not a defaulter, the amount of its SwapClear Contribution shall be calculated in accordance with and subject to Rule S2. The provisions of Rule S2 and this Rule do not apply to a Defaulting SCM, unless the Clearing House so permits in any particular case.

S4. Without prejudice to any other requirements which the Clearing House may impose, the amount of the SwapClear Contribution of a New Member shall be the sum of (a) the Minimum SwapClear Contribution and (b) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

S5. Upon determination of the amount of a SwapClear Contribution in accordance with Rule S2:

(a) if the amount of the SwapClear Contribution of an SCM immediately before close of business on the relevant SwapClear Determination Date exceeds the amount of the SCM's SwapClear Contribution as determined under Rule S2 as at close of business on that day, the excess shall be paid by the Clearing House to such SCM in accordance with the Procedures;

(b) if the amount of the SwapClear Contribution of an SCM immediately before close of business on the relevant SwapClear Determination Date is the same as the amount of the SCM's SwapClear Contribution as so determined, no sum shall then be payable by or to such SCM in respect of its Contribution; and

(c) if the amount of the SwapClear Contribution of an SCM immediately before close of business on the relevant SwapClear Determination Date is less than the amount of the SCM's SwapClear Contribution as so determined, the shortfall shall be paid by such SCM to the Clearing House in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting SCM, unless the Clearing House so permits in any particular case.

S6. On any day interest shall accrue on the amount of each SwapClear Contribution then held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28, in such manner as provided by the Procedures, and at a SONIA-linked rate determined, in light of market conditions at such time, by the Clearing House from time to time and notified by the Clearing House to SwapClear Clearing Members. Interest shall be payable in arrear and shall be paid on the date or dates specified by the

Procedures. In these Default Fund Rules any interest which has accrued under this Rule shall not be regarded as part of the SwapClear Contribution. For the avoidance of doubt, if the rate of interest payable on SwapClear Contributions is negative, interest shall be payable by SwapClear Clearing Members to the Clearing House.

S7. Where, after a Default, the Clearing House has applied part or all of a SwapClear Contribution under Rule 26 or Rule 28, the SwapClear Segregated Fund Amount shall be reduced forthwith by the aggregate amount of the SwapClear Contributions or parts of SwapClear Contributions so applied and the amount of the SwapClear Contribution that each SCM must maintain with the Clearing House shall be reduced by the amount of its SwapClear Contribution which has been applied pursuant to Rule 28, in each case until the next SwapClear Determination Date. Unless and until the Clearing House has repaid a defaulter's SwapClear Contribution (or remaining part thereof, as applicable), the SwapClear Segregated Fund Amount shall be treated as having been reduced by the amount of the defaulter's SwapClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that SwapClear Contribution under Rule 26.

S8. Where, after a Default, the Clearing House determines that (i) by reason of a reduction in accordance with Rule S6, the value of the SwapClear Segregated Fund Amount has been reduced by at least 25%; or (ii) by the time of the SwapClear Default Management Process Completion Date in relation to the relevant Default the value of the SwapClear Segregated Fund Amount will be reduced by at least 25%, the Clearing House may, by notice in writing (the "***SwapClear Unfunded Contribution Notice***"), require each Non-Defaulting SCM to deposit and maintain an amount (each a "***SwapClear Unfunded Contribution***") in accordance with the following provisions:

(a) SwapClear Unfunded Contributions will only be payable in circumstances where the relevant SwapClear Unfunded Contribution Notice is delivered by the Clearing House to SCMs prior to the SwapClear Default Management Process Completion Date in relation to the relevant Default;

(b) the value of the SwapClear Unfunded Contribution payable by each individual SCM shall be the product of (i) the percentage by which the value of the SwapClear Segregated Fund Amount has been reduced and (ii) the value of the SwapClear Contribution of such SCM as at the last SwapClear Determination Date prior to the date when the relevant Default occurred;

(c) the Clearing House may, by the delivery of one or more further SwapClear Unfunded Contribution Notices, require each Non-Defaulting SCM to pay one or more further SwapClear Unfunded Contributions in respect of the same Default, provided that the total value of the SwapClear Unfunded Contributions payable by an individual SCM in respect of a particular Default (determined in accordance with paragraph (b) above) may not exceed the value of the SwapClear Contribution of such SCM as at the last SwapClear Determination Date prior to the date when the relevant Default occurred; and

(d) following a Default in respect of which SwapClear Unfunded Contributions were paid (the "First Default"), the Clearing House may require the payment of further SwapClear Unfunded Contributions in respect of subsequent Defaults, (which, for the avoidance of doubt, can never be a First Default), provided that SwapClear Unfunded Contributions will not be payable in respect of any more than three Defaults in any six month period (commencing on the date of delivery of the first SwapClear Unfunded Contribution Notice in respect of the First Default).

SCMs will be required to deposit the full amount of their SwapClear Unfunded Contributions (without exercising any rights of set-off or counterclaim) with the Clearing House on the business day following receipt of a SwapClear Unfunded Contribution Notice.

For the avoidance of doubt, references to “SCMs” for the purposes of this Rule S7 include any SCM (other than a Defaulting SCM) who is: (i) a Retiring Member but whose status as a Clearing Member has not yet been terminated; and (ii) a Resigning Member whose resignation from the SwapClear Service is not yet effective.

S9. **SwapClear Loss Distribution Process**

Where, after a Default, the Clearing House determines that the SwapClear Excess Loss resulting from the Default will exceed the amounts to be applied to it under Rule 16(1) to (7), the Clearing House may implement the process (the "***SwapClear Loss Distribution Process***") described in this Rule S8.

(a) For the purposes of this Rule S8 and for Rule S10, the following definitions will apply:

"***Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment***" means, in respect of each Cash Payment and any business day, the sum of the Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and any Cash Gainer Base Currency Adjustment to Cash Payment or Cash Loser Base Currency Adjustment to Cash Payment.

"***Auction Portfolio***" has the meaning assigned to it in the SwapClear DMP Annex.

"***Available Resources***" means, in respect of any Loss Distribution Period, the amounts available to the Clearing House for application in meeting any loss suffered or incurred by the Clearing House in accordance with Rule 16(1) to (7) as at the relevant Last Call prior to Default.

"***Cash Gain***" means, in respect of any Cash Gainer and any Loss Distribution Day, the amount of positive Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows in respect of such Cash Gainer in respect of such Loss Distribution Day.

"***Cash Gainer***" means, in respect of any Loss Distribution Day, each Margin Account in respect of which the value of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows on such Loss Distribution Day is greater than zero.

"***Cash Gainer Base Currency Adjustment to Cash Payment***" has the meaning set out in paragraph (b)(i) of this Rule S8.

Cash Gainer Payment Currency Adjustment to Cash Payment" has the meaning set out in paragraph (b)(i) of this Rule S8.

"***Cash Loser***" means, in respect of any Loss Distribution Day, each Margin Account in respect of which the value of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows on such Loss Distribution Day is equal to or less than zero.

"***Cash Loser Base Currency Adjustment to Cash Payment***" has the meaning set out in paragraph (b)(ii) of this Rule S8.

"***Cash Loser Payment Currency Adjustment to Cash Payment***" has the meaning set out in paragraph (b)(ii) of this Rule S8.

"***Cash Payment***" means, in respect of any business day, the aggregated amount which would be paid by the Clearing House to a Non-Defaulting SCM (expressed as a positive number) or by such SCM to the Clearing House (expressed as a negative number) in respect of a Cash Payment Type in a Cash Payment Currency on such business day.

"***Cash Payment Currency***" means each of the 17 currencies in which payments made between the Clearing House and an SCM may be denominated.

"***Cash Payment Type***" means each of the Price Alignment Interest, coupon payments, consideration (fee) payments and variation margin payable in respect of a Margin Account of a Non-Defaulting SCM.

"***Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows***" means in respect of each Margin Account of each Non-Defaulting SCM and any business day, the sum of the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payments payable on such Margin Account.

"***Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment***" means, in respect of each Cash Payment and any business day, the aggregate amount, if any, paid by the Clearing House to a Non-Defaulting SCM (expressed as a positive number) or by such SCM to the Clearing House (expressed as a negative number) in respect of Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment from but excluding the relevant Last Call Prior to Default to and including such business day.

"***Cumulative LCH Transfer Cost***" means, on any business day during any Loss Distribution Period, the sum of any LCH Transfer Cost for each day from but excluding the relevant Last Call prior to Default to and including such business day.

"***Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows***" means, in respect of each Margin Account of each Non-Defaulting SCM and any business day, the sum of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payments payable on such Margin Account.

"***Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment***" means, in respect of each Cash Payment and any business day, the sum of the Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment for such Cash Payment for each day from but excluding the relevant Last Call prior to Default to and including such business day.

"***Distribution Haircut***" or "***DH***" means, on each Loss Distribution Day, the fraction determined by the Clearing House in accordance with the following formula:

DH(t) = LUL(t) / TCG(t)

where:

"***LUL***" means the LCH Uncovered Loss; and

"***TCG***" means the Total Cash Gains.

"***Last Call prior to Default***" means the most recent business day on which payments of cover required to be made by SCMs were made in full.

"***LCH Transfer Cost***" means the cost (converted, where applicable, into pounds sterling at a rate of exchange determined by the Clearing House in its sole discretion) to the Clearing House of transferring the rights and obligations arising out of the Auction Portfolios of a Defaulting SCM to those SCMs who have successfully bid for such Auction Portfolios in Auctions.

"***LCH Uncovered Loss***" means, in respect of the Clearing House on any business day in any Loss Distribution Period, the amount calculated in accordance with the following formula:

LCH Uncovered Loss(t) = Max (0, (TCPH (t) + CLC(t) - TAR))

where:

"***TCPH***" means the Total Cumulative Pre Haircut Base Currency Gains losses and Realised Cash Flows;

*"**CLC***" means the Cumulative LCH Transfer Cost;

"***TAR***" means the Total Available Resources; and

the LCH Uncovered Loss as at the Last Call prior to Default shall be zero.

"***Loss Distribution Cap Amount***" means, in respect of each Non-Defaulting SCM and any Loss Distribution Period, an amount equal to the higher of (i) £100,000,000; (ii) the product of (a) 100 per cent. and (b) the SwapClear Contribution of such Non-Defaulting SCM as at the last SwapClear Determination Date prior to the date when the Default occurred at the beginning of that Loss Distribution Period; and (iii) any adjusted cap as may be agreed pursuant to paragraph (d) of this Rule S8.

"***Loss Distribution Day***" means any business day in a Loss Distribution Period on which the Clearing House, in consultation with the SwapClear DMG, prior to calling for: (i) cover in respect of margin in accordance with the provisions of the Procedures; and (ii) Required Collateral, on such business day, determines that the LCH Uncovered Loss for that business day is greater than zero.

"***Loss Distribution Period***" means the period from, but excluding, the day on which a Default occurs with respect to an SCM to but excluding the earlier of: (i) the business day on which (a) the rights and obligations arising out of the

Auction Portfolios of the Defaulting SCM are transferred to those SCMs which have successfully bid for such Auction Portfolios in Auctions, or, if any Default occurs with respect to any other SCM prior to the end of a Loss Distribution Period, the rights and obligations arising out of the Auction Portfolios of any subsequent Defaulting SCM are transferred to those SCMs who have successfully bid for such Auction Portfolios in Auctions and (b) all payments required to be made by such SCMs and/or the Clearing House in respect of such Auction(s) have been made in full; or (ii) any Loss Distribution Day in respect of which the Clearing House determines that the SCM Adjustment Amount for any SCM would be equal to or greater than the Loss Distribution Cap Amount for such Loss Distribution Day.

"***Margin Account***" means each Proprietary Account, Individual Segregated Account, Omnibus Net Segregated Account and FCM Omnibus OTC Client Account of an SCM.

"***Payment Currency Adjustment to Cash Payment***" means one or more Cash Gainer Payment Currency Adjustment to Cash Payment(s) and/or one or more Cash Loser Payment Currency Adjustment to Cash Payment(s).

"***Pre Haircut Base Currency Gains, Losses and Realised Cash Flows by Cash Payment***" means, in respect of each Cash Payment and any business day, the amount (converted, where applicable, into pounds sterling at the Rate of Exchange which would be paid by the Clearing House to a Non-Defaulting SCM (expressed as a positive number) or by such SCM to the Clearing House (expressed as a negative number) on such business day in the absence of the application of the Distribution Haircut.

"***Rate of Exchange***" means, for any day, the applicable rate of exchange for converting one currency into another as determined by the Clearing House by reference to Reuters;

"***SCM Adjustment Amount***" means in respect of the Margin Account(s) of any Non-Defaulting SCM and any Loss Distribution Day, an amount equal to the sum of the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows in respect of such Margin Account(s) of such SCM less the sum of the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows in respect of such Margin Account(s) of such Clearing Member, in each case in respect of the Loss Distribution Period in which such Loss Distribution Day falls.

"***t***" means, in respect of any determination made in relation to a business day, such business day.

"***t-1***" means, in respect of any determination made in relation to a business day, the business day immediately prior to such business day.

"***Total Available Resources***" means, on any business day during a Loss Distribution Period the sum of (i) the Available Resources and (ii) any Unfunded Contributions deposited with the Clearing House since the relevant Last Call Prior to Default.

"***Total Cash Gains***" means, in respect of any business day, the sum of the Cash Gain in respect of all Cash Gainers on such business day.

"***Total Cumulative Pre Haircut Base Currency Gains losses and Realised Cash Flows***" means, in respect of any business day the sum of all Total Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payments.

"***Total Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment***" means, in respect of any business day, the sum of the Total Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment for each business day from but excluding the relevant Last Call prior to Default to and including such business day.

"***Total Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment***" means, in respect of any business day, the sum of the Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment in respect of all Margin Accounts of all Non-Defaulting SCMs on such business day.

"***Underlying Cash Payment***" means, in respect of a Cash Gainer Base Currency Adjustment to Cash Payment or a Cash Loser Base Currency Adjustment to Cash Payment, the Cash Payment in respect of which such Cash Gainer Base Currency Adjustment to Cash Payment or Cash Loser Base Currency Adjustment to Cash Payment is calculated.

(b) Adjustment of Underlying Cash Payments

i Cash Gainer

On each Loss Distribution Day for each Margin Account of each Non-Defaulting SCM which is deemed to be a Cash Gainer, the relevant SCM shall be required to pay the Clearing House an amount equal to each positive amount determined as follows or, as applicable, the Clearing House shall be required to pay the relevant SCM the absolute value of each negative amount determined as follows (in each case, such amount the "***Cash Gainer Payment Currency Adjustment to Cash Payment***"):

The Cash Gainer Payment Currency Adjustment to Cash Payment is the value of the amount determined in accordance with the formula below (the "***Cash Gainer Base Currency Adjustment to Cash Payment***") converted at the Rate of Exchange into the Cash Payment Currency in which the relevant Underlying Cash Payment is denominated

where:

Cash Gainer Base Currency Adjustment to Cash Payment (t) = PHG(t) – (CHG(t) * Max (0, 1 - DH(t)) – CAG(t-1))

"***PHG***" means the Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment;

"***CHG***" means the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment;

"***DH***" means the Distribution Haircut; and

"***CAG***" means the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and where "CAG" as at the Last Call prior to Default shall be zero.

ii **Cash Loser**

On each Loss Distribution Day for each Margin Account of each Non-Defaulting SCM which is deemed to be a Cash Loser, the Clearing House shall be required to pay the absolute value of each amount (the "***Cash Loser Payment Currency Adjustment to Cash Payment***") determined as follows:

The Cash Loser Payment Currency Adjustment to Cash Payment is the value of the amount determined in accordance with the formula below (the "***Cash Loser Base Currency Adjustment to Cash Payment***") converted at the Rate of Exchange into the Cash Payment Currency in which the relevant Underlying Cash Payment is denominated

Where

Cash Loser Base Currency Adjustment to Cash Payment(t) = PHG(t) – (CHG(t) – CAG(t-1))

"***PHG***" Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment;

"***CHG***" means the Cumulative Pre Haircut Base Currency Gains Losses and Realised Cash Flows by Cash Payment; and

"***CAG***" means the Cumulative Actual Base Currency Gains, Losses and Realised Cash Flows by Cash Payment and where "CAG" as at the Last Call prior to Default shall be zero.

iii **Application of Payment Currency Adjustment to Cash Payment**

On each Loss Distribution Day, the Clearing House shall apply the payment or receipt of any Payment Currency Adjustment to Cash Payment as an offset against any payments denominated in the same Cash Payment Currency as the relevant Payment Currency Adjustment to Cash Payment due from or receivable by the relevant SCM.

iv **Adjustment for exchange of Notional Amounts on maturity**

an exchange of Notional Amounts is applicable to any SwapClear Contract on any business day during a Loss Distribution Period, the Clearing House may, following consultation with its risk committee or the SwapClear DMG, as appropriate, make such adjustments as are necessary to the calculation of a Payment Currency Adjustment to Cash Payment to reflect the payment flows arising from such exchange of Notional Amounts, keeping in mind the principle that the calculation of a Payment Currency Adjustment to Cash Payment is designed to capture all profits and/or losses on positions during the relevant Loss Distribution Period.

(c) **Application of Cash Gainer Payment Currency Adjustment to Cash Payment**

The Clearing House shall apply all payments it receives in respect of Cash Gainer Payment Currency Adjustment to Cash Payments solely for the purposes of meeting any loss incurred by the Clearing House following, and in relation to, each Default, as contemplated in accordance with Rule 16(1) to (7).

(d) **Adjustment to Loss Distribution Cap Amount**

If, during a Loss Distribution Period, the Clearing House considers that the Cash Gainer Payment Currency Adjustment to Cash Payments applied to a particular Margin Account of an SCM are, or are about to be equal to or greater than the Loss Distribution Cap Amount, the Clearing House may propose an adjustment to such Loss Distribution Cap Amount. If agreed by all Non-Defaulting SCMs, the Loss Distribution Cap Amount as adjusted pursuant to this paragraph (d) shall be applicable for the remainder of the relevant Loss Distribution Period.

(e) **No Rebate**

The payment to the Clearing House by any SCM of any Cash Gainer Payment Currency Adjustment to Cash Payment shall be final and shall not give rise to any obligation of the Clearing House to repay any such amount or to pay any interest thereon.

(f) **Application of any Recoveries**

If the SwapClear Loss Distribution Process has been invoked by the Clearing House in accordance with this Rule S8, the Clearing House shall reimburse the SCMs (irrespective of whether they remain SCMs at the time of the recovery) and the Clearing House on a *pro rata* basis by reference to the resources which have been applied pursuant to Rule 16(1) to (7) and including the net amount of any one or more paid by the relevant SCMs:

i any amounts received from the Defaulting SCM as a result of the Clearing House being a creditor of the Defaulting SCM in respect of the SwapClear Business of such Defaulting SCM in the context of the occurrence of any of the events under Rule 5(i) to (p) in respect of the Defaulting SCM or otherwise, other than in respect of sums due to the Clearing House for its own account; or

ii any other amounts howsoever obtained or recovered in the course of the Clearing House's operation of the SwapClear Default Management Process or which are otherwise referable to the Defaulting SCM,

in each case net of any related expenses incurred by the Clearing House or other sums owing to the Clearing House by the Defaulting SCM in connection with the SwapClear clearing service. For the avoidance of doubt, nothing in this paragraph (f) shall oblige the Clearing House to pursue any litigation or other action in order to recover the amounts contemplated above and if another default fund of the Clearing House has also been applied as a result of the SCM's Default, any amounts recovered shall be applied *pari passu* as between the relevant default funds.

S10. Where, after the Default of one or more SCMs, the Clearing House determines that, notwithstanding the availability of any resources remaining under Rule 16(1) to (7) and the availability of the SwapClear Loss Distribution Process in accordance with the terms of Rule S8, it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those SwapClear Contracts to which it is party with Non-Defaulting SCMs, the Clearing House will by notice in writing (a "**SwapClear Voluntary Payment Notice**"): (i) inform all Non-Defaulting SCMs that it has insufficient resources and that it is likely to invoke Rule S10; and (ii) invite each Non-Defaulting SCM to make a payment of funds (a "**SwapClear Voluntary Payment**"), in accordance with Rule 16(7), to make up for the relevant shortfall.

(a) SwapClear Voluntary Payments will be made on the following terms:

(b) no SCM shall be obliged to make a SwapClear Voluntary Payment;

(c) any SwapClear Voluntary Payment will be made by an SCM by the close of business on the business day after receipt of the relevant SwapClear Voluntary Payment Notice;

(d) no SwapClear Voluntary Payment may be withdrawn once made; and

(e) the Clearing House shall full discretion whether or not to accept a particular SwapClear Voluntary Payment.

Any failure by the Clearing House to deliver a SwapClear Voluntary Payment Notice pursuant to this Rule S9 will not invalidate any action taken by the Clearing House pursuant to Rule S10 nor give rise to any liability whatsoever on the part of the Clearing House.

Any SwapClear Voluntary Payments remaining unused at the time of the expiry of the relevant SwapClear Default Period will be accounted for ratably by the Clearing House as if they were amounts paid in respect of the SwapClear Contributions of those SCMs from whom SwapClear Voluntary Payments were accepted.

S11. Where, following the process for inviting SwapClear Voluntary Payments in accordance with Rule S10, the Clearing House makes a determination (an "***Insufficient Resources Determination***") that it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those SwapClear Contracts to which it is party with Non-Defaulting SCMs, the following provisions shall have effect:

(a) All outstanding SwapClear Contracts shall be closed out as of the clearing day following the date the Insufficient Resources Determination was made and any further obligations to make any payments under or in respect of such SwapClear Contracts shall cease. The closing prices used shall be mid prices calculated by the Clearing House in accordance with the methodology used by it to carry out end of day margin runs in respect of the outstanding SwapClear Contracts. Where such data is not available to the Clearing House, the closing price shall be the last price used by the Clearing House to calculate the variation margin requirement for the position to be closed out.

(b) On the basis of the close out values established for each outstanding SwapClear Contract, an account shall be taken (as at the time of close out) of

what is due in respect of each SCM, from that SCM to the Clearing House and from the Clearing House to that SCM, as well as all other amounts owing under or in respect of SwapClear Contracts and any other amounts that may be due in respect of the SwapClear Service (including for these purposes, a proportionate share of any amounts owed generally to or from the Clearing House), and the sums due from the SCM shall be set off against the sums due from the Clearing House and only the balance of the account shall be payable. For the avoidance of doubt, amounts in respect of SwapClear Contracts shall include, but not be limited to, returns of variation margin associated therewith and the repayment of any Net Cash Gainer Payment Currency Adjustment to Cash Payments made in the SwapClear Default Period to which the Insufficient Resources Determination relates (and in respect of which S9(e) shall be specifically disapplied), but shall exclude the repayment of any cash initial margin or any outstanding SwapClear Contributions.

(c) The Clearing House shall determine any amounts due to each SCM in respect of the repayment of any cash initial margin and outstanding SwapClear Contributions to be repaid. The claim of each such SCM in respect to the foregoing shall be reduced in proportion to an amount by which (i) the value of the assets available to the Clearing House to meet the return obligations referred to in (ii) bears to (ii) the value of what would be due from the Clearing House to each Clearing Member in aggregate in respect of the return of initial margin received from each such Clearing Member in the form of cash and outstanding Contributions.

(d) For each SCM, the amount due to it or due from it as determined pursuant to (b) shall be aggregated with its claim determined pursuant to (c) above and only the net sum shall be payable. Where the result of such calculations is that an SCM owes an amount to the Clearing House, that SCM shall pay that amount to the Clearing House immediately. Where the result of such calculations is that an SCM is owed an amount by the Clearing House, the Clearing House shall pay that amount to the SCM immediately, subject to (f) below.

(e) The payment of such amount to an SCM, pursuant to (d) above subject to any re-calculations performed pursuant to (f) below, shall constitute the full and final payment in respect of the SwapClear Service and such SCM shall not be permitted to make any further claims to the Clearing House in respect of amounts relating to the SwapClear Service nor shall it be permitted to notify the Clearing House of a Termination Date pursuant to Regulation 39A for a failure to pay any amounts in relation to the SwapClear Service.

(f) The Clearing House may make the payments due under (d) above in one or more instalments to the SCMs in proportion to the value of their claims on the Clearing House under (b) above if some but not all of the amounts due under (d) or Rule 16(1) to 16(7) above have not yet been received. The Clearing House shall take reasonable steps to recover such amounts and may deduct therefrom reasonable administration costs for such recovery. To the extent that the Clearing House determines that any such amounts will not in fact be recoverable, it shall re-determine the amounts due to SCMs in accordance with this Rule S10.

(g) This Rule S10 shall not be applied in the event that a Termination Date has been specified in relation to the Clearing House in accordance with Regulation 39A.

(h) Nothing in the foregoing shall override the obligation of the Clearing House to return initial margin provided by way of security to a SCM pursuant to its Regulations and Procedures.

S12. **Ballot Arrangements**

(a) Notwithstanding anything to the contrary in clauses 9.4 and 9.5 of the Clearing Membership Agreement, no proposal for any of the amendments set out in paragraphs (i), (ii) and (iii) below (each a "***SwapClear Amendment***") shall be capable of coming into effect unless first approved in a ballot of SCMs:

i any amendment to the value of the SwapClear Fund Floor and/or the value of the SwapClear Fund Cap, in each case as provided for in paragraph (b) of Rule S2 or as subsequently approved in a ballot under this Rule S11;

ii any amendment providing for a change in the nature of the liabilities for which an SCM's indemnity is given by virtue of paragraph (c) of Rule 28; and

iii any amendment which, in the opinion of the Board of Directors of the Clearing House would represent a significant change in the commitments of the SCMs but not in the commitments of any other Clearing Members,

(b) For the purposes of a ballot conducted pursuant to this Rule S11, the provisions of clauses 9.4, 9.6 and 9.7 of the Clearing Membership Agreement shall apply with the following amendments:

i the words "major amendment to the Default Fund Rules" in the first line of clause 9.4 of the Clearing Membership Agreement shall be replaced with the words "SwapClear Amendment";

ii all references to "Clearing Members" shall be replaced with references to "SCMs";

iii in paragraph (c) of clause 9.4 of the Clearing Membership Agreement, the reference to "Contributions" shall be replaced with a reference to "SwapClear Contributions" and the reference to "Quarter Day" shall be replaced with a reference to "SwapClear Determination Date";

iv references to "Fund Amount" in clauses 9.6 and 9.7 of the Clearing Membership Agreement shall be replaced with references to "SwapClear Fund Amount";

v the reference to "clause 9.4" in clause 9.6 of the Clearing Membership Agreement shall be replaced with a reference to "Rule S11 of the SwapClear Default Fund Supplement to the Default Fund Rules"; and

vi the references to "Contribution" in clauses 9.6 and 9.7 of the Clearing Membership Agreement shall be replaced with references to "SwapClear Contribution".

(a) For the purposes of a ballot conducted under clauses 9.4 and 9.5 of the Clearing Membership Agreement other than a ballot in relation to an amendment which, in the opinion of the Board of Directors of the Clearing House falls within paragraph (c) of clause 9.5 of the Clearing Membership Agreement but not within paragraph (a)(iii) of this Rule S11, references to "Clearing Members" shall not include SCMs who are not engaged in any business with the Clearing House other than SwapClear Business and SwapClear Contributions shall not count as "Contributions".

RepoClear Default Fund Supplement

R.1 On each business day, the Clearing House will determine the "***Combined Loss Value***" in respect of each of the 20 preceding business days. The Combined Loss Value in respect of a particular day will be the sum of the STLIEOMs for the RCMs which have the largest and the second largest STLIEOM on that day. For this purpose, the "***STLIEOM***" means, in respect of each RCM and any day, the stress-tested loss in excess of initial margin (determined for a given scenario determined by the Clearing House) which could be incurred by the Clearing House in respect of that RCM's RepoClear Business if that RCM became a Defaulting RCM on that day.

R.2 Each RCM's RepoClear Contribution (other than a RepoClear Unfunded Contribution) shall be determined by the Clearing House in accordance with the following provisions:

(a) determinations will be made by the Clearing House initially on a date determined by the Clearing House and thereafter on the date that an RCM joins the RepoClear Service, and at close of business on the first business day of each subsequent month (each a "***RepoClear Determination Date***") provided, however, that, following a Default, any such determinations and any such RepoClear Determination Date which might otherwise have occurred under this Rule R.2 shall be suspended for the duration of the period (the "***RepoClear Default Period***") commencing on the date of such Default and terminating on the last to occur of the following dates:

i the date which is the close of business on the day falling 30 calendar days after the RepoClear Default Management Process Completion Date in relation to such Default (or, if such day is not a business day, the next succeeding business day); and

ii where, prior to the to the end of the period referred to in (i) above (or such period as has already been extended pursuant to this sub-paragraph (ii)) one or more subsequent Defaults (each a "***Relevant Default***") occur, the date which is the close of business on the day falling 30 calendar days after the RepoClear Default Management Process Completion Date in relation to a Relevant Default which falls latest in time (or, if such day is not a business day, the next succeeding business day);

(b) the "***RepoClear Segregated Fund Amount***" shall be denominated in euro, and, for a given RepoClear Determination Date, shall be the largest of the 20 Combined Loss Values determined under Rule R.1 plus 10%. The RepoClear Segregated Fund Amount shall not be less than EUR 500 million or such greater amount as shall be determined by the LCH risk committee (the "***RepoClear Fund Floor***") and shall not be more than EUR 620 million or such greater amount as shall be determined by the LCH risk committee from time to time on the basis of the stress tests applied to current positions of RCMs (the "***RepoClear Fund Current Maximum Amount***");

(c) the RCM's "***RepoClear Margin Weight***" shall be calculated by dividing the average daily requirement for initial margin (as calculated under the Procedures or other arrangements applicable) which has applied to the RCM during the 20 business day period preceding the relevant RepoClear Determination Date in respect of all RepoClear Contracts to which such RCM

is a party by the total of such average daily requirements applied to all Non-Defaulting RCMs;

(d) the RCM's "***Preliminary RepoClear Contribution***" shall be calculated by multiplying the RepoClear Segregated Fund Amount by the RCM's RepoClear Margin Weight;

(e) if the Clearing Member's Preliminary RepoClear Contribution is below the Minimum RepoClear Contribution for the time being, the Clearing Member's RepoClear Contribution shall be the Minimum RepoClear Contribution;

(f) the "***RepoClear Actual Total***" shall be calculated by adding together (i) the amount which is the product of the Minimum RepoClear Contribution and the number of Minimum RepoClear Contribution Members; and (ii) the aggregate Preliminary RepoClear Contributions of those RCMs which are not Minimum RepoClear Contribution Members;

(g) where the RepoClear Actual Total is greater than the RepoClear Fund Current Maximum Amount, the "***RepoClear Excess***" shall be the arithmetical difference between the RepoClear Actual Total and the RepoClear Fund Current Maximum Amount;

(h) where the RepoClear Actual Total is less than the RepoClear Fund Floor, the "***RepoClear Shortfall***" shall be the arithmetical difference between the RepoClear Fund Floor and the RepoClear Actual Total;

(i) for each RCM other than a Minimum RepoClear Contribution Member: (i) the RCM's "***RepoClear Discount***" (if any) shall be such RCM's *pro rata* share of the RepoClear Excess calculated as the proportion of such RCM's Preliminary RepoClear Contribution relative to the aggregate Preliminary RepoClear Contributions of all RCMs other than Minimum RepoClear Contribution Members; and (ii) the RCM's "***RepoClear Increase***" (if any) shall be such RCM's *pro rata* share of the RepoClear Shortfall calculated as the proportion of such RCM's Preliminary RepoClear Contribution relative to the aggregate Preliminary RepoClear Contributions of all RCMs other than Minimum RepoClear Contribution Members;

(j) for each RCM other than a Minimum RepoClear Contribution Member, the RCM's RepoClear Contribution shall be the Preliminary RepoClear Contribution (i) less any RepoClear Discount applicable to the RCM or (ii) plus any RepoClear Increase applicable to the RCM; provided that if the application of any RepoClear Discount would result in a RepoClear Contribution less than the Minimum RepoClear Contribution, such RCM shall pay the Minimum RepoClear Contribution notwithstanding that the arithmetical sum of RepoClear Contributions paid by all RCMs may thereby exceed the RepoClear Fund Current Maximum Amount; and

(k) notwithstanding paragraphs (a) to (j), if any RCM has a STLIEOM which is equal to or greater than 45% of the RepoClear Segregated Fund Amount, the Clearing House may require such RCM to pay an additional amount as margin.

R.3 For the purposes of the calculations under Rules R.1 and R2:

(a) references to "RepoClear Clearing Members" or "RCMs" do not include references to Defaulting RCMs (apart from any Defaulting RCM in respect of which the Clearing House permits the application of Rule R.2) or persons which were formerly RCMs but are not RCMs at the RepoClear Determination Date at which the relevant determination is made;

(b) no account shall be taken, in calculating initial margin or RepoClear Margin Weight under Rule R.2 of any offsets in the initial margin required for RepoClear Contracts from an RCM, which may otherwise be permissible under the Procedures or other arrangements applicable;

(c) provided that the RCM is not a Defaulting RCM, the amount of its RepoClear Contribution shall be calculated in accordance with and subject to Rule R2. The provisions of Rule R.2 and this Rule do not apply to a Defaulting RCM, unless the Clearing House so permits in any particular case; and

(d) notwithstanding Rule 23(a)(i), if a RCM notifies the Clearing House on the RepoClear Default Management Process Completion Date that it wishes to resign from the RepoClear Service, such RCM, assuming all other requirements for termination of membership have been satisfied by the next following RepoClear Determination Date, shall cease to be a RCM for the purpose of Rule R2 on and from the date upon which its RepoClear Contribution is repaid to it by the Clearing House and such payment will be made by the Clearing House following the subsequent RepoClear Determination Date in accordance with the Procedures.

R.4 Without prejudice to any other requirements which the Clearing House may impose, the amount of the RepoClear Contribution of a New Member shall be the sum of (a) the Minimum RepoClear Contribution and (b) any supplementary sum determined by the Clearing House in its discretion and notified to the New Member. The Clearing House shall determine the amount of such supplementary sum by reference to the actual or expected level of clearing activity of the New Member.

R.5 Upon determination of the amount of a RepoClear Contribution in accordance with Rule R.2:

(a) if the amount of the RepoClear Contribution of an RCM immediately before close of business on the relevant RepoClear Determination Date exceeds the amount of the RCM's RepoClear Contribution as determined under Rule R.2 as at close of business on that day, the excess shall be paid by the Clearing House to such RCM in accordance with the Procedures;

(b) if the amount of the RepoClear Contribution of an RCM immediately before close of business on the relevant RepoClear Determination Date is the same as the amount of the RCM's RepoClear Contribution as so determined, no sum shall then be payable by or to such RCM in respect of its Contribution; and

(c) if the amount of the RepoClear Contribution of an RCM immediately before close of business on the relevant RepoClear Determination Date is less than the amount of the RCM's RepoClear Contribution as so determined, the shortfall shall be paid by such RCM to the Clearing House in accordance with the Procedures.

RepoClear Contributions shall at all times be denominated in EUR. However, a RCM may pay its RepoClear Contribution in either EUR or GBP in accordance with the Procedures.

The provisions of this Rule do not apply to a Defaulting RCM, unless the Clearing House so permits in any particular case.

R.6 On any day interest shall accrue on the amount of each RepoClear Contribution then held by the Clearing House, to the extent that it has not been applied under Rule 26 or Rule 28, at such rate and in such manner as provided by the Procedures, provided that the rate of interest for any particular day shall not be less than the EONIA or SONIA rate (as applicable) published on that day (or, in relation to any day for which a EONIA or SONIA rate (as applicable) is not available, the EONIA or SONIA rate (as applicable) most recently published before such day). Interest shall be payable in arrear and shall be paid on the date or dates specified by the Procedures. In these Default Fund Rules any interest which has accrued under this Rule shall not be regarded as part of the RepoClear Contribution.

R.7 Where, after a Default, the Clearing House has applied part or all of a RepoClear Contribution under Rule 26 or Rule 28, the RepoClear Segregated Fund Amount shall be reduced forthwith by the aggregate amount of the RepoClear Contributions or parts of RepoClear Contributions so applied and the amount of the RepoClear Contribution that each RCM must maintain with the Clearing House shall be reduced by the amount of its RepoClear Contribution which has been applied pursuant to Rule 28, in each case until the next RepoClear Determination Date. Unless and until the Clearing House has repaid a defaulter's RepoClear Contribution (or remaining part thereof, as applicable), the RepoClear Segregated Fund Amount shall be treated as having been reduced by the amount of the defaulter's RepoClear Contribution (if any), regardless of whether the Clearing House has applied part or all of that RepoClear Contribution under Rule 26.

R.8 Where, after a Default, the Clearing House determines that (i) by reason of a reduction in accordance with Rule R.7, the value of the RepoClear Segregated Fund Amount has been reduced by at least 25%; or (ii) by the time of the RepoClear Default Management Process Completion Date in relation to the relevant Default the value of the RepoClear Segregated Fund Amount will be reduced by at least 25%, the Clearing House may, by notice in writing (the "***RepoClear Unfunded Contribution Notice***"), require each Non-Defaulting RCM to deposit and maintain an amount (each a "***RepoClear Unfunded Contribution***") in accordance with the following provisions:

(a) RepoClear Unfunded Contributions will only be payable in circumstances where the relevant RepoClear Unfunded Contribution Notice is delivered by the Clearing House to RCMs prior to the RepoClear Default Management Process Completion Date in relation to the relevant Default;

(b) the value of the RepoClear Unfunded Contribution payable by each individual RCM shall be the product of (i) the percentage by which the value of the RepoClear Segregated Fund Amount has been reduced and (ii) the value of the RepoClear Contribution of such RCM as at the last RepoClear Determination Date prior to the date when the relevant Default occurred;

(c) following the payment of a RepoClear Unfunded Contribution in accordance with paragraphs R8(a) and (b), the Clearing House may, by the delivery of one or more further RepoClear Unfunded Contribution Notices, require each

Non-Defaulting RCM to pay one or more further RepoClear Unfunded Contributions in respect of the same Default, provided that the total value of the RepoClear Unfunded Contributions payable by an individual RCM in respect of a particular Default (determined in accordance with paragraph (b) above) may not exceed the value of the RepoClear Contribution of such RCM as at the last RepoClear Determination Date prior to the date when the relevant Default occurred; and

(d) following a Default in respect of which RepoClear Unfunded Contributions were paid (the "***First Default***"), the Clearing House may require the payment of further RepoClear Unfunded Contributions in respect of subsequent Defaults, (which, for the avoidance of doubt, can never be a First Default), provided that RepoClear Unfunded Contributions will not be payable in respect of any more than three Defaults in any six month period (commencing on the date of delivery of the first RepoClear Unfunded Contribution Notice in respect of the First Default).

RCMs will be required to deposit the full amount of their RepoClear Unfunded Contributions (without exercising any rights of set-off or counterclaim) with the Clearing House on the business day following receipt of a RepoClear Unfunded Contribution Notice.

For the avoidance of doubt, references to "RCMs" for the purposes of this Rule R.8 include any RCM (other than a Defaulting RCM) who is: (i) a Retiring Member but whose status as a Clearing Member has not yet been terminated; and (ii) a Resigning Member whose resignation from the RepoClear Service is not yet effective.

R.9 RepoClear Loss Distribution Process

Where, after a Default, the Clearing House determines that the RepoClear Excess Loss resulting from the Default will exceed the amounts to be applied to it under Rule 16(a) to (g), the Clearing House may implement the process (the "***RepoClear Loss Distribution Process***") described in this Rule R.9.

(a) For the purposes of this Rule R.9, the following definitions will apply:

"***Available Resources***" means, in respect of any Loss Distribution Period, the aggregated amount which would be paid by the Clearing House for application in meeting any loss suffered or incurred by the Clearing House in accordance with Rule 16(a) to (g) as at the relevant Last Call Prior to Default.

"Cash Payment" means, in respect of any business day, the aggregated amount which would be paid by the Clearing House to a Non-Defaulting RCM (expressed as a positive number) or by such RCM to the Clearing House (expressed as a negative number) in a Cash Payment Currency on such business day.

"Cash Payment Currency" means, in respect of each RCM, the Currency in which it paid its RepoClear Contribution.

"Cumulative LCH Transfer Cost" means, as determined on any business day during any Loss Distribution Period, the sum of any LCH Transfer Cost for each day from but excluding the relevant Last Call Prior to Default to and including such business day.

"Last Call Prior to Default" means the most recent business day on which payments of cover required to be made by RCMs were made in full.

"LCH Transfer Cost" means any cost (converted, where applicable, into EUR at a rate of exchange determined by the Clearing House in its sole discretion) to the Clearing House of transferring the rights and obligations arising out of the RepoClear Contracts of a Defaulting RCM to any other RCM.

"LCH Uncovered Loss" means, in respect of the Clearing House, as determined on any business day in any Loss Distribution Period, the amount greater than zero calculated in accordance with the following formula:

(TRCMCP + CLC) – (TAR + TLD)

where:

"TRCMCP" means the TRCM Cash Payment;

"CLC" means the Cumulative LCH Transfer Cost;

"TAR" means the Total Available Resources; and

"TLD" means Total Loss Distribution; and

the LCH Uncovered Loss as at the Last Call prior to Default shall be zero.

"Loss Distribution Cap Amount" means, in respect of each Non-Defaulting RCM and any Loss Distribution Period, an amount equal to the product of (i) 100 per cent. and (ii) the RepoClear Contribution of such Non-Defaulting RCM as at the last RepoClear Determination Date prior to the date when the Default occurred at the beginning of that Loss Distribution Period;

"Loss Distribution Day" means any business day in a Loss Distribution Period on which the Clearing House, prior to calling for: (i) cover in respect of margin in accordance with the provisions of the Procedures; and (ii) Required Collateral, on such business day, determines that the LCH Uncovered Loss for that business day is greater than zero.

"***Loss Distribution Period***" means the period from, but excluding, the day on which a Default occurs with respect to an RCM to the business day on which all Loss Distribution Charges in respect of such Default have been paid in full.

"***Rate of Exchange***" means, for any day, the applicable rate of exchange for converting one currency into another as determined by the Clearing House by reference to Reuters;

"***RCM Cash Payment***" means, in respect of any Cash Payment (converted, where applicable into EUR at a rate of exchange determined by the Clearing House in its sole discretion) and any business day (a) the amount of any such Cash Payment which would be paid by the Clearing House to a Non-Defaulting RCM in respect of the RepoClear Contracts of a Defaulting RCM on such business day (expressed as a positive number) excluding any cash payments made by the Clearing House to such Non-Defaulting RCM in respect (i) of delivery versus payment transfers and (ii) all margin payments other than Variation Margin; and (b) the amount of any Cash Payments made by the

relevant Non-Defaulting RCM to the Clearing House in respect of the RepoClear Contracts of a Defaulting RCM on such business day (expressed as a negative number) excluding any cash payments made by the relevant Non-Defaulting RCM to the Clearing House in respect (i) of delivery versus payment transfers and (ii) all margin payments other than Variation Margin.

"***Total Available Resources***" means, during a Loss Distribution Period the sum of (i) the Available Resources and (ii) any Unfunded Contributions.

"***Total Loss Distribution***" means, as determined on the day an LCH Uncovered Loss is being determined, the sum of any Loss Distribution Charges paid by Non-Defaulting RCMs from but the excluding relevant Last Call Prior to Default to and excluding such day.

"***TRCM Cash Payment***" means the total of all cumulative RCM Cash Payments for each business day from but excluding the relevant Last Call Prior to Default up to and including the business day upon which LCH Uncovered Losses are being determined.

(b) Loss Distribution Charges

On each Loss Distribution Day, each Non-Defaulting RCM shall be required to pay to the Clearing House a "***Loss Distribution Charge***" which is equal to the product of (x) the LCH Uncovered Loss in respect of that Loss Distribution Day and (y) the proportion which that Non-Defaulting RCM's RepoClear Contribution bears to the aggregate of the RepoClear Contributions of all Non-Defaulting RCMs, *provided that*, the aggregate of all such Loss Distribution Charges shall not be greater than the Loss Distribution Cap Amount in respect of that Non-Defaulting RCM.

Any Loss Distribution Charge shall be paid by the RCM to the Clearing House in accordance with the Procedures.

(c) Application of Loss Distribution Charges to Cash Payment

The Clearing House shall apply all payments it receives in respect of Loss Distribution Charges to Cash Payments solely for the purposes of meeting any loss incurred by the Clearing House following, and in relation to, each Default, as contemplated in accordance with Rule 16(a) to (g).

(d) No Rebate

The payment to the Clearing House by any RCM of any Loss Distribution Charge shall be final and shall not give rise to any obligation of the Clearing House to repay any such amount or to pay any interest thereon.

(e) Application of any Recoveries

If the RepoClear Loss Distribution Process has been invoked by the Clearing House in accordance with this Rule R.9, the Clearing House shall reimburse the RCMs (irrespective of whether they remain RCMs at the time of the recovery) and the Clearing House on a *pro rata* basis by reference to the resources which have been applied pursuant to Rule 16(a) to (g) (including any RepoClear Unfunded Contributions) and including the net amount of any one or more paid by the relevant RCMs:

i any amounts received from the Defaulting RCM as a result of the Clearing House being a creditor of the Defaulting RCM in respect of the RepoClear Business of such Defaulting RCM in the context of the occurrence of any of the events under Rule 5(i) to (p) in respect of the Defaulting RCM or otherwise, other than in respect of sums due to the Clearing House for its own account; or

ii any other amounts howsoever obtained or recovered in the course of the Clearing House's operation of the RepoClear Default Management Process or which are otherwise referable to the Defaulting RCM,

in each case net of any related expenses incurred by the Clearing House or other sums owing to the Clearing House by the Defaulting RCM in connection with the RepoClear clearing service. For the avoidance of doubt, nothing in this paragraph (f) shall oblige the Clearing House to pursue any litigation or other action in order to recover the amounts contemplated above and if another default fund of the Clearing House has also been applied as a result of the RCM's Default, any amounts recovered shall be applied *pari passu* as between the relevant default funds.

R.10 Where, after the Default of one or more RCMs, the Clearing House determines that, notwithstanding the availability of any resources remaining under Rule 16(a) to (g) and the availability of the RepoClear Loss Distribution Process in accordance with the terms of Rule R.9, it is clear that the Clearing House does not have sufficient resources to meet its obligations and liabilities arising in respect of those RepoClear Contracts to which it is party with Non-Defaulting RCMs, the Clearing House shall conduct a ballot of RCMs to determine whether or not to repeat the Loss Distribution Process in Rule R9. The quorum for such a ballot shall be 95% of all RCMs, and any such ballot shall only be carried if it all those RCMs who vote have voted in favour of repeating the procedures in Rule R9. For the avoidance of doubt, where the Loss Distribution Process in Rule R9 is repeated following a vote in favour of such under this Rule R10, no Loss Distribution Charges paid by Non-Defaulting RCMs under previous applications of the Loss Distribution Process shall be included in determining whether the Loss Distribution Cap Amount for such current application of the Loss Distribution Process has been reached.

R.11 Ballot Arrangements

(a) Notwithstanding anything to the contrary in clauses 9.4 and 9.5 of the Clearing Membership Agreement, no proposal for any of the amendments set out in paragraphs (i) or (ii) below (each a "***RepoClear Amendment***") shall be capable of coming into effect unless first approved in a ballot of RCMs:

i any amendment providing for a change in the nature of the liabilities for which an RCM's indemnity is given by virtue of paragraph (c) of Rule 28; and

ii any amendment which, in the opinion of the Board of Directors of the Clearing House would represent a significant change in the commitments of the RCMs but not in the commitments of any other Clearing Members,

(b) For the purposes of a ballot conducted pursuant to this Rule R.11, the provisions of clauses 9.4, 9.6 and 9.7 of the Clearing Membership Agreement shall apply with the following amendments:

i the words "major amendment to the Default Fund Rules" in the first line of clause 9.4 of the Clearing Membership Agreement shall be replaced with the words "RepoClear Amendment";

ii all references to "Clearing Members" shall be replaced with references to "RCMs";

iii in paragraph (c) of clause 9.4 of the Clearing Membership Agreement, the reference to "Contributions" shall be replaced with a reference to "RepoClear Contributions" and the reference to "Quarter Day" shall be replaced with a reference to "RepoClear Determination Date";

iv references to "Fund Amount" in clauses 9.6 and 9.7 of the Clearing Membership Agreement shall be replaced with references to "RepoClear Fund Amount";

v the reference to "clause 9.4" in clause 9.6 of the Clearing Membership Agreement shall be replaced with a reference to "Rule 11 of the RepoClear Default Fund Supplement to the Default Fund Rules"; and

vi the references to "Contribution" in clauses 9.6 and 9.7 of the Clearing Membership Agreement shall be replaced with references to "RepoClear Contribution".

(c) For the purposes of a ballot conducted under clauses 9.4 and 9.5 of the Clearing Membership Agreement other than a ballot in relation to an amendment which, in the opinion of the Board of Directors of the Clearing House falls within paragraph (c) of clause 9.5 of the Clearing Membership Agreement but not within paragraph (a)(iii) of this Rule R11, references to "Clearing Members" shall not include RCMs who are not engaged in any business with the Clearing House other than RepoClear Business and RepoClear Contributions shall not count as "Contributions".

Exhibit A-5
Section 2G Procedures
See Attached

SECTION 2G

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2G. THE NODAL SERVICE

2G.1 ~~**INTRODUCTION**~~The Procedures for the Nodal Service are set out in Section 2D of the FCM Procedures.

~~2G.1.1 **Background**~~

~~These NODAL Service procedures apply to the clearing of NODAL Eligible Derivative Products listed on NODAL Exchange.~~

~~NODAL Service Clearing Members ("CMs") must inform themselves fully of their obligations under the Clearing House Rulebook (the "Rulebook") and other relevant documentation, such as the Clearing Membership Agreement and the terms of any approval by the Clearing House to extend clearing activities. NODAL Service CMs should also familiarise themselves with NODAL's Rules.~~

~~The Clearing House provides the NODAL Service in respect of cash settled futures contracts only. Hence, it does not cover options contracts and there are no physical deliveries under this service. There is no provision for allocation or give-ups.~~

~~Please note that both the Rulebook (including these Procedures) and NODAL's Rules are subject to change from time to time. Enquiries regarding these Procedures or any other aspects of the operation of the NODAL Service should be~~

~~directed to the Clearing House Business Operations Department on +44 (0)20 7426 7689. Enquiries regarding CM status should be directed to the Membership Department on +44 (0)20 7426 7627 / 7063. Enquiries relating to NODAL's Rules should be directed to NODAL.~~

~~Full details of contact points may be found on the Clearing House website (http://www.lchclearnet.com) and NODAL's website (http://www.NODAL.com).~~

~~2G.1.2 Interpretation~~

~~Capitalised terms used in these Procedures have the meaning set out in the NODAL Regulations unless otherwise specified.~~

~~**Except where otherwise stated, all times shown are London time and the twenty four hour clock is used.**~~

~~2G.2 MEMBERSHIP~~

~~NODAL Service CMs may submit NODAL Transactions for registration by the Clearing House. NODAL Transactions may also be submitted for registration on behalf of a NODAL Service CM by a NODAL Non-Clearing Participant ("NODAL NCP") as set out at Section 2G.4.1.~~

~~A NODAL Service CM must comply with all Clearing House requirements and with any NODAL requirements relating to participation in the relevant NODAL Trading System.~~

~~It is the responsibility of each NODAL Service CM to keep any report, including, but not limited to, the NODAL Service CM Report, required for its own historic, audit or legal purposes.~~

~~Details of how to be approved as a NODAL Service CM can be obtained from the Clearing House Membership Department on +44 (0)20 7426 7627 / 7063.~~

~~2G.2.1 Submission of NODAL Transactions for registration~~

~~NODAL Service CMs who wish a NODAL Transaction to be registered by the Clearing House must comply with all requirements of the NODAL Exchange, as relevant.~~

~~2G.3 GENERAL~~

~~2G.3.1 Operating Times~~

~~2G.3.1.1 Opening Days~~

~~Details of the days on which the NODAL Service is operational will be published by the Clearing House by Clearing Member circular. Details of the days on which NODAL is operational is available from NODAL.~~

~~2G.3.1.2 Opening Hours~~

~~The NODAL Service will be operational from 02:00 to 18:00 hours, Eastern Prevailing Time (the "Opening Hours").~~

~~2G.4 NODAL TRANSACTIONS~~

~~2G.4.1 Eligible Transactions~~

~~Only the transactions in this 2G.4 in NODAL Eligible Derivative Products executed or registered through a NODAL Trading System in accordance with NODAL's Rules will be designated as NODAL Transactions eligible for registration by the Clearing House.~~

~~Any such transactions must satisfy the Clearing House's requirements as set out in these Procedures and in the NODAL Regulations, and NODAL's requirements as set out in its Rules.~~

~~(a) **Parties to Transactions presented for Registration**~~

~~The Clearing House only registers NODAL Contracts arising from NODAL Transactions between NODAL Service CMs.~~

~~Such NODAL Transactions may arise through trades executed or registered through a NODAL Trading System by NODAL Service CMs, or by NODAL NCPs.~~

~~(i) The NODAL Transaction may have been entered into by two NODAL Service CMs, each acting as principal.~~

~~(ii) One side (or both sides) of the NODAL Transaction may arise through a NODAL NCP executing or registering a trade on the NODAL Trading System. In such case, the trade will immediately be replaced with:~~

- ~~a trade between the NODAL NCP and its NODAL Service CM, and~~
- ~~a NODAL Transaction between its NODAL Service CM and the counterparty NODAL Service CM.~~

~~(b) **Presentation for Registration**~~

~~Under A (1) or (2) above, the NODAL Transaction will be presented to the Clearing House for registration as two NODAL Contracts, with the Clearing House as seller to the buying NODAL Service CM and as buyer to the selling NODAL Service CM.~~

~~(Where two NODAL NCPs both have the same NODAL Service CM, then each side of the trade will be presented to the Clearing House for registration as a separate NODAL Contract:~~

- ~~with one in which that NODAL Service CM is buyer and the Clearing House is the seller;~~
- ~~and the other in which that NODAL Service CM is the seller and the Clearing House is the buyer.)~~

~~2G.4.2 NODAL Contracts – Eligibility Criteria~~

~~It is part of the eligibility criteria for registration as a NODAL Contract that the particulars of a NODAL Transaction presented to the Clearing House must include matched information in respect of the following:~~

~~(a) Seller and the Buyer;~~

~~(b) the NODAL Eligible Derivatives Product which is the subject of the NODAL Transaction (this should be changed to a relevant contract for Nodal) and~~

~~(c) the transaction specific information in respect of the NODAL Eligible Derivative Product.~~

~~2G.5 CLEARING FOR NODAL NON-CLEARING PARTICIPANTS~~

~~2G.5.1 NODAL NCPs~~

~~Certain NODAL Service CMs may clear for one or more NCPs ("NODAL NCPs"). In order to do so, the following conditions must be satisfied at all times:~~

~~(a) the NODAL NCP is a participant of the NODAL Exchange; and~~

~~(b) the NODAL Service CM and the NODAL NCP are party to a valid and enforceable agreement under which the NODAL Service CM agrees to clear NODAL Transactions on behalf of such person. Such agreement must confer rights on the NODAL Service CM and the NODAL Service CM must lawfully be entitled at all times to pass to the Clearing House , in accordance with Regulation 30, such information and data relating to the NODAL NCP as the Clearing House may in its sole discretion deem appropriate .~~

~~The static data form executed by both the NODAL NCP and the NODAL Service CM shall be definitive proof of the NODAL Service CM clearing for a NODAL NCP.~~

~~The Clearing House contracts with the NODAL Service CM alone and, to the fullest extent permitted by law, disclaims any duties or obligations to a NODAL NCP.~~

~~Further details regarding clearing for NODAL NCPs can be obtained from the Clearing House Membership Department on +44 (0) 207426 7627 / 7063.~~

~~2G.5.2 Termination~~

~~The NODAL Service CM may terminate its agreement with a NODAL NCP at any time by giving 21 days written notice to NODAL and the Clearing House. For the avoidance of doubt, the Clearing House need not receive any notice of or any confirmation of such termination from the NODAL NCP.~~

~~For the avoidance of doubt, termination by the NODAL Service CM of its agreement with a NODAL NCP will be without prejudice to the NODAL Service CM's obligations arising from or in relation to any NODAL Transaction or NODAL Contracts arising prior to such termination.~~

~~2G.6 REGISTRATION OF NODAL TRANSACTIONS~~

~~2G.6.1 General~~

~~The Clearing House may require a NODAL Service CM in whose name a NODAL Transaction is to be registered to provide it with cover for initial and variation margin as a condition of registration as a NODAL Contract.~~

~~2G.6.2 Registration~~

~~All matched transactions which have been presented for registration and comply with the Clearing House requirements for registration of a NODAL Transaction, are deemed to have been registered by the Clearing House immediately upon receipt by TRS/CPS.~~

~~2G.6.3 Novation~~

~~With effect from registration, novation operates to replace each NODAL Transaction with two separate NODAL Contracts, one between the selling NODAL Service CM and the Clearing House and the other between the buying NODAL Service CM and the Clearing House. Novation is described in more detail in the NODAL Regulations.~~

~~2G.6.4 Notification~~

~~All NODAL Contracts arising from registered NODAL Transactions are listed on the NODAL Service CM Report available through TRS.~~

~~2G.7 POSITION AND FINANCIAL ACCOUNTS~~

~~2G.7.1 Position-Keeping Accounts~~

~~2G.7.1.1 Types of Account~~

~~Positions with regard to NODAL Contracts are recorded within CPS in position-keeping accounts at Individual Trader Mnemonic (ITM) level , which are not CM accounts as described in Regulation 5. The account types are as follows:~~

~~H House [excluding Clients]~~[1]

~~N Non-segregated client~~

~~S Segregated client~~

~~Z Default account, only to be used in the event of a CM default~~

~~D Default "transactions" which have not been assigned to one of the above account codes~~

~~The requirement to open H and D accounts is compulsory. Other position-keeping accounts may be opened by agreement with the Clearing House.~~

[1] ~~The "house position-keeping account" represents a Member's principal business; the "house financial account" (see 2G.8.2.1 below) also includes non-segregated clients' positions.~~

~~2G.7.1.2 Basis of Position Keeping~~

~~(a) **Net Accounts**~~

~~The following position-keeping accounts are held net at ITM level, e.g. a position of bought one lot and sold two lots will be reported as sold one:-.~~

~~H House~~

~~N Non-segregated client~~

~~S Segregated client~~

~~(b) **Gross Accounts**~~

~~The following position-keeping accounts are held gross at ITM level e.g. a position of bought one lot and sold two lots will show both bought and sold positions:-~~

~~D Default "transactions" which have not been assigned to one of the above account codes~~

~~2G.7.2 Financial Accounts~~

~~NODAL Service CM position-keeping accounts have financial accounts associated with them. These are, amongst other things, used to record cash balances, securities/documentary credits and non-realised margin.~~

~~Where appropriate, a NODAL Service CM's financial accounts are identified by a single character code: C for segregated client business (recorded as S within CPS); H for house and non-segregated business (recorded as H within CPS). Only the H financial account is obligatory.~~

~~Information contained within position-keeping accounts is consolidated into financial accounts, as follows:~~

~~2G.7.2.1 Relationship with Position-keeping accounts~~

~~Position-keeping accounts~~		~~Financial account~~
~~H~~	~~House~~	~~H~~
~~N~~	~~Non-segregated client~~	~~H~~
~~S~~	~~Segregated client~~	~~C~~
~~D~~	~~Default "transactions" which have not been assigned to one of the above account codes~~	~~H~~

~~By permitting a transaction to be allocated to a position-keeping account, a NODAL Service CM is also deemed to be designating that transaction for the associated financial account.~~

~~2G.7.2.2 Other Financial Accounts~~

~~Subject to approval by the Clearing House, further financial accounts, used only to record financial balances, may be opened as follows:~~

	~~Code~~
~~Buffer account (House), used for holding additional cash in relation to House business~~	~~B~~
~~Buffer account (Client), used for holding additional cash in relation to Client business~~	~~E~~
~~Resources account, used for holding supplementary financial resources~~	~~Q~~
~~Buyers' and Sellers' security account (segregated business) used for certain delivery contracts~~	~~X~~

~~2G.7.2.3 Default Fund (DF) Account~~

~~Each NODAL Service CM's Default Fund Contribution is held on a separate financial account. In accordance with the Default Fund Rules this account attracts a rate of interest at 3 month LIBOR +1%. The Default Fund account code is F.~~

~~2G.8 FEES~~

~~2G.8.1 General~~

~~Fees arising for the provision of NODAL Services will be collected monthly from the NODAL Service CMs' financial accounts.~~

~~Details of tariffs and any changes thereto will be notified to NODAL Service CMs by means of Clearing Member circular.~~

~~For further details (including details of how information regarding charges made for NODAL Contracts registered by the Clearing House is communicated to NODAL Service CMs) please see Section 3.6 ("Fees") of these Procedures.~~

~~2G.8.2 Execution Fees~~

~~Members are asked to note that, in respect of NODAL Contracts, fees charged to NODAL Service CMs by the Clearing House will include execution fees which the Clearing House will collect on behalf of NODAL in respect of the underlying trades executed through the NODAL Trading System.~~

~~Details of execution fees and any changes thereto will be notified to NODAL Service CMs by NODAL.~~

~~2G.9 MARGIN~~

~~For the purposes of the NODAL Service only, a "Reference Price" includes daily Settlement Price and final Settlement Price as used in the NODAL Rules.~~

~~2G.9.1 Variation Margin~~

~~Certain NODAL Contracts are settled to market daily by the Clearing House. Profits or losses are either credited to or debited from NODAL Service CMs' relevant financial accounts (realised margin).~~

~~2G.9.1.1 Realised Margin~~

~~Realised margin is the calculated profit or loss arising from a comparison between the value of open positions at the relevant daily Settlement Price with the value of positions recorded i.e. the Traded Price for new trades and the previous day's daily Settlement Price for other positions. The currency of this margin amount will be the same as the currency denomination of the contract's reference price.~~

~~2G.9.2 Initial Margin~~

~~Separate initial margin calculations are performed for a NODAL Service CM's house "H" and client "C" accounts; **no offset between these accounts is allowed**. Accounts are margined net, meaning that if long and short positions are held in the same delivery month/prompt date, Initial Margin is charged on the net position. Initial Margin need not be in the same currency as the contracts traded. A list of acceptable collateral to cover initial margin requirements can be found at the following location:~~

~~http://www.lchclearnet.com/risk_management/ltd/acceptable_collateral.asp~~

~~2G.9.2.1 Initial Margin Parameters~~

~~Initial margin parameters are set by the Clearing House. However, in accordance with the NODAL Regulations, the Clearing House retains the discretion to vary the rates for the whole market or for a NODAL Service CM's house and/or client accounts.~~

~~NODAL Service CMs will be notified by the Clearing House of alterations to initial margin parameters no later than the day before calls are made based on the new rates.~~

~~2G.9.2.2 Intra-day Margin Calls~~

~~In accordance with the Regulations, the Clearing House is entitled to make additional margin calls for payment the same day (intra-day margin calls) where it considers it necessary. Intra-day margin calls will be made through the protected payments system ("PPS") in London ("London PPS") or the USA ("US PPS") (see section 3.2 of these Procedures - "Protected Payments System").~~

~~2G.9.2.3 Calculation of Initial Margin~~

~~**VaR**~~

~~Initial margins are re-calculated at the close of each business day using a VaR algorithm developed to margin Nodal exchange contracts.~~

~~Technical questions about this algorithm should be directed to the Clearing House Risk Management Department on +44 (0)20 7426 7520~~

~~2G.10 TAX~~

~~NODAL Service CMs should take their own advice regarding any taxation liabilities in any country in which a liability to pay tax may arise.~~

~~In the event that the Clearing House incurs any liability to pay any tax in respect of or in connection with any NODAL Contract, it shall have the right to require reimbursement of such tax liability, together with any costs and expenses incurred by the Clearing House in connection with the administration and processing of such tax liability, from the NODAL Service CM who is or was party to that NODAL Contract, and whom, in the Clearing House's opinion should be responsible for meeting such tax liability, costs and expenses. The Clearing House will collect such payments through PPS.~~

~~2G.11 SETTLEMENT OF NODAL CONTRACTS~~

~~NODAL Contracts are settled depending upon their terms, as set out in the relevant NODAL Contract Terms.~~

~~2G.11.1 Cash Settlement~~

~~Cash settlement is a final settlement derived from the difference between the final Settlement Price and the previous trading day's daily Settlement Price or such other quotation as is specified in NODAL's Rules. This is debited from or credited to the NODAL Service CMs' financial accounts.~~

~~2G.11.2 Reference Prices for daily settlement to market~~

~~Should NODAL fail to determine Reference Prices, the Clearing House will itself determine these as necessary. This will be done at the Clearing House's discretion and be announced as soon as possible following such determination.~~

~~2G.12 POSITION TRANSFERS~~

~~NODAL Service CMs will not have the functionality to affect a position transfer to another NODAL Service CM or between internal accounts.~~

Exhibit A-6
General Regulations
See Attached

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LCH.CLEARNET LIMITED

GENERAL REGULATIONS OF THE CLEARING HOUSE

Scope

Save where expressly stated to the contrary in these Regulations or the Procedures, these Regulations govern clearing services provided by LCH.Clearnet Limited. They do **not** cover clearing services provided by LCH.Clearnet SA which are governed by a separate set of rules.

For the purposes of these Regulations, LCH.Clearnet Limited is referred to as "the Clearing House". The terms "Member" or "Clearing Member" are used to refer to an undertaking which is entitled to receive clearing services from LCH.Clearnet Limited (see "Definitions"). They do not mean "shareholder" of LCH.Clearnet Limited or of any other undertaking in the LCH.Clearnet Group.

Any Regulation or group of Regulations expressly stated not to apply to a category, or categories, of Contract shall not apply to such category, or categories, of Contract.

The Link Regulations set out in Regulations 40 to 44 apply only to Contracts on the terms of a Linked Exchange Contract as further provided in Regulation 40.

The SwapClear Regulations set out in Regulations 46 to 52 apply only to SwapClear Contracts. Save as provided in Regulation 46, the provisions of Regulations 1 to 39A shall not apply to SwapClear Contracts.

The RepoClear Regulations set out in Regulations 53 to 60 apply only to RepoClear Contracts. Save as provided in Regulation 53, the provisions of Regulations 1 to 39A shall not apply to RepoClear Contracts.

The EquityClear Regulations set out in Regulations 61 to 67 apply only to EquityClear Contracts. Save as provided in Regulation 61, the provisions of Regulation 1 to 39A shall not apply to EquityClear Contracts.

LCH EnClear OTC Regulations set out in Regulation 68 and Regulations 73A to 73D respectively apply only to LCH EnClear OTC Contracts. Save as provided in Regulation 68, the provisions of Regulation 1 to 39A shall not apply to LCH EnClear OTC Contracts.

The Turquoise Derivatives Regulations set out in Regulations 74 to 87 apply only to Turquoise Derivatives Cleared Exchange Contracts which are eligible for clearing pursuant to these Regulations and the Turquoise Derivatives Rules.

The HKMEx Regulations set out in Regulations 88 to 91 apply only to HKMEx Contracts.

The Nodal Regulations set out in Regulations 92 to 95 apply only to Nodal Contracts.

The ForexClear Regulations set out in Regulations 103 to 109 apply only to ForexClear Contracts. Save as provided in Regulation 103, the provisions of Regulations 1 to 39A shall not apply to ForexClear Contracts.

Definitions

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

Account Balance	-	Means, in relation to the SwapClear Clearing Client Business of a defaulter, an Individual Segregated Account Balance or an Omnibus Net Segregated Account Balance.
Additional Collateral	-	Means, in relation to SwapClear Clearing Client Business, collateral delivered by a SwapClear Clearing Member to the Clearing House in respect of a SwapClear Clearing Client which is in excess of the Required Collateral relating to the SwapClear Clearing Client Business undertaken by the relevant SwapClear Clearing Member in respect of the relevant SwapClear Clearing Client and which has been designated by that SwapClear Clearing Member as being Additional Collateral to be held in the Additional Collateral Account held in respect of that SwapClear Clearing Client.
Additional Collateral Account	-	Means, in relation to SwapClear Clearing Client Business, a sub-account opened by a SwapClear Clearing Member with the Clearing House in respect of a SwapClear Clearing Client for the purposes of holding Additional Collateral.
approved agent	-	A person appointed by the Clearing House to perform certain functions on its behalf in respect of an ATP.
Approved Broker	-	A person authorised by the Clearing House to participate as a broker in the LCH EnClear OTC service.
Approved Turquoise Derivatives Settlement Provider	-	The securities depository or securities settlement system (or an operator thereof) approved by the Clearing House from time to time for the provision of settlement services in connection with the Turquoise Derivatives Service.
Approved EquityClear Clearing Agreement	-	An agreement prescribed as such by the Clearing House from time to time between an EquityClear Clearing Member, an EquityClear NCM and the Clearing House.
Approved EquityClear Settlement Provider ("ASP")	-	The operator of the securities depository and/or securities settlement system prescribed by the Clearing House from time to time for the provision of settlement services in respect of specified EquityClear Contracts.
Approved EquityClear Trading Platform ("ATP")	-	Any trading platform approved as such from time to time by the Clearing House in respect of the EquityClear service.
Associated Clearing House	-	The clearing house appointed from time to time by a Co-operating Exchange to act as the central counterparty to some or all transactions made on, or under the rules of the Co-operating Exchange.
ATP Market Rules	-	The rules, regulations, administrative procedures, Memorandum and Articles of Association or bye-laws which regulate an ATP and the market administered by it as notified from time to time to the Clearing House.

Auction Portfolio	-	Has the meaning assigned to it in the Default Rules.
Automated Trading System	-	An automated trading system in respect of which the Clearing House has an agreement with the operator thereof and in respect of which the Clearing House has notified RepoClear Participants in accordance with the Procedures.
Backup SwapClear Clearing Member	-	Means, in relation to SwapClear Clearing Client Business, the SwapClear Clearing Member(s) indicated by a SwapClear Clearing Client as acting as such and notified to the Clearing House from time to time.
Board	-	The board of directors or other governing body (whether calle d a board, a committee or otherwise) of an Exchange.
Bond Trade	-	A trading activity in which a RepoClear Participant offers to sell RepoClear Eligible Securities, and another RepoClear Participant offers to purchase those RepoClear Eligible Securities, and a trade subsequently ensues.
business day	-	In respect of a Cleared Exchange Contract, an OTC Contract (except where specified otherwise in the relevant OTC Contract Terms), an LCH EnClear OTC Contract (except where specified otherwise in the LCH EnClear OTC Contract Terms), and an EquityClear Contract a day on which the Clearing House is open for business.
buyer	-	A Member (or the Clearing House where the context so requires) who is a buyer under the terms of an exchange contract, a Cleared Exchange Contract, an Turquoise Derivatives Cleared Exchange Contract, a RepoClear Transaction, a RepoClear Contract, a RepoClear GC Transaction, a RepoClear GC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, EquityClear (ccCFD) ATP Match or an Eligible OTC Trade, as the case may be.
CEA	-	Has the meaning assigned to it in the Default Rules.
CFTC	-	Has the meaning assigned to it in the Default Rules.
Cleared Exchange Contract	-	A Contract entered into by the Clearing House on the terms of an exchange contract.
Clearing House	-	LCH.Clearnet Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.
Clearing House Prescribed Language	-	Means, in relation to SwapClear Clearing Client Business, the wording prescribed by the Clearing House for inclusion in the SwapClear Clearing Agreements entered into by SwapClear Clearing Members with their clients.
Clearing Membership Agreement	-	The agreement so designated under which, inter alia, the Clearing House agrees to make available clearing services in respect of Contracts together with any extension letter or other agreement; in these Regulations and the Procedures the expressions “Clearing Member Agreement”, “Member

Agreement" and "Membership Agreement" shall have the same meaning as "Clearing Membership Agreement"; and in the Default Rules and the Default Fund Rules "Clearing Membership Agreement" includes the FCM Clearing Membership Agreement and FCM Default Fund Agreement.

client account - Means a segregated account with the Clearing House opened in the name of a Member in which Contracts relating to contracts made by the Member with one or more segregated clients are registered and to which monies in respect of such Contracts are credited.

closing-out contract - For the purposes of these Regulations, a contract effected by or on behalf of the Clearing House and registered in a Member's name, being a contract on the same terms (except as to price or premium) as an open contract in the Member's name, save that where the Clearing House is a buyer or a fixed rate payer, as the case may be, under the terms of such open contract the Clearing House shall be a seller or floating rate payer, as the case may be, under the terms of such closing-out contract and vice-versa.

Co-operating Clearing House - (i) a Co-operating Exchange or Associated Clearing House party to a Link Agreement with the Clearing House; or (ii) a clearing house party to an agreement with the Clearing House in respect of the co-clearing of an Exchange pursuant to which such organisation co-clears specific types of Contract and agrees to be bound by these Regulations as a Member to the extent and subject to any variations agreed in such agreement.

Co-operating Exchange - An exchange (which may also act as a central counterparty) which is party to a co-operation agreement with TGHL.

Combined Turquoise Derivatives Orderbook - Means the electronic Orderbook operated by TGHL. and one or more Co-operating Exchanges.

Commodity - Any kind of property, currency, documents, right or interest (including an option) which is the subject matter of an exchange contract or an LCH EnClear OTC Contract.

confirmed contract - An original exchange contract which has been confirmed to the Clearing House by or on behalf of a buyer and a seller pursuant to Regulation 6 or 7 and the Procedures, save that where one or more allocations of an original exchange contract have taken place in accordance with Regulation 7 and the Procedures a "confirmed contract" shall only arise when the last allocation of such original exchange contract has been made and confirmed by a Member pursuant to Regulation 7 and the Procedures.

Contract - (i) A contract subject to the Regulations entered into by the Clearing House with a Member for the purposes of or in connection with the provision of clearing services including, without limitation, an open contract, settlement contract, re-opening contract or closing-out contract; and also (ii) in the case of the Default Rules (including the SwapClear DMP Annex and ForexClear DMP Annex), the Default Fund Rules,

the FCM Default Fund Agreement, and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM ~~SwapClear~~ Contract.

contract for differences - A Cleared Exchange Contract, a Turquoise Derivatives Cleared Exchange Contract, an OTC Contract or an LCH EnClear OTC Contract which is to be performed by cash settlement only.

Contribution - In relation to the Default Fund Rules, has the meaning assigned to it in rule 17 of the Default Fund Rules.

cover - An amount determined by the Clearing House of cash or, with the approval of the Clearing House, security in a currency and a form acceptable to the Clearing House as prescribed by the Procedures.

Cross-Border Transfers - The automatic transfers of Turquoise Derivatives Cleared Exchange Contracts from an account of a Linked Member maintained with a Co-operating Exchange to an account of a Member with the Clearing House.

Cross-Margining Affiliate - A Member or a member of a Cross-Margining Exchange who has been accepted as eligible to be a Cross-Margining Participant by the Clearing House or the Cross-Margining Exchange, as the case may be, and who is an affiliate (as defined in a Cross-Margining Agreement) of a Cross-Margining Participant of the other exchange or clearing organisation.

Cross-Margining Agreement - An agreement entered into between the Clearing House and a Cross-Margining Exchange (together or with other parties, as the case may be) pursuant to which the Clearing House agrees to take into account, in calculating cover for initial margin to be furnished to the Clearing House by a Member who is a Cross-Margining Participant, contracts entered into between the Cross Margining Exchange and the Cross-Margining Participant or his Cross-Margining Affiliate and pursuant to which the Clearing House is liable to make payments to the Cross-Margining Exchange (and, as the case may be, the Cross-Margining Exchange is liable to make payments to the Clearing House) of amounts calculated in accordance with the terms of the loss-sharing arrangements set forth in such Cross-Margining Agreement.

Cross-Margining Exchange - An exchange, clearing house or organisation party to a Cross-Margining Agreement with the Clearing House.

Cross-Margining Participant - A Member or a member of a Cross-Margining Exchange, which the Clearing House or the Cross-Margining Exchange, as the case may be, has accepted may participate in the cross-margining arrangements set forth in the Cross-Margining Agreement as a Cross-Margining Participant or Cross-Margining Affiliate.

daily settlement amounts - Amounts due to the Clearing House from a Member or to a Member from the Clearing House, as the case may be, arising out of settlement of open contracts pursuant to

Regulation 15 or Regulation 73c, and the Procedures.

Day Position Balances - For the purposes of the Link Regulations, the meaning attributed to it in the Procedures in respect of Contracts on the terms of a Linked Exchange Contract referred to in Regulation 41(b) or, in respect of contracts on the terms of a Participating Exchange Contract referred to in Regulation 41A, the meaning attributed to it in the relevant Link Agreement.

Deed of Assignment - Means a deed of assignment entered into between a SwapClear Clearing Member and a SwapClear Clearing Client (or, notwithstanding any description to the contrary, such SwapClear Clearing Client's security trustee) in respect of a SwapClear Clearing Agreement. For this purpose, where the Deed of Assignment is entered into with the Clearing House acting as security trustee for the benefit of a SwapClear Clearing Client, any reference to the exercise of rights by a SwapClear Clearing Client pursuant to such Deed of Assignment shall be a reference to the Clearing House exercising such rights in its capacity as a security trustee for the benefit of the SwapClear Clearing Client

Default Management Process Agreement Amendment Agreement - Has the meaning assigned to it in General Regulation 52A.

defaulter - Has the meaning assigned to it in rule 4 of the Default Rules.

Default Fund Rules - The Clearing House's Default Fund Rules from time to time in force which, for the avoidance of doubt, form part of the General Regulations and of the Default Rules.

Default Rules - The Clearing House's Default Rules from time to time in force pursuant to Part IV of The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 which, for the avoidance of doubt, form a part of these General Regulations.

Defaulting FXCCM - Has the meaning assigned to it in the Default Fund Rules.

Defaulting SCM - Has the meaning assigned to it in the Default Fund Rules.

~~*Defaulting SCM FXCCM* - Has the meaning assigned to it in the Default Fund Rules.~~

delivery contract - A Cleared Exchange Contract or Turquoise Derivatives Cleared Exchange Contract between the Clearing House and a Member:

(i) for the immediate sale and purchase of a commodity arising on the exercise of an option pursuant to these Regulations; or

(ii) for the sale and purchase of a commodity for delivery on the date specified in the contract or on the date agreed between the parties, in either case being an open contract under which tender is not required to be

given.

delivery month	-	In respect of an exchange contract, the meaning ascribed to it in the Exchange Rules governing such contract or, in respect of an LCH EnClear OTC Contract, the meaning ascribed to it in the LCH EnClear OTC Procedures, or in respect of a Turquoise Derivatives Cleared Exchange Contract, an expiration month as defined in the Turquoise Derivatives Rules.
Economic Terms	-	That part of the SwapClear Contract Terms, RepoClear Contract Terms, RepoClear GC Contract Terms, EquityClear Contract Terms, LCH EnClear OTC Contract Terms, or ForexClear Contract Terms as the case may require, designated as Economic Terms by the Clearing House from time to time.
Eligibility Criteria	-	With regard to an EquityClear Open Offer, the conditions set out in Regulation 62A(c) or 62C(c).
Eligible OTC Trade	-	A trade eligible for registration in the LCH EnClear OTC Services.
EquityClear ATP Match	-	An EquityClear (Equities) ATP Match or EquityClear (ccCFD) ATP Match.
EquityClear Clearing Member	-	A Member who is designated by the Clearing House as an EquityClear Clearing Member eligible to clear EquityClear Contracts.
EquityClear(ccCFD) Contract Terms	-	The terms applicable to each EquityClear (ccCFD) Contract, where such terms are not specified by the ATP, as set out from time to time in the Schedule to the EquityClear Regulations or the Procedures.
EquityClear (ccCFD) ATP Match	-	An EquityClear ATP Match where the relevant ATP Market Rules permit the matching of Trading Platform Particulars that consist of the sale or purchase of an EquityClear Eligible ccCFD and the corresponding purchase or sale, as the case may be, of an EquityClear Eligible ccCFD.
EquityClear (ccCFD) Open Offer	-	The open offer made by the Clearing House in respect of an EquityClear (ccCFD) ATP Match meeting the EquityClear (ccCFD) Open Offer Eligibility Criteria.
EquityClear (ccCFD) Contract	-	An EquityClear Contract entered into by the Clearing House with an EquityClear Clearing Member on the EquityClear (ccCFD) Contract Terms or such other terms specified by the relevant ATP.
EquityClear Clearing Member	-	a Member who is designated by the Clearing House as an EquityClear Clearing Member eligible to clear EquityClear Contracts.
EquityClear Contract	-	An EquityClear (Equities) Contract and/or an EquityClear (ccCFD) Contract as the case may be.

EquityClear Contract Terms	-	The EquityClear (Equities) Contract Terms and/or the EquityClear (ccCFD) Contract Terms as the case may be.
EquityClear Eligible ccCFD	-	A contract for difference in respect of an EquityClear Eligible Underlying Instrument prescribed by the Clearing House and eligible for those prescribed parts of the EquityClear service and which appear in the list or lists published for this purpose from time to time by the Clearing House.
EquityClear Eligible ccCFD Underlying Instruments	-	The security, index, commodity, currency pair or other asset or product that is the subject matter of an EquityClear (ccCFD) and which appear in the list or lists published for this purpose from time to time by the Clearing House.
EquityClear Eligible Equities	-	Securities prescribed from time to time by the Clearing House which are eligible for any part or parts of the EquityClear service and which appear in the list or lists published from time to time by the Clearing House.
EquityClear (Equities) ATP Match	-	The matched Trading Platform Particulars resulting from the matching on an ATP, in accordance with the relevant ATP Market Rules, of Trading Platform Particulars received from, or on behalf of: (i) two EquityClear Clearing Members (with one as buyer and one as seller); or (ii) one EquityClear Clearing Member and one member of a relevant Co-operating Clearing House (with one as buyer and one as seller).
EquityClear (Equities) Contract	-	An EquityClear Contract entered into by the Clearing House with an EquityClear Clearing Member on the EquityClear (Equities) Contract Terms or such other terms specified by the relevant ATP.
EquityClear (Equities) Contract Terms	-	The terms applicable to each EquityClear (Equities) Contract, where such terms are not specified by the ATP, as set out from time to time in the Schedule to the EquityClear Regulations or the Procedures.
EquityClear (Equities) Open Offer	-	The open offer made by the Clearing House in respect of an EquityClear (Equities) ATP Match meeting the EquityClear (Equities) Open Offer Eligibility Criteria.
EquityClear Mixed Member Match	-	(i) An ATP Match reflecting two sets of matched Trading Platform Particulars submitted by, or on behalf of, one EquityClear Clearing Member and one member of a relevant Co-operating Clearing House (with one as buyer and one as seller), or (ii) an EquityClear Novation Transaction between one EquityClear Clearing Member and one member of a relevant Co-operating Clearing House (with one as buyer and one as seller).
EquityClear Non-Clearing Member (EquityClear NCM)	-	A person who is not a Member but is party to an Approved EquityClear Clearing Agreement with an EquityClear Clearing Member/s and the Clearing House, and is included by the Clearing House on the Register of EquityClear NCMs as eligible to submit Trading Platform Particulars to such one or more Approved EquityClear Trading Platform/s as may be approved by the Clearing House with regard to that person, and any resulting EquityClear ATP Matches to the Clearing

House, on behalf of the relevant EquityClear Clearing Member pursuant to, and in accordance with, such Approved EquityClear Clearing Agreement, the relevant ATP Market Rules, the Regulations and the Procedures.

EquityClear Novation Transaction - The matched Trading Platform Particulars representing a bilateral transaction and either:

(i) concluded other than through the orderbook of a relevant ATP which is capable of being cleared in accordance with the relevant ATP Market Rules and the Regulations; or

(ii) concluded through an orderbook of an ATP, where the relevant ATP Market Rules specify that transactions executed there will be cleared via novation; and

(iii) in either case is submitted for registration by, or on behalf of, one EquityClear Clearing Member (or, in respect of an EquityClear Mixed Member Match, one member of the relevant Co-operating Clearing House) identified as, or as acting as clearing member for, the buyer and the same or another EquityClear Clearing Member identified as, or as acting as clearing member for, the seller.

EquityClear Open Offer - An EquityClear (Equities) Open Offer or EquityClear (ccCFD) Open offer

EquityClear Participants - EquityClear Clearing Members and EquityClear NCMs.

EquityClear Regulations - The Clearing House's Regulations, applicable to EquityClear Contracts only, from time to time in force.

€GC Trade - A trading activity in which a RepoClear Participant ("the First Participant") offers to sell (or buy) an agreed value of securities comprised in a €GC Basket, to be allocated in accordance with the RepoClear Procedures applicable to RepoClear €GC Contracts, and another RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) the securities so allocated, on the conditions that:

(i) at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) Equivalent Securities (as such term is used in the RepoClear €GC Contract Terms) and the First Participant buys (or sells, as the case may be) those Equivalent Securities; and

(ii) the understanding of the parties is that their obligations during the term of the transaction will be represented by a series of overnight repurchase transactions effected either through CBL's service under the AutoAssign Supplement, Euroclear's AutoSelect service or any other equivalent service provided by a Triparty Agent, as the case may be, as contemplated by the RepoClear

Procedures applicable to RepoClear €GC Contracts,

and a trade subsequently ensues.

Event Protection Contract - A Cleared Exchange Contract between the Clearing House and a Member arising in connection with a LIFFE Credit Default Swap Index Contract pursuant to Regulation 18.

Excess Collateral - Means, in relation to SwapClear Clearing Client Business, collateral, other than Additional Collateral, delivered to the Clearing House by a SwapClear Clearing Member in respect of its SwapClear Clearing Client Business which is in excess of the Required Collateral in respect of such SwapClear Clearing Client Business.

Exchange - An organisation (whether an exchange, association, company or otherwise) responsible for administering a futures, options, stock or other market, to which the Clearing House provides clearing services.

exchange contract - A class of contract (1) on the terms published from time to time by an Exchange and permitted to be made by a member of such Exchange on the market administered by that Exchange or otherwise in accordance with Exchange Rules, or (2) eligible for submission to the Clearing House for registration pursuant to the Exchange Rules. For the purposes of these Regulations "exchange contract" shall not include any class of contract capable of being made on the London Stock Exchange, or on any ATP.

Exchange Rules - The rules, regulations, administrative procedures, Memorandum and Articles of Association or bye-laws 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 the Board and any procedures, practices and administrative requirements of the Exchange. The term "Exchange Rules" shall include the Turquoise Derivatives Rules, as the case may be, save where the context otherwise requires.

Executing Party - Has the meaning assigned to it in the FCM Regulations.

expiry date or month - A date or month prescribed by Exchange Rules in respect of an option contract.

FCM Approved Trade Source System - Has the meaning assigned to it in the FCM Regulations.

FCM Clearing Member - Has the meaning assigned to it in the FCM Regulations.

FCM Clearing Membership Agreement - Has the meaning assigned to it in the FCM Regulations.

FCM Client - Has the meaning assigned to it in the FCM Regulations.

FCM Contract - Has the meaning assigned to it in the FCM Regulations.

FCM Default Fund Agreement	-	Has the meaning assigned to it in the FCM Regulations.
FCM Omnibus OTC SC Client Account with LCH	-	Has the meaning assigned to it in the FCM Regulations.
FCM Procedures	-	Has the meaning assigned to it in the FCM Regulations.
FCM Regulations	-	Means the Clearing House's FCM Regulations.
FCM SwapClear Clearing Services	-	Has the meaning assigned to it in the FCM Regulations.
FCM SwapClear Contract	-	Has the meaning assigned to it in the FCM Regulations.
FCM SwapClear Transaction	-	Has the meaning assigned to it in the FCM Regulations.
ForexClear Clearing Member (FXCCM)	-	A Member who is designated by the Clearing House as a ForexClear Clearing Member eligible to clear ForexClear Contracts.
ForexClear Contract	-	A Contract entered into by the Clearing House with a ForexClear Clearing Member on the ForexClear Contract Terms.
ForexClear Contract Terms	-	The terms applicable to each ForexClear Contract as set out from time to time in the Schedule to the ForexClear Regulations or the Procedures.
ForexClear Dealer (FXD)	-	A person admitted by the Clearing House to the Register of ForexClear Dealers and who has not been removed from the Register of ForexClear Dealers.
ForexClear Dealer Clearing Agreement (FDC Agreement)	-	A written agreement, in the form and on the terms prescribed by the Clearing House between an FXD, an FXCCM and the Clearing House which has the function, amongst other things, of setting out the terms on which the FXCCM agrees to clear ForexClear Transactions for the ForexClear Dealer.
ForexClear DMG	-	Has the meaning assigned to it in the Default Rules.
ForexClear DMP	-	Has the meaning assigned to it in the Default Rules.
ForexClear Eligibility Criteria	-	With regard to ForexClear Transactions, the product criteria set out in Part B of the Schedule to the ForexClear Regulations.
ForexClear Matcher		A party which has been notified in writing by the Clearing House to ForexClear Participants from time to time as being a matching provider for the ForexClear Service.
ForexClear Participants (FXPs)	-	ForexClear Clearing Members, and ForexClear Dealers, and "ForexClear Participant" means either of them.
ForexClear Regulations	-	The Regulations entitled as such, applicable to ForexClear Contracts only, from time to time in force.
ForexClear Service	-	The service provided by the Clearing House under the

ForexClear Regulations.

ForexClear Transaction - A contract, meeting the ForexClear Eligibility Criteria for registration as a ForexClear Contract, entered into between two ForexClear Clearing Members, of which particulars are presented to the Clearing House for registration in the name of ForexClear Clearing Members in accordance with the Regulations.

~~*Reference Currency Buyer*~~ ~~- Means in relation to ForexClear Contract that is a Non-Deliverable FX Transaction, the party specified as the 'Reference Currency Buyer' in the Economic Terms.~~

~~*Reference Currency Seller*~~ ~~Means in relation to ForexClear Contract that is a Non-Deliverable FX Transaction, the party specified as the 'Reference Currency Seller' in the Economic Terms.~~

~~*Register of ForexClear Dealers*~~ ~~- The register which lists ForexClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as ForexClear Contracts by the Clearing House.~~

GC Trade - A €GC Trade or a SGC Trade.

HKMEx - The Hong Kong Mercantile Exchange Limited of 1905 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, and such of its affiliates as may operate the HKMEx Trading System from time to time.

HKMEx Contract - A Contract entered into by the Clearing House with a HKMEx Service Clearing Member pursuant to the HKMEx Regulations.

HKMEx Contract Terms - The terms of a HKMEx Contract as set out in the HKMEx contract specification provided in HKMEx's Rules.

HKMEx Eligible Product - A product prescribed from time to time by the Clearing House as eligible for the HKMEx Service.

HKMEx Non-Clearing Member - A person other than a HKMEx Service Clearing Member who is party to an agreement with HKMEx allowing such person to be a participant in the HKMEx Trading System and subjecting such person to the provisions of HKMEx's Rules.

HKMEx Participants - HKMEx Service Clearing Members and HKMEx Non-Clearing Member.

HKMEx Regulations - The Clearing House's Regulations applicable to HKMEx Contracts from time to time in force.

HKMEx's Rules - The rules, practices, procedures, trading protocols and arrangements of the HKMEx Trading System as may be prescribed from time to time relating to HKMEx Eligible Products.

HKMEx Service - The service provided by the Clearing House under the HKMEx Regulations.

HKMEx Service Clearing Member	-	A Member who is designated by the Clearing House as eligible to clear HKMEx Contracts.
HKMEx Trading System	-	The facility, trading system or systems operated directly or indirectly by HKMEx on which HKMEx Eligible Products may be traded.
HKMEx Transaction	-	A contract in a HKMEx Eligible Product between HKMEx Service Clearing Members arising or registered on a HKMEx Trading System meeting the requirements of the Regulations and the Procedures.
Individual Segregated Account	-	Means, in relation to SwapClear Clearing Client Business, a sub-account opened within the Clearing House by a SwapClear Clearing Member in respect of Individual Segregated Account Business.
Individual Segregated Account Balance	-	Means, in respect of an Individual Segregated Account Clearing Client, the sum of: ~~(1)~~ (i) the Required Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; (ii) the Excess Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; and (iii) the Additional ~~Collateral held in the Additional Collateral Account in respect of that client, minus (2) in respect of any Individual Segregated Account Clearing Client in respect of whom the Clearing House acts as security trustee under a Deed of Assignment, that client's share (if any) of amounts required to discharge fees incurred by the security trustee (acting in that capacity) allocated between that SwapClear Clearing Client and the other SwapClear Clearing Clients in respect of whom the Clearing House acts as security trustee under such Deed of Assignment, by the Clearing House pro rata as it sees fit in its sole discretion.~~Collateral held in the Additional Collateral Account in respect of that client.
Individual Segregated Account Business	-	Has the meaning ascribed to such term in sub-paragraph (i) of paragraph (c) of Regulation 52A.
Individual Segregated Account Clearing Client	-	Means, in relation to SwapClear Clearing Client Business, a client in respect of whom a SwapClear Clearing Member engages in Individual Segregated Account Business.
initial margin	-	An amount determined and published from time to time by the Clearing House with regard to each category of contract, in respect of which Members may be required to provide to the Clearing House cover in accordance with these Regulations and the Procedures as a condition of registration of a contract by the Clearing House and otherwise in respect of all Contracts registered with the Clearing House, as prescribed by these Regulations and the Procedures.
LCH Approved Outsourcing ~~Party~~Agent	-	Means a party approved for these purposes by the Clearing House, as set out in the ~~FCM~~ Procedures.
LCH.Clearnet Group	-	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 Regulations is to be construed accordingly).

LCH EnClear OTC Clearing Member - A Member who is designated by the Clearing House as an LCH EnClear OTC Clearing Member eligible to clear LCH EnClear OTC Contracts.

LCH EnClear OTC Contract - A Contract entered into by the Clearing House with an LCH EnClear OTC Clearing Member on any applicable set of Contract Terms prescribed in the LCH EnClear OTC Regulations.

LCH EnClear OTC Contract Terms - The relevant Contract Terms in respect of LCH EnClear OTC Contracts.

LCH EnClear OTC Regulations - The Clearing House's Regulations, applicable to LCH EnClear OTC Contracts only, from time to time in force.

LCIA Rules The LCIA Arbitration Rules of The London Court of International Arbitration.

LIFFE - LIFFE Administration and Management

LIFFE Credit Default Swap Index Contract - A Cleared Exchange Contract entered into by the Clearing House and a Member on the LIFFE Credit Default Swap Index Contract Terms.

LIFFE Credit Default Swap Index Contract Terms - The terms of the LIFFE Credit Default Swap Index Contract specification provided in LIFFE Rules.

LIFFE Market - Any market operated by LIFFE regardless as to whether the market is an exchange, multilateral trading facility, alternative trading system, other platform or an over the counter market but excluding any market outside of the European Union operated by LIFFE.

LIFFE Rules - The rules adopted by LIFFE in force from time to time and which govern the membership and operation of a LIFFE Market.

Link - The trading and/or clearing arrangements established by the Clearing House and a Participating Exchange and, as the case may be, an Exchange in respect of either or both of the following:

(i) one or more exchange contracts;

(ii) one or more Participating Exchange Contracts.

Link Agreement - An agreement entered into between the Clearing House and a Participating Exchange and, if applicable, an Exchange for the purposes of a Link.

Link Clearing Agreement - A written agreement in one or more forms and in the terms prescribed by an Exchange, the Clearing House and a Participating Exchange to which, amongst others, a Member is party which has the function, amongst other things, of facilitating the transfer of Contracts on the terms of one or

more Linked Exchange Contracts covered by such agreement in accordance with Regulation 41.

Linked Exchange Contract - An exchange contract which is the subject of a Link.

Linked Member - A member of a Co-operating Exchange.

Link Regulations - The Clearing House's Link Regulations from time to time in force.

lot - The standard unit or quantity prescribed by an Exchange, with the approval of the Clearing House, as the trading unit of an exchange contract; or

- In relation to a contract other than an exchange contract, the standard unit or quantity prescribed by the relevant contract terms.

LSE - The London Stock Exchange plc or any successor in title.

margin - Initial margin and/or variation margin.

market - A futures, options, forward, stock or other market, administered by an Exchange, or an OTC market in respect of which the Clearing House has agreed with such Exchange or, in respect of an OTC market, with certain participants in that market, to provide clearing services on the terms of these Regulations and the Procedures.

market day - In respect of a commodity, a day on which the market on which that commodity is dealt in is open for trading.

Member or Clearing Member - (i) Subject to (ii) means an undertaking (including a firm or company) which is entitled to be party to Contracts with the Clearing House in accordance with a Clearing Membership Agreement and the Procedures, a Participating Exchange or a Co-operating Clearing House, where so agreed with the Participating Exchange or the Co-operating Clearing House (as applicable). For the avoidance of doubt, the terms "Member" and "Clearing Member" for the purposes of these Regulations, Default Rules and Procedures, do not mean shareholder of LCH.Clearnet Limited or of any other undertaking in the LCH.Clearnet Group.

- (ii) "Clearing Member" includes or means (as the case may be) FCM Clearing Member for the purpose of the Default Rules (including the SwapClear DMP Annex), the Default Fund Rules, the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time.

Member Link Agreement - A Link Clearing Agreement or a Trade Allocation Agreement.

Nodal - Nodal Exchange, LLC of 8065 Leesburg Pike, Suite 700, Vienna, VA 22182, United States of America.

Nodal Contract	-	A Contract entered into by the Clearing House with a Nodal Service Clearing Member pursuant to the Nodal Regulations.
Nodal Contract Terms	-	The terms of a Nodal Contract as set out in the Nodal contract specification provided in Nodal's Rules.
Nodal Eligible Derivative Product	-	A derivative product prescribed from time to time by the Clearing House as eligible for the Nodal Service.
Nodal Non-Clearing Participant	-	A person other than a Nodal Service Clearing Member who is party to an agreement with Nodal allowing such person to be a participant in the Nodal Trading Facility and subjecting such person to the provisions of Nodal's Rules.
Nodal Participants	-	Nodal Service Clearing Members and Nodal Non-Clearing Participants.
Nodal Reference Price	-	A Reference Price in respect of a Nodal Contract.
Nodal Regulations	-	The Clearing House's Regulations applicable to Nodal Contracts from time to time in force.
Nodal's Rules	-	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.
Nodal Service	-	The service provided by the Clearing House under the Nodal Regulations.
Nodal Service Clearing Member	-	A Member who is designated by the Clearing House as eligible to clear Nodal Contracts.
Nodal Trading Facility	-	The facility, trading system or systems operated directly or indirectly by Nodal on which Nodal Eligible Derivative Products may be traded.
Nodal Transaction	-	A contract in a Nodal Eligible Derivative Product between Nodal Service Clearing Members arising or registered on a Nodal Trading Facility meeting the requirements of the Regulations and the Procedures. In addition, a Nodal Transaction shall include an FCM Nodal Transaction where the relevant Nodal Service Clearing Member is an Executing Party.
Non-Deliverable FX Transaction	-	Has the meaning given to it in the 1998 FX and Currency Option Definitions published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association, and the Foreign Exchange Committee, or any successor organisations, as amended and updated from time to time.
NYSE Liffe Clearing Contract	-	A contract in the terms of a LIFFE exchange contract subject to the LIFFE Rules entered into by LIFFE as central counterparty with a NYSE Liffe Clearing Member including, without limitation, an open contract, settlement contract, re-opening contract or closing-out contract.

NYSE Liffe Clearing Member	-	A Clearing Member who has been designated by LIFFE to clear NYSE Liffe Clearing Contracts and *NYSE Liffe Clearing Membership* shall be construed accordingly.
NYSE Liffe Clearing Service	-	The central counterparty and ancillary services provided by LIFFE to NYSE Liffe Clearing Members in accordance with the LIFFE Rules.
NYSE Liffe Clearing Membership Agreement	-	The tripartite clearing membership agreement relating to the NYSE Liffe Clearing Service between LIFFE, the Clearing House and each NYSE Liffe Clearing Member, as in force from time to time.
official quotation	-	A price determined by the Clearing House under Regulation 14.
Omnibus Net Segregated Account	-	Means, in relation to SwapClear Clearing Client Business, a sub-account opened within the Clearing House by a SwapClear Clearing Member in respect of Omnibus Net Segregated Business.
Omnibus Net Segregated Account Balance	-	Means, in respect of an individual Omnibus Net Segregated Clearing Client, the sum of: ~~(1)~~ (i) the Required Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; (ii) the Excess Collateral attributed by the Clearing House in accordance with its rules and procedures to that client; and (iii) the Additional Collateral held in the Additional Collateral Account in respect of that client~~; minus (2) in respect of any Omnibus Net Segregated Clearing Client in respect of whom the Clearing House acts as security trustee under a Deed of Assignment, that client's share (if any) of amounts required to discharge fees incurred by the security trustee (acting in that capacity) allocated between that SwapClear Clearing Client and the other SwapClear Clearing Clients in respect of whom the Clearing House acts as security trustee under such Deed of Assignment by the Clearing House pro rata as it sees fit in its sole discretion.~~.
Omnibus Net Segregated Business	-	Has the meaning ascribed to such term in sub-paragraph (ii) of paragraph (c) of Regulation 52A
Omnibus Net Segregated Clearing Client	-	Means, in relation to SwapClear Clearing Client Business, a client in respect of whom a SwapClear Clearing Member engages in Omnibus Net Segregated Business.
Open Contract or open contract	-	A Contract made with a Member on the terms (subject to variation of such terms as provided in the Regulations) of an original contract or a Contract made with a Member on the terms set out in the Regulations and/or any agreement entered into with the Member, which, in either case, has not been closed-out, settled or invoiced back in accordance with the Regulations and the Procedures. The term "open contract" shall include, where relevant, an option contract a delivery contract and an Event Protection Contract, but shall not include a settlement contract, a re-opening contract or a closing-out contract.

open contract subject to tender - A Cleared Exchange Contract made with a Member on the terms (unless otherwise provided in the Regulations) of an original exchange contract in respect of which a tender has been given, which has not been closed out, settled or invoiced back in accordance with the Regulations and the Procedures, and shall include, except where the context otherwise requires, a delivery contract.

Open Offer for Turquoise Derivatives - The open offer contained in Regulation 75 in relation to Orderbook Matches.

option - A right to enter into a contract for the sale and purchase of a commodity for future delivery, a contract for differences, or a delivery contract.

option contract - A contract for an option on the terms of an exchange contract; or

original contract - An original exchange contract, EquityClear Novation Transaction, Eligible OTC Trade, or an OTC Transaction other than a Repo Trade, Bond Trade or GC Trade.

original exchange contract - A contract including, where relevant, an option contract on the terms of an exchange contract which

(i) has been entered into on a market or otherwise under or in accordance with Exchange Rules and subject to Exchange Rules of which particulars are to be presented to the Clearing House for registration in the name of members in accordance with Exchange Rules, the Regulations or the Procedures; or

(ii) arises pursuant to Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link; or

(iii) by agreement with a Participating Exchange is to be registered in the name of a Participating Exchange in accordance with the terms of any agreement made with a Participating Exchange.

Where any such contract is for more than one lot there shall be deemed to be a separate contract in respect of each lot and the term “original exchange contract” shall be construed accordingly. The term “original exchange contract” shall include a confirmed contract, except where the context otherwise requires. For the avoidance of doubt, the term “original exchange contract” shall not include any ATP Match made pursuant to the rules of an Approved EquityClear Trading Platform.

OTC Contract - A Contract entered into by the Clearing House with a Member on the relevant OTC Contract Terms, as prescribed by the Clearing House from time to time, in accordance with the Regulations and the Procedures and/or any agreement entered into with the Member.

OTC Contract Terms - The SwapClear Contract Terms in respect of SwapClear Contracts, the RepoClear Contract Terms in respect of RepoClear Contracts, the RepoClear SGC Contract Terms in respect of RepoClear SGC Contracts and the RepoClear €GC Contract Terms in respect of RepoClear €GC, the ForexClear Contract Terms in respect of ForexClear Contracts..

OTC market - Any dealings in an investment (as defined in section 22(1) and Schedule 2 Part II of the Financial Services and Markets Act 2000) which are entered into otherwise than on or subject to the rules of an Exchange.

OTC Service - A service provided by the Clearing House for the clearing of a category of OTC Contract.

OTC Transaction - A transaction being a SwapClear Transaction, RepoClear Transaction, RepoClear GC Transaction, Repo Trade, Bond Trade or GC Trade, or ForexClear Transaction.

Participating Exchange - An organisation (whether an exchange, association, company or otherwise), other than an Exchange, responsible for administering a futures, options, stock or other market which has concluded a Link Agreement with the Clearing House including such an organisation pursuant to which Link Agreement:

  - contracts on the terms of one or more Linked Exchange Contracts are to be transferred to, for clearing by, such organisation; or

  - contracts on the terms of one or more Participating Exchange Contracts are to be transferred to, for clearing by, the Clearing House.

- And, for the purposes of these Regulations, the term "Participating Exchange" shall include a Co-operating Clearing House and Co-operating Exchange and any clearing house (other than the Clearing House) which from time to time provides clearing services to such organisation.

Participating Exchange Contract - In respect of a Participating Exchange, means a class of contract, the terms of which are published by the Participating Exchange from time to time, permitted to be made by members of the Participating Exchange under Participating Exchange Rules and which is the subject of a Link.

Participating Exchange Rules - The provisions of a Participating Exchange's Memorandum or Articles of Association or other constitutional documents, by-laws, rules, regulations, procedures, customs, practices, notices and resolutions in whatever form adopted by such Participating Exchange and any amendment, variation or addition thereto.

Portfolios - Has the meaning assigned to it in the Default Rules.

premium - The consideration for the selling of an option payable by the buyer in accordance with these Regulations and the

Procedures.

Price - In the case of:

(i) a contract on the terms of an exchange contract which is to be performed by delivery of a commodity, the consideration to be paid by the buyer in cash in the currency prescribed by the terms of the exchange contract, and in the case of an exchange contract which is a contract for differences, the valuation quoted as a price under its terms: or

(ii) an OTC Contract, the price calculated by the Clearing House in accordance with the Regulations and the Procedures; or

(iii) an EquityClear Contract, the consideration to be paid by the buyer in cash in the currency as set out in the ATP Match or ATP Match or EquityClear Novation Transaction information received by the Clearing House or its relevant approved agent; or

(iv) an LCH EnClear OTC Contract, the price calculated by the Clearing House in accordance with the Regulations and Procedures.

Procedures - One or more documents containing the working practices and administrative or other requirements of the Clearing House for the purposes of implementing or supplementing these Regulations, or the procedures for application for and regulation of membership of the Clearing House and in respect of SwapClear Dealers, RepoClear Dealers, EquityClear NCMs, and ForexClear Dealers respectively, for:

(i) application for admission to the Register of SwapClear Dealers and regulation of SwapClear Dealers admitted to the Register;

(ii) application for admission to the Register of RepoClear Dealers and regulation of RepoClear Dealers;

(iii) application for admission to the Register of EquityClear NCMs.

(iv) application for admission to the Register of ForexClear Dealers.

and "Procedures" includes FCM Procedures when used in the Default Rules and the Default Fund Rules.

prompt date - In respect of an exchange contract, the meaning ascribed to it in the Exchange Rules governing such contract.

Proprietary Account - Means a house account with the Clearing House opened in the name of a Member to which Contracts made by the Member for its own account are registered and to which monies in respect of such Contracts are credited.

Protest	-	Has the meaning given to it in Exchange Rules.
Reference Currency Buyer	-	Means in relation to ForexClear Contract that is a Non-Deliverable FX Transaction, the party specified as the 'Reference Currency Buyer' in the Economic Terms.
Reference Currency Seller		Means in relation to ForexClear Contract that is a Non-Deliverable FX Transaction, the party specified as the 'Reference Currency Seller' in the Economic Terms.
Reference Price	-	A price (howsoever called) by reference to which a Contract is settled to market, marked to market, settled or valued in accordance with the Regulations and Procedures.
Register of EquityClear NCMs	-	The register which lists EquityClear NCMs.
Register of ForexClear Dealers	-	The register which lists ForexClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as ForexClear Contracts by the Clearing House.
Register of RepoClear Dealers	-	The register which lists RepoClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as RepoClear Contracts or RepoClear GC Contracts by the Clearing House or to deal through one or more Automated Trading Systems specified by the Clearing House in respect of each such RepoClear Dealer pursuant to which the Clearing House becomes a party to RepoClear Contracts or RepoClear GC Contracts, as the case may be, in accordance with the terms of the RepoClear Dealer Clearing Agreement and Regulation 56A.
Register of SwapClear Dealers	-	The register which lists SwapClear Dealers regarded by the Clearing House as for the time being eligible to submit contracts for registration as SwapClear Contracts by the Clearing House.
Registration Time	-	In respect of SwapClear Contracts shall have the meaning given in Regulation 47(d) or Regulation 48(d) as applicable; in respect of RepoClear Contracts and RepoClear SGC Contracts, shall have the meaning given in Regulation 54(d) or Regulation 55(d), as applicable; in respect of LCH EnClear OTC Contracts, shall have the meaning given in Regulation 73A, in respect of HKMEx Contracts, shall have the meaning given in Regulation 89(b), in respect of Nodal Contracts, shall have the meaning given in Regulation 93(b), in respect of ForexClear Contracts, shall have the meaning given in Regulation 104(d).
Regulations	-	The Clearing House's General Regulations which include the Link Regulations, Default Rules, Default Fund Rules and Clearing House Settlement Finality Regulations, from time to time in force.
Regulatory Body	-	The Secretary of State, The Financial Services Authority or professional body designated under Part XX of the Financial Services and Markets Act 2000 or other body given regulatory powers under that Act , the Bank of England, the Commodity

Futures Trading Commission of the United States (CFTC) or any department, agency, office or tribunal of a nation or state 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.

Relevant Contract - Has the meaning assigned to it Regulation 52B.

re-opening contract - A contract arising pursuant to Regulation 20(c) or (d).

Repo Trade - A trading activity in which a RepoClear Participant ("the First Participant") offers to sell (or buy) RepoClear Eligible Securities, and another RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) those securities, on condition that, at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) equivalent securities and the First Participant buys (or sells, as the case may be) those equivalent securities, and a trade subsequently ensues.

RepoClear Clearing Member - A Member who is designated by the Clearing House as a RepoClear Clearing Member eligible to clear RepoClear Contracts, RepoClear GC Contracts and RepoClear €GC Contract.

RepoClear Contract - A Contract entered into by the Clearing House with a RepoClear Clearing Member on the RepoClear Contract Terms.

RepoClear Contract Terms - The Terms set out or referred to in Parts A and B of the Schedule to the RepoClear Regulations.

RepoClear Dealer - A person admitted by the Clearing House to the Register of RepoClear Dealers and who has not been removed from the Register.

RepoClear Dealer Clearing Agreement - A written agreement, in the form and on the terms prescribed by the Clearing House, between a RepoClear Dealer, a RepoClear Clearing Member and the Clearing House which has the function, amongst other things, of setting out the terms on which the RepoClear Clearing Member agrees to clear RepoClear Transactions, RepoClear SGC Transactions, RepoClear €GC Transactions, Repo Trades, Bond Trades, SGC Trades and €GC Trades for the RepoClear Dealer.

RepoClear Eligibility Criteria - With regard to RepoClear Transactions, Bond Trades and Repo Trades the product criteria set out in Part B ("Product Criteria for registration as a RepoClear Contract") of the Schedule to the RepoClear Regulations, and with regard to RepoClear SGC Transactions and SGC Trades, the product criteria set out in Part F ("Product Eligibility Criteria for registration as a RepoClear SGC Contract") of the Schedule to the RepoClear Regulations and with regard to RepoClear €GC Transactions and €GC Trades, the product criteria set out in Part H ("Product Eligibility Criteria for the registration of a RepoClear €GC contract") of the Schedule to the RepoClear Regulations.

RepoClear Eligible Securities	-	With regard to RepoClear Transactions, Bond Trades and Repo Trades securities of a type described in Part B to the Schedule to the RepoClear Regulations, and which appear in the list published for this purpose from time to time by the Clearing House.
RepoClear €GC Contract	-	A Contract entered into by the Clearing House with a RepoClear Clearing Member on the RepoClear €GC Contract Terms.
RepoClear €GC Contract Terms	-	The Terms set out or referred to in Parts G and H of the Schedule to the RepoClear Regulations.
RepoClear €GC Transaction	-	A contract, meeting the requirements of the Regulations and Procedures for registration as a RepoClear €GC Contract, details of which are presented to the Clearing House for registration in the name of RepoClear Clearing Members in accordance with the Regulations, Procedures and the terms of any agreement entered into between the Clearing House and each such RepoClear Clearing Member, and any RepoClear Dealer Clearing Agreement, as applicable.
RepoClear GC Contract	-	A RepoClear €GC Contract or a RepoClear SGC Contract.
RepoClear GC Transaction	-	A RepoClear €GC Transaction or a RepoClear SGC Transaction.
RepoClear Open Offer Eligibility Criteria	-	With regard to Bond Trades, Repo Trades and GC Trades, the requirements set out in paragraphs (i) to (v) inclusive of Regulation 56(c) of the Regulations or in sub-paragraphs (i) to (vi) inclusive of Regulation 56A(c) of the Regulations, as applicable;
RepoClear Participants	-	RepoClear Clearing Members and RepoClear Dealers and "RepoClear Participant" means any of them.
RepoClear Regulations	-	The Clearing House's RepoClear Regulations, applicable to RepoClear Contracts only, from time to time in force.
RepoClear SGC Contract	-	A Contract entered into by the Clearing House with a RepoClear Clearing Member on the RepoClear SGC Contract Terms.
RepoClear SGC Transaction	-	A contract, meeting the requirements of the Regulations and Procedures for registration as a RepoClear SGC Contract, details of which are presented to the Clearing House for registration in the name of RepoClear Clearing Members in accordance with the Regulations, Procedures and the terms of any agreement entered into between the Clearing House and each such RepoClear Clearing Member, and any RepoClear Dealer Clearing Agreement, as applicable.
RepoClear Transaction	-	A contract, meeting the requirements of the Regulations and Procedures for registration as a RepoClear Contract, details of which are presented to the Clearing House for registration in the name of RepoClear Clearing Members in accordance with the Regulations, Procedures and the terms of any agreement entered into between the Clearing House and

each such RepoClear Clearing Member, and any RepoClear Dealer Clearing Agreement, as applicable. A "RepoClear Repo Transaction" is such a contract for the trade of a repo; a "RepoClear Bond Transaction" is such a contract for the trade of bond/s.

Reported Trade - A trade, other than a trade resulting in a Turquoise Derivatives Orderbook Match, which is reported to EDX for registration with the Clearing House in accordance with Exchange Rules or the terms of any arrangements entered into between TGHL and a Co-operating Exchange.

Required Collateral - Means, in relation to SwapClear Clearing Client Business, the margin required by the Clearing House from a SwapClear Clearing Member from time to time in respect of its SwapClear Client Business.

Risk Neutralisation - Has the meaning assigned to it in the Default Rules.

Rulebook - The Regulations, Default Rules, Settlement Finality Regulations, Procedures, and such other rules of the Clearing House, as published and amended from time to time.

Rules of the Clearing House - The Rulebook of the Clearing House including the General Regulations, Default Rules, Settlement Finality Rules, Procedures and these NYSE Liffe Clearing Regulations

SCM Branch - A branch or part of a SwapClear Clearing Member, not being a different legal person from the SwapClear Clearing Member, which is authorized by the Clearing House to submit to the Clearing House, in the name of that SwapClear Clearing Member, SwapClear Transactions for registration, subject to these Regulations and the Procedures, by the Clearing House as SwapClear Contracts.

segregated client - A person whose monies are held by a Member separately from the Member's own monies with whom the Member has agreed (or in respect of which the Member is required) not to use such person's monies for the Member's own account.

seller - A Member (or the Clearing House where the context so requires) who is a seller under the terms of an exchange contract, a Cleared Exchange Contract, a Turquoise Derivatives Cleared Exchange Contract, a RepoClear Transaction, a RepoClear SGC Transaction, a RepoClear Contract, a RepoClear SGC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, an EquityClear Contract, or an LCH EnClear OTC Contract, as the case may be.

Service - means any one of the services made available by the Clearing House: (i) to an Exchange; (ii) under the SwapClear Regulations and the FCM Regulations; (iii) under the RepoClear Regulations; (iv) under the EquityClear Regulations; (v) under the LCH EnClear OTC Regulations; (vi) under the Turquoise Derivatives Regulations; (vii) under the HKMEx Regulations; (viii) under the Nodal Regulations; (ix) under the NYSE LIFFE Regulations; or (x) under the ForexClear Regulations**.**

settlement contract - A contract between the Clearing House and a Member arising pursuant to Regulation 15(b), Regulation 73C(b) or Regulation 91(b) or 95(b).

settlement price - One or more prices determined and issued by an Exchange in accordance with its Exchange Rules in respect of a delivery month or prompt date; or

- In relation to a Contract other than an exchange contract, one or more prices determined in accordance with the Regulations or the Procedures.

SGC Trade - A trading activity in which a RepoClear Participant ("the First Participant") offers to sell (or buy) an agreed value of securities comprised in an SGC Basket, to be allocated in accordance with the RepoClear Procedures applicable to RepoClear SGC Contracts, and another RepoClear Participant ("the Second Participant") offers to buy (or sell, as the case may be) the securities so allocated, on the conditions that:

(i) at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) Equivalent Securities (as such term is used in the RepoClear SGC Contract Terms) and the First Participant buys (or sells, as the case may be) those Equivalent Securities; and

(ii) the understanding of the parties is that their obligations during the term of the transaction will be represented by a series of overnight repurchase transactions effected through Euroclear UK and Ireland delivery by value (DBV) functionality, as contemplated by the RepoClear Procedures applicable to RepoClear SGC Contracts,

and a trade subsequently ensues.

Special Member - (a) An organisation which has the necessary licences, authorisations and approvals to act as a clearing house or otherwise provide clearing services or an organisation which has the necessary licences, authorisations and approvals to administer a futures, options, stock or other market and also to act as a clearing house in respect of such market or markets.

- (b) An organisation carrying on comparable activities as the Clearing House may determine from time to time,

which has concluded a Clearing Membership Agreement with the Clearing House in such form as the parties may agree, pursuant to which such organisation clears specific types of Contract and agrees to be bound by these Regulations as a Member, to the extent and subject to any variations agreed in such Clearing Membership Agreement.

Standard Terms - That part of the SwapClear Contract Terms, the RepoClear Contract Terms, the LCH EnClear OTC Contract Terms, or the ForexClear Contract Terms designated as Standard Terms by the Clearing House from time to time.

strike price - The price specified in an option contract which becomes the price of the commodity under a contract for the future sale and purchase of that commodity for future delivery or, as the case may be, under a delivery contract, in either case on the exercise of the option, the subject of such option contract, in accordance with Exchange Rules, these Regulations and the Procedures.

SwapClear Clearing Agreement - Means the client clearing agreement providing for the creation of a separate ISDA Master Agreement (including any Credit Support Annex and other supplementary agreements) between a SwapClear Clearing Member and a SwapClear Clearing Client in relation to the SwapClear Clearing Services**.**

SwapClear Clearing Client - Means an Individual Segregated Account Clearing Client or an Omnibus Net Segregated Clearing Client.

SwapClear Clearing Client Business - Means Individual Segregated Account Business and Omnibus Net Segregated Business entered into by a SwapClear Clearing Member in respect of its SwapClear Clearing Clients.

SwapClear Clearing Client Entitlement - Has the meaning assigned to it in Regulation 52B.

SwapClear Clearing End-User Notice - Means the SwapClear Clearing End-User Notice as specified by the Clearing House from time to time.

SwapClear Clearing House Business - Means SwapClear Contracts entered into by a SwapClear Clearing Member with the Clearing House on a proprietary basis and for its own account.

SwapClear Clearing Member - A Member who is designated by the Clearing House as a SwapClear Clearing Member eligible to clear SwapClear

(SCM)		Contracts which includes, in the case of the Default Rules, the Default Fund Rules (including the SwapClear DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM Clearing Member.
SwapClear Clearing Services	-	Means the entering into of SwapClear Contracts by a SwapClear Clearing Member in respect of its Individual Segregated Account Clearing Clients and its Omnibus Net Segregated Clearing Clients.
SwapClear Clearing Client Entitlement	-	Has the meaning assigned to it General Regulation 52B.
SwapClear Contract	-	A Contract entered into by the Clearing House with a SwapClear Clearing Member on the SwapClear Contract Terms which includes, in the case of the Default Rules (including the SwapClear DMP Annex), the Default Fund Rules, the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM SwapClear Contract.
SwapClear Contract Terms	-	The terms applicable to each SwapClear Contract as set out from time to time in the Schedule to the SwapClear Regulations or the Procedures.
SwapClear Dealer (SD)	-	A person admitted by the Clearing House to the Register of SwapClear Dealers and who has not been removed from the Register.
SwapClear Dealer Clearing Agreement	-	A written agreement, in the form and on the terms prescribed by the Clearing House between a SwapClear Dealer, a SwapClear Clearing Member and the Clearing House which has the function, amongst other things, of setting out the terms on which the SwapClear Clearing Member agrees to clear SwapClear Transactions for the SwapClear Dealer.
SwapClear DMG	-	Has the meaning assigned to it in the Default Rules;
SwapClear DMP	-	Has the meaning assigned to it in the Default Rules;
SwapClear Participants	-	*SwapClear Clearing Members, SCM Branches* and *SwapClear Dealers,* and *"SwapClear Participant"* means any of them.
SwapClear Regulations	-	The Regulations entitled as such, applicable to SwapClear Contracts only, from time to time in force.
SwapClear Transaction	-	A contract, meeting the eligibility criteria for registration as a SwapClear Contract, entered into between two SwapClear Participants, of which particulars are presented to the Clearing House for registration in the name of SwapClear Clearing Members in accordance with the Regulations and the terms of any agreement entered into between the Clearing House and each such SwapClear Dealer. In addition, a SwapClear Transaction shall include an FCM

		SwapClear Transaction where the relevant SwapClear Clearing ~~m~~Member is an Executing Party.
SWORD	-	The system operated by the Clearing House for, inter alia, facilitating the issue, recording and electronic transfer of London Metal Exchange warrants.
tender	-	A notice in writing, given by or on behalf of a seller (or buyer where Exchange Rules so require) pursuant to Exchange Rules these Regulations and the Procedures, of an intention to make (or take) delivery of a commodity.
The Clearing House Turquoise Derivatives Services -	-	The services provided by the Clearing House pursuant to the Turquoise Derivatives Regulations.
TGHL.	-	Turquoise Global Holding London Limited whose registered office is at 10 Paternoster Square, London EC4M 7LS.
Turquoise Derivatives Account	-	An account maintained in the name of TGHL. by the Clearing House pursuant to Regulation 5 in which Turquoise Derivatives Cleared Exchange Contracts may be registered pursuant to Regulation 75, 80 or in such other circumstances as may be agreed between TGHL. and the Clearing House from time to time.
Turquoise Derivatives Cleared Exchange Contract	-	A Contract entered into by the Clearing House in accordance with the Turquoise Derivatives Regulations.
Turquoise Derivatives Contract Specification	-	In respect of a Turquoise Derivatives Eligible Product, the relevant contract specification set out in the Turquoise Derivatives Rules.
Turquoise Derivatives Eligible Product	-	A product which TGHL has agreed from time to time with the Clearing House is to be cleared by the Clearing House pursuant to these Regulations.
Turquoise Derivatives Non-Clearing Member (Turquoise Derivatives NCM)	-	A member of TGHL who is not a Member and is party to a subsisting Turquoise Derivatives NCM-GCM Agreement.
Turquoise Derivatives Orderbook	-	The electronic orderbook operated by TGHL for the trading of Turquoise Derivatives Eligible Products.
Turquoise Derivatives Orderbook Match or Orderbook Match	-	A match made on the Turquoise Derivatives Orderbook of two sets of Turquoise Derivatives Trade Particulars submitted by or on behalf of two Members or a match made on the Combined Turquoise Derivatives Orderbook of two sets of Turquoise Derivatives Trade Particulars submitted by or on behalf of a Member and a Linked Member.
Turquoise Derivatives Regulations	-	The Regulations set out in Regulations 74 to 87 inclusive.
Turquoise Derivatives Trade Particulars	-	Means the trade particulars of an order submitted to the Turquoise Derivatives Orderbook by or on behalf of a Member or, in the case of a Member which is a Co operating Clearing House, submitted to the Combined Turquoise Derivatives Orderbook by or on behalf of a relevant Linked

Member.

Turquoise Derivatives OTC Trade - An OTC trade reported to TGHL London in accordance with its Rules for its OTC Service.

Turquoise Derivatives Transactions - An Orderbook Match, Turquoise Derivatives OTC Trade, Reported Trade, Cross-Border Re-registration and a Cross-Border Transfer.

Trade Allocation Agreement - An agreement in one or more forms and in the terms prescribed by an Exchange, the Clearing House and a Participating Exchange to which, amongst others, a Member is a party which has the function of facilitating, amongst other things, the transfer, in accordance with Regulation 41, of those Contracts on the terms of a Linked Exchange Contract which are permitted by the terms of such agreement to be transferred under such agreement.

trade correction procedures - The procedures established for the purposes of a Link to facilitate the correction of errors contemplated by such procedures.

Trading Platform Particulars - The orders or other trade particulars submitted in respect of the sale or purchase of EquityClear Eligible Equities or EquityClear Eligible ccCFD(s), to an ATP in accordance with the relevant ATP Market Rules by, or on behalf of, an EquityClear Clearing Member (including, where relevant, submission of such orders or other trade particulars by or on behalf of an EquityClear NCM on behalf of the relevant EquityClear Clearing Member pursuant to, and in accordance with, the relevant Approved EquityClear Clearing Agreement between them and the relevant ATP Market Rules) or, in the case of an EquityClear Mixed Member Match, by, or on behalf of a member of a relevant Co-operating Clearing House.

Treasury Contract - Means any contract, including a contract of deposit, entered into by the Clearing House with that Member for purposes of, in connection with or otherwise in the course of its treasury management activities.

Treasury Account - Means any accounting process under which an amount due under a Treasury Contract from a member to the Clearing House is set off against any amount due from the Clearing House to that Member.

variation margin - An amount determined by the Clearing House in accordance with the Procedures in respect of original contracts or open contracts (as the case may be) by reference to the difference between the contract value of such contracts (as determined in accordance with the Procedures) and the value of such contracts at official quotations or at such other prices as the Clearing House may determine pursuant to the Procedures. The term “variation margin” shall include daily settlement amounts save where the context otherwise requires.

Terms not otherwise defined have the meaning given to them in the General Regulations of the Clearing House.

Any reference in these Regulations or the Procedures to statutes or statutory instruments or provisions thereof shall be to such statutes or statutory instruments or provisions thereof as amended, modified or replaced from time to time.

Reference to writing contained in these Regulations or the Procedures shall include typing, printing, lithography, photography or any other mode of representing or reproducing words in a visible form.

Words importing the singular shall, where the context permits, include the plural and vice-versa.

Any reference to time contained in these Regulations or the Procedures shall, unless otherwise stated, be to London time. Times are shown using the twenty four hour clock.

Any reference in these Regulations to a person or a party (howsoever described) shall include its successors.

Headings are used herein for ease of reference only.

Regulation 1 **Obligations of the Clearing House to each 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 Regulations.

(b) The obligations of the Clearing House to each Member shall be, as a counterpart to an open contract registered in the name of a Member in accordance with these Regulations and the Procedures, to perform its obligations under the terms of such open contract as principal to such Member in accordance with the provisions of these Regulations and the Procedures, but subject to the restrictions on the Clearing House's obligations and liabilities contained in these Regulations.

(c) The performance by the Clearing House of its obligations referred to in this Regulation 1 shall always be subject to the provisions of these Regulations. The benefit of the performance by the Clearing House of such obligations is conferred upon Members as principals and upon no other persons whatsoever. 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 Regulation or any of the other Regulations to any person who is not a member. Rights of third parties to enforce any provision of any of these Regulations pursuant to the Contract (Rights of Third Parties) Act 1999 are expressly excluded.

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

The Clearing House's obligations under the terms of an open contract shall be performed (a) in the manner and form and by such day and time as may be prescribed in Exchange Rules (where applicable), these Regulations or the Procedures, and (b) in the case of an open contract to which the Clearing House is party with a Member which is a Participating Exchange, in accordance with the terms of any agreement made with such Member, save that (i) where Exchange Rules specify a time by which the seller or the buyer shall perform its obligations under the terms of an exchange contract, the Clearing House shall be deemed to have complied with Exchange Rules 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 Exchange Rules expressly provide that performance must be made by the Clearing House by such time; and (ii) where the Economic Terms of an OTC Contract, or the EquityClear Contract Terms, or the LCH EnClear OTC Contract Terms specify a time by which a party thereto shall perform its obligations, the Clearing House shall be deemed to have complied with the Economic Terms, or the EquityClear Contract Terms or the LCH EnClear OTC Contract Terms, as applicable, if it performs its obligations promptly after such time.

Regulation 3 **Novation**

(a) This paragraph (a) shall not apply to contracts registered under Regulation 9(f). Upon registration of an original contract by the Clearing House, such contract shall be replaced by novation (without prejudice to the Clearing House's rights to effect further novation under paragraph (b) below) by two open contracts, one between the seller and the Clearing House as buyer, as principals to such contract, and one between the buyer and the Clearing House as seller, as principals to such contract. Each open contract shall be subject to the Regulations including the restrictions on the Clearing House's obligations and liabilities set out in the Regulations (including, without limit, Regulation 22 and Regulation 39) and otherwise on the same terms as the original contract replaced by such open contracts.

(b) Upon the transfer of an open contract pursuant to these Regulations except pursuant to Regulation 41, such open contract shall be discharged and replaced by novation by an open contract between the Member into whose name the contract was transferred and the Clearing House, as principals to such open contract. Such open contract shall be subject to the Regulations and otherwise on the same terms as the open contract which it replaced.

(c) Upon the exercise of an option by or on behalf of a Member or, as the case may be, by the Clearing House or upon the deemed exercise of such option pursuant to these Regulations, the option contract shall be replaced by novation by an open contract on the terms specified in the option contract at the strike price or at some other price in accordance with the terms of such option contract.

Regulation 4 **Clearing Member Status of the Clearing House**

(a) Application for clearing member status of the Clearing House shall be made in accordance with the Procedures. A Member's clearing member status of the Clearing House shall be governed by these Regulations, the Procedures and any Clearing Membership Agreement to which he is for the time being party. Clearing member status does not provide or entitle a Member 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, which has separate and distinct membership requirements.

(b) The Clearing House shall determine which categories of Contract a Member is eligible to have registered in its name from time to time. If, in its absolute discretion, the Clearing House determines that a Member no longer meets the relevant eligibility criteria for a particular category, or categories, of Contract the Clearing House may rescind that Member's eligibility to have Contracts of such category or categories registered in its name, but without prejudice to his right to have registered in his name, subject to the Regulations, the categories of Contracts in respect of which the Member does meet the eligibility criteria. The Clearing House may from time to time publish a list of Members identifying the category or categories of Contracts which each Member is eligible to have registered in its name.

(c) A Member shall be a principal to and not an agent in respect of any Contract registered in his name with the Clearing House. In performing its obligations and exercising its rights under these Regulations, the Clearing House shall take no account of any right or interest which any person other than the Member may have in any cover furnished by such Member to the Clearing House.

(d) Any Regulation or group of Regulations expressly stated not to apply to a Participating Exchange, and paragraph (a) above, shall not apply to a Participating Exchange, being an Exchange which is party to a trading and/or clearing agreement with an Exchange to whom the Clearing House provides clearing services and who has agreed to become a Member. The Clearing House shall enter into one or more agreements with such Participating Exchange which shall govern dealings between them and which may apply, disapply or modify, as the case may require, some or all of these Regulations with respect to such Participating Exchange.

Regulation 5 **Accounts**

(a) Accounts (including, where requested, client accounts) shall be opened between each Member and the Clearing House in accordance with the Procedures. A Member shall be responsible for all obligations owed to the Clearing House in respect of every account opened in respect of such Member.

(b) This paragraph applies to a Member's Proprietary Accounts. In the event that more than one Proprietary Account is opened in respect of a Member, the Clearing House shall have the right to combine or consolidate the balances on any or all of the Member's Proprietary Accounts, and to 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 Member's liabilities to the Clearing House on any one or more of such accounts.

(c) This paragraph applies to a Member's client accounts. Unless the Rules of the Clearing House provide otherwise, in the event that more than one client account is opened in respect of a Member, the Clearing House shall have the right to combine or consolidate the balances on any or all of such client accounts of a Member, and to set off any amount or amounts standing to the credit of any one or more of such client accounts of a Member in or towards payment or satisfaction of all or any of the Member's liabilities to the Clearing House on any one or more of such client accounts.

(d) Amounts standing to the credit of a Member's accounts, other than, subject to paragraphs (c) above, his client accounts, may be applied by the Clearing House towards the payment of any sum whatsoever due by the Member to the Clearing House whether or not arising under these Regulations, save that, subject to Rule 8(d) of the Default Rules, no amounts standing to the credit of such Member's accounts shall be applied in or towards payment or satisfaction of all or any of the Member's liabilities to the Clearing House on any one or more of the Member's client accounts. Amounts standing to the credit of a 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 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 Procedures may at the Clearing House's discretion (but subject to the provisions of the Default Fund Rules and to Regulation 58(d)) be paid, or, in the case of negative interest rates, be charged, on amounts standing to the credit of any of the Member's accounts.

(g) Debit balances due to the Clearing House on any account opened in respect of a Member are payable by such 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 Procedures.

(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 Exchanges and to Members in accordance with the Procedures.

(i) If a Member specifies a Termination Date under Regulation 39A, the 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 Member.

(j) Where a payment has been made to the Clearing House by a Member through the PPS, that payment will only be creditied to the account of the 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) the institution has made the relevant payments to other Members on the date when the payment was due to be received by the Clearing House.

Regulation 6 **Presentation of Particulars of Original Exchange Contracts and Confirmation of Original Exchange Contracts**

(a) None of the paragraphs of this Regulation 6 shall apply to a contract on the terms of an exchange contract which arises pursuant to Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link. Subject to paragraph (h) particulars of every original contract which is to be registered by the Clearing House in the name of a Member shall be presented to the Clearing House (i) by or on behalf of the Member who made the original contract on the market or otherwise under Exchange Rules, (ii) in the case of a party to the original contract who is not a Member, by or on behalf of the Member who acts as his clearing member or on whose instructions the original contract was made or, (iii) if made on the instructions of a member of the market who is not a Member, by or on behalf of the Member who acts as the latter's clearing member. Presentation of particulars shall be made in such form and manner and by such times as are prescribed by the Procedures or, where the Clearing House has so agreed with an Exchange, as prescribed in Exchange Rules.

(b) The obligation contained in paragraph (a) above to present particulars of original contracts shall be in addition to and without prejudice to any obligation on any Member to present particulars of an original contract pursuant to Regulation 19(h) or 19(i).

(c) Subject to paragraph (d) below, every original contract presented for registration in the name of a Member in accordance with paragraph (a) above shall be confirmed by or on behalf of such Member, in such manner and form and by such times as are prescribed by the Procedures or, where the Clearing House has so agreed with an Exchange, as prescribed in Exchange Rules.

(d) Notwithstanding paragraph (c) above, an original contract may subject to Exchange Rules and the Procedures be allocated by or on behalf of a Member to another Member or to a member of an Exchange who is not a Member and shall thus be confirmed pursuant to Regulation 7(a) instead of paragraph (c) above.

(e) If an original contract is not confirmed by or on behalf of a Member pursuant to paragraph (c) above, or is not allocated by or on behalf of such Member within the prescribed time pursuant to Regulation 7, the Clearing House may in accordance with the Procedures deem such contract as having been confirmed pursuant to paragraph (c) above.

(f) Any changes to the prescribed methods, forms and times set out in the Procedures in respect of presentation of particulars of original contracts and confirmation of such contracts shall be made by the Clearing House only after consultation with the relevant Exchange or Exchanges, save that the Clearing House may at its absolute discretion make such changes without such consultation where it deems it necessary in the circumstances then prevailing.

(g) Confirmation of an original contract by or on behalf of a Member pursuant to this Regulation 6 or Regulation 7 and the Procedures shall be effective immediately (unless otherwise specified in the Procedures) and shall constitute the consent of the Member to such contract being registered in his name in accordance with these Regulations.

(h) An original contract which is to be registered in the name of a Member which is a Participating Exchange, of which details have been provided to the Clearing House by the Exchange with whom the Participating Exchange has entered into an agreement,

shall be so registered under Regulation 9. The Clearing House shall treat such contract as having been confirmed by the Participating Exchange under this Regulation 6.

Regulation 7 **Allocation of Original Exchange Contracts**

(a) Any Member proposing to allocate an original contract to another Member or to a member of an Exchange who is not a Member shall do so in such manner and form and by such time as may be prescribed by the Procedures. Allocation of an original contract by or on behalf of a Member pursuant to the Procedures shall constitute confirmation of the original contract by such Member.

(b) Unless it is intended that an original contract be allocated on in accordance with the Procedures to another Member or to a member of an Exchange who is not a Member, any contract allocated to a Member or to a member of an Exchange who is not a Member shall be confirmed or, where the Procedures so prescribe, shall be deemed to have been confirmed to the Clearing House by or on behalf of such Member or, as the case may be, the Member who acts as the clearing member for such member of the Exchange, in such manner and form and by such time as may be prescribed by the Procedures. If such contract is allocated on by or on behalf of such Member to another Member or to a member of an Exchange who is not a Member, such act of allocation shall constitute confirmation of the contract by such Member.

(c) Where an original contract is allocated to a Member or to a member of an Exchange who is not a Member pursuant to paragraph (a) or (b) above and the Clearing House does not receive confirmation of such contract from that Member or the Member acting as clearing member for such member, as the case may be, within the relevant time prescribed by the Procedures, the Clearing House shall, subject to Regulation 9, register such contract in the name of the Member who sought to allocate the contract.

(d) Notwithstanding paragraph (c) above, a Member may from time to time agree in writing with the Clearing House that he shall accept for registration in his name any original contract allocated to him in accordance with paragraphs (a) or (b) above and such Member shall be deemed to have confirmed such contract in accordance with the Procedures.

(e) No original contract on the terms of an exchange contract may be allocated under this Regulation 7 to any Member who is not authorised under Exchange Rules to have original contracts on the terms of that exchange contract registered in his name.

(f) Notwithstanding the provisions of the Procedures, the Clearing House may, without assigning any reason, make any allocation of an original contract subject to any conditions stipulated by it.

Regulation 8 Designation

A Member shall designate the account of the Member in which a contract shall be registered in the manner and form and by the time prescribed by Exchange Rules or the Procedures. If the Member fails to so designate an account, the Clearing House may, at its discretion and in accordance with the Procedures, determine in which account of the Member the contract shall be entered.

Regulation 9 **Registration**

(a) Paragraphs (b), (d) and (f) only of this Regulation shall apply to a contract on the terms of an exchange contract arising under Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link. The Clearing House shall not register an original exchange contract or an Event Protection Contract in the name of a Member unless such contract has been confirmed or deemed confirmed pursuant to Regulation 6, 7 or 18 by or on behalf of a Member as a buyer and a Member as a seller who thereby have consented to such contract being registered in his name. The Clearing House shall register a contract in the name of a Member which is a Participating Exchange in accordance with the terms of any agreement made with the Participating Exchange and none of the following paragraphs shall apply in respect of a Member which is a Participating Exchange.

(b) Where the Procedures so provide the Clearing House may require the Members in whose names one or more contracts are to be registered to furnish it with cover for initial and variation margin as a condition of registration of such contract or contracts, and such cover shall be furnished to the Clearing House in accordance with Regulation 12 and, if applicable, the SwapClear Regulations, the RepoClear Regulations, the EquityClear Regulations, the LCH EnClear Regulations, the LCH EnClear OTC Regulations, the Turquoise Derivatives Regulations, the HKMEx Regulations, the Nodal Regulations, or the ForexClear Regulations.

(c) The Clearing House may decline to register an original contract in the name of a 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 contract subject to any conditions stipulated by the Clearing House including, without limitation, the furnishing of cover for margin by both Members in whose name any such contract is to be registered.

(d) This paragraph does not apply to a Member which is a Participating Exchange. No original exchange contract for a commodity shall be registered in the name of a Member who is not entitled under Exchange Rules to have original exchange contracts for such commodity registered in his name.

(e) The Clearing House shall be deemed to register in the name of a Member an original exchange contract, at the time prescribed in the Procedures in respect of such exchange contract or, in the case of an original exchange contract registered by the Clearing House pursuant to rule 6(a) of the Default Rules, at the time chosen by the Clearing House whereupon Regulation 3(a) shall take effect.

(f) A contract on the terms of an exchange contract arising under Regulation 41A(b) upon the transfer of a contract on the terms of a Participating Exchange Contract under a Link shall be registered in the name of the Member referred to in Regulation 41A(b) and shall be deemed to be registered in the name of such Member upon the arising of such Contract.

Regulation 10 Trading Information

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

Regulation 11 **Transfer**

(a) A Member may not allocate or transfer a confirmed contract, or an open contract registered in his name except as provided in paragraph (d) below or in Regulation 41.

(b) If a Member wishes to transfer an open contract from his name to be registered in the name of another Member, the Clearing House may, with the agreement of both Members and subject to such conditions as it may stipulate, at its absolute discretion and, without prejudice to any power of the Clearing House under the Default Rules, and where relevant with the consent of the Exchange whose Exchange Rules form part of the terms of such open contract, transfer the registration of such open contract into the name of the Member agreeing to have such contract registered in his name, whereupon Regulation 3(b) shall take effect.

(c) No open contract on the terms of an exchange contract may be transferred pursuant to paragraph (b) above to any Member who is not entitled under Exchange Rules to have open contracts on the terms of that exchange contract registered in his name. No open contract, being a SwapClear Contract, may be transferred pursuant to paragraph (b) above to any Member who is not a SwapClear Clearing Member, and no open contract, being a RepoClear Contract, may be transferred pursuant to paragraph (b) above to any Member who is not a RepoClear Clearing Member. No open EquityClear Contract may be transferred pursuant to paragraph (b) above to any Member who is not an EquityClear Clearing Member. No open LCH EnClear OTC Contract may be transferred pursuant to paragraph (b) above to any Member who is not an LCH EnClear OTC Clearing Member. No open ForexClear Contract may be transferred pursuant to paragraph (b) above to any Member who is not a ForexClear Clearing Member.

(d) Rights under an open contract shall not be capable of assignment by a Member. Any such purported assignment by a Member, or any purported transfer that is not in compliance with this Regulation, shall be void.

Regulation 12 **Margin and Cover for Margin**

(a) The Clearing House may in accordance with the Procedures require a Member to furnish it with cover, and to keep the Clearing House furnished with sufficient cover at all times, in an amount determined by the Clearing House, as security for the performance by such Member of its obligations to the Clearing House in respect of all contracts from time to time to be registered in his name as open contracts pursuant to these Regulations. The obligation upon a Member to furnish cover to the Clearing House pursuant to this paragraph shall be in addition to any other obligation of the Member to furnish cover to the Clearing House pursuant to these Regulations.

(b) The Clearing House may in accordance with the Procedures require a Member to furnish it with cover in respect of initial or variation margin in circumstances prescribed by the Regulations and the Procedures in respect of any open contract registered in the Member's name, such cover to be furnished by the Member in such form and manner and by such time or times as may be prescribed by the Procedures.

(c) If insufficient monies are standing to the credit of a Member's account, or if any security deposited by a Member as cover is determined by the Clearing House in accordance with the Procedures to be insufficient, such cover for margin as the Clearing House requires a Member to furnish to it pursuant to paragraph (b) above or Regulation 9 or the SwapClear Regulations, the RepoClear Regulations, the EquityClear Regulations, the LCH EnClear Regulations, or LCH EnClear OTC Regulations, the Turquoise Derivatives Regulations, the HKMEx Regulations, the Nodal Regulations, or the ForexClear Regulations, as applicable, shall be furnished by the Member in such form and manner and by such time or times as may be prescribed by the Procedures.

(d) (i) The Clearing House shall be entitled to assume that all securities and other assets furnished or deposited by a Member to or with the Clearing House as cover pursuant to these Regulations or under the terms of any agreement made with the Member are the sole legal and beneficial property of the Member or are furnished or deposited for the purposes of these Regulations with the legal and beneficial owner's unconditional consent and free of such owner's interest. A Member may not furnish or deposit securities or other assets to or with the Clearing House as cover otherwise than in conformity to this paragraph. It shall be accepted by every person dealing on the terms of these Regulations that a Member has such person's unconditional consent to furnish or deposit to or with the Clearing House as cover for the purposes of these Regulations any securities or other assets of such person in the Member's possession, free of such person's interest.

(ii) Each Member represents and warrants to the Clearing House as at each date on which such Member furnishes or deposits securities or other assets to or with the Clearing House as cover pursuant to these Regulations (a) that such Member is the sole legal and beneficial owner of those securities or other assets or, as the case may be, those securities or other assets are so furnished or deposited with the legal and beneficial owner's unconditional consent and free of such owner's interest and (b) that the provision to the Clearing House of such securities or other assets pursuant to these 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 a Member to furnish or deposit other securities or assets to or with the Clearing House in substitution of any securities or assets deposited with the Clearing House pursuant to this Regulation 12.

(e) The rate of initial margin in respect of each exchange contract shall be determined from time to time by the Clearing House after consultation with the relevant Exchange and such rate shall be published from time to time by the Clearing House. Subject to paragraph (g) below, any alteration of the rate so determined shall take effect on the expiry of such period of notice to Members as shall from time to time be agreed with the relevant Exchange. Any such notice shall be given to Members in accordance with the Procedures.

(f) The rate of initial margin in respect of each category of OTC Contract shall be determined from time to time by the Clearing House, and such rate shall be published from time to time by the Clearing House. The rate of initial margin in respect of EquityClear Contracts and LCH EnClear OTC Contracts respectively shall be determined from time to time by the Clearing House and such rate shall be published from time to time by the Clearing House.

(g) Notwithstanding paragraph (e) or paragraph (f) above, the Clearing House shall be entitled at its absolute discretion, without assigning any reason and without prior notice to a Member or, where applicable, to an Exchange, to modify the rate of initial margin applicable to an exchange contract, to an OTC Contract or to EquityClear Contracts or to LCH EnClear OTC Contracts, or to call for larger or additional amounts of cover in respect of initial margin to be furnished to it by a Member, either before registration of a contract or at any time after registration. Any cover called by the Clearing House pursuant to this paragraph shall be furnished by the Member on demand and in such form as the Clearing House may require.

(h) The Clearing House shall be entitled at any time to demand immediate provision of cover for margin from a 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 Member's name, if, in the opinion of the Clearing House, the furnishing of such cover by the 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 Member's performance of its obligations under the terms of such contracts or under the terms of any original or confirmed contract to which the member is party. In this paragraph, "immediate provision" means payment to the Clearing House within one hour of demand.

(i) A Member shall furnish to the Clearing House in the manner and form and by the time or times prescribed in the Procedures cover in respect of the premium in respect of option contracts or cover in respect of the initial payment amount or fixed payment amounts in respect of LIFFE Credit Default Swap Index Contracts on the terms of such contracts as are specified in the Procedures.

(j) The Clearing House shall be entitled to make an accommodation charge at a rate determined by the Clearing House and specified in the Procedures, in respect of any security furnished to it as cover in a form prescribed by the 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 Procedures.

(k) Without prejudice to the requirements of paragraph (e) or (f) above, the Clearing House may at its absolute discretion accept cover to an agreed amount in a form other than those specified in the 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 and to 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.

(l) If, in the opinion of the Clearing House, any security which has been furnished to it by a Member as cover pursuant to these 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 cover from such Member. Such cover shall be furnished by such Member on demand in a form prescribed by the Procedures, provided that at any time the Clearing House shall be entitled to require the Member to furnish it with cover in a specified form and to demand that the Member replace the whole or part of any security furnished by a Member pursuant to these Regulations by cover in the form of cash.

(m) If, in respect of open contracts in a Member's name, official quotations indicate that cover which has been furnished to the Clearing House by such Member in respect of such contracts is in excess of variation margin, the Clearing House may or at the Member's request shall (but only where the excess consists of cash) release the excess of such cover.

(n) If the Clearing House takes any step or steps under the Default Rules in relation to a Member, any sum (including without limitation 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 Member) standing to the credit of any of the Member's accounts shall be treated as cover.

(o) Unless the Clearing House otherwise agrees in writing, cover provided to the Clearing House by way of cash shall not be capable of assignment by any person. Any purported assignment by a Member (whether by way of security or otherwise) of cash cover provided to the Clearing House shall be void. A Member shall not otherwise encumber (or seek to encumber) any cash cover provided to the Clearing House.

(p) Where the Clearing House is party to a Link Agreement with a Participating Exchange:

(i) the Clearing House may call that Participating Exchange for cover in whatever form may be stipulated in the terms of that Link Agreement; and

(ii) if collateral is provided by such Participating Exchange pursuant to such Link Agreement, that collateral shall be deemed to be cover for the purposes of these Regulations and the Default Rules.

Regulation 13 **Premium under Option Contracts and Payments under LIFFE Credit Default Swap Index Contracts**

(a) The premium payable by a buyer under the terms of an option contract shall be paid by the buyer to the Clearing House in the form and manner prescribed in the Procedures and by the time specified in Exchange Rules or the Procedures with respect to the relevant exchange contract.

(b) The Clearing House shall pay to a seller under the terms of an option contract his premium in accordance with the Procedures and by the time specified in Exchange Rules or the Procedures with respect to the relevant exchange contract.

(c) Any payment payable by a Member to the Clearing House or by the Clearing House to a Member under the terms of a LIFFE Credit Default Swap Index Contract, being either:

(i) the initial payment amount payable by a seller; or

(ii) the fixed payment amounts payable by a buyer,

shall be paid by the Member to the Clearing House or by the Clearing House to the Member (as applicable) in the form and manner prescribed in the Procedures and by the time specified in LIFFE Rules or the Procedures.

Regulation 14 Official Quotations and Reference Price

(a) The Clearing House may determine official quotations and Reference Prices for the purposes of these Regulations and the Procedures in such manner and at such times as may be prescribed in the Procedures. Except as prescribed in the Procedures, an official quotation or Reference Price is binding on a 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 index which is the subject of an exchange contract or any Reference Price.

Regulation 15 **Daily Settlement or Marking to Market**

(a) Where Exchange Rules or the Procedures so prescribe in respect of exchange contracts, the Clearing House may effect the daily settlement to market or daily marking to market of all open contracts on the terms of such exchange contracts in accordance with the Procedures and Exchange Rules, save where the Procedures otherwise provide. Daily settlement to market shall not apply to such open contracts which are for the account of a Member's client accounts.

(b) The Clearing House shall, in accordance with the Procedures, in respect of each open contract in a 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 contract, save that where the Member is a buyer under the terms of the open contract the Member shall be a seller under the terms of the settlement contract and vice-versa, such settlement contract to be effected in accordance with the Procedures (or Exchange Rules if applicable) at the relevant official quotation for that day. The Clearing House shall thereupon settle each open 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 Procedures and shall thereafter make up the Member's account and upon the Clearing House so doing, the Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:

(i) any profit arising to a Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these Regulations and in respect of a Cross-Margining Participant to the terms of any relevant Cross-Margining Agreement, such profit shall be paid to the Member on the Member's request; and

(ii) any loss arising to a Member shall be debited to the applicable account of the Member and (subject to these Regulations) the 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 Procedures:

(i) in respect of those open contracts in a Member's name which have been settled pursuant to paragraph (b) above and which are subject to daily settlement to market, register at the official quotation referred to in paragraph (b) above, contracts in the Member's name as open contracts on the same terms (except as to price or premium), including the strike price where applicable, 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 strike price, where applicable, shall be registered in the Member's name;

(ii) in respect of those open contracts in a 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 Procedures, register at the official quotation referred to in paragraph (b) above contracts in the Member's name as open

contracts on the same terms (except as to price or premium) including the strike price, where applicable, as the settled open contracts.

(e) A Member may, in respect of all open contracts in his name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the Procedures, to settle such 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 Member in accordance with the Procedures) make up the Member's account.

(f) In respect of those open contracts of which settlement might have been requested by a 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 contracts, at any time thereafter proceed as if settlement had been requested and make up and render the Member's accounts accordingly.

Regulation 15A Settlement and Revaluation: Clearing Processing System

(a) Where Exchange Rules or the Procedures so prescribe in respect of exchange contracts, the Clearing House may effect the settlement or revaluation of open contracts on the terms of such exchange contracts in accordance with a clearing processing system adopted by the Exchange.

(b) The settlement of open contracts under this Regulation may be effected daily or less frequently, as required by the clearing processing system. The clearing processing system may expressly or by implication require the contract value of open contracts to be altered daily or less frequently by reference to official quotations or otherwise and, if so, open contracts subject to the system shall be revalued accordingly. The Clearing House shall have no obligation to notify a Member of the revaluation of an open contract to which he is party, save as provided by the clearing processing system.

Regulation 16 Other Modes of Settlement and Revaluation

Settlement and revaluation procedures (other than those contained in Regulations 15 and 15A) may be prescribed, in respect of open contracts on the terms of certain exchange contracts and in respect of open contracts which are OTC Contracts, EquityClear Contracts or LCH EnClear OTC Contracts in the Procedures or where agreed with, an Exchange, in Exchange Rules. Settlement of open contracts may be effected by the Clearing House in accordance with such provisions.

Regulation 17 **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 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 Procedures and in the manner prescribed by the 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 Procedures.

(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 Procedures and in the manner prescribed by the 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 Procedures.

(d) If permitted under Exchange Rules or, where relevant, the Procedures, an option may be exercised or abandoned by or on behalf of a Member prior to the day and time referred to in paragraph (a) above in accordance with Exchange Rules or, where relevant, the 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 without making any enquiry, 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 a Member save that the Clearing House may reject any notice of exercise or abandonment (or exercise or abandonment made in such other prescribed form, as the case may be) if it does not appear to comply with Exchange Rules or the Procedures notwithstanding that it 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 by the Clearing House may be cancelled or withdrawn.

(g) Where the Clearing House is a buyer under the terms of an option contract, the Clearing House may exercise or abandon an option in accordance with Exchange Rules or the Procedures and in accordance with Regulation 2.

(h) Upon the exercise or deemed exercise of an option pursuant to this Regulation 17, Regulation 3(c) shall come into effect.

Regulation 18 **Delivery Contract Arising upon the Exercise of an Option and Event Protection Contracts**

(a) Subject to these Regulations open contracts which are delivery contracts shall be fulfilled in accordance with Exchange Rules. No delivery 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 such other amount or quantity as may be specified for the commodity in Exchange Rules from time to time after agreement with the Clearing House.

(b) Where an open contract which is a delivery contract arises by novation pursuant to Regulation 3(c) upon the exercise or deemed exercise of an option, the buyer under the terms of the delivery contract shall give to the Clearing House such information as may be prescribed by Exchange Rules or, where relevant, the Procedures by the time and in the manner specified in Exchange Rules or the Procedures. The Clearing House as buyer under the terms of a delivery contract shall, in accordance with Regulation 2, give to the seller under the terms of such contract, such information as may be prescribed by Exchange Rules or the Procedures.

(c) The seller under the terms of a delivery 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 Procedures, and the Clearing House as seller under the terms of a delivery contract shall, in accordance with Regulation 2, deliver the commodity the subject of such contract to a Member as buyer under the terms of such 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 Procedures in the form and manner and by the time prescribed in Exchange Rules or the Procedures, and the Clearing House shall, in accordance with Regulation 2, pay the seller his price and such other amounts as may be required by Exchange Rules or, where relevant, the Procedures.

(e) Notwithstanding paragraphs (c) and (d) above, the Clearing House may in its absolute discretion in accordance with the Procedures:

(i) direct a Member who is a seller under a delivery contract to deliver the commodity the subject matter of such contract to such other Member, being a buyer under a delivery contract, as the Clearing House may appoint; and

(ii) direct a Member who is a buyer under a delivery contract to pay the price and any other amounts payable pursuant to such contract to such other Member, being a seller under a delivery 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 Member agrees that it will accept delivery of a commodity, or as the case may be, payment of the price, from a Member 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 delivery contract.

(f) If an invoice is not ready when payment becomes due pursuant to this Regulation, payment shall be made and received on account.

(g) In relation to a LIFFE Credit Default Swap Index Contract between a Member and the Clearing House, in the circumstances prescribed under the LIFFE Rules an Event

Protection Contract shall automatically arise between the Clearing House and that Member where the seller under the LIFFE Credit Default Swap Index Contract shall be the seller under the Event Protection Contract and the buyer under the LIFFE Credit Default Swap Index Contract Terms shall be the buyer under the Event Protection Contract. The Clearing House shall immediately register such Event Protection Contract in the name of the Member. The Member shall, by its confirmation of an original contract on the LIFFE Credit Default Swap Index Contract Terms, be deemed to have consented to the subsequent registration in its name of any Event Protection Contracts arising in connection with such LIFFE Credit Default Swap Index Contract in accordance with these Regulations.

(h) Subject to these Regulations, open contracts which are Event Protection Contracts shall be fulfilled in accordance with LIFFE Rules. Each Event Protection Contract shall be subject to the Regulations including the restrictions on the Clearing House's obligations and liabilities set out in the Regulations (including, without limitation, Regulation 39) and otherwise on the terms prescribed by LIFFE Rules and the Procedures.

Regulation 19 **Obligation to Make and Accept Tender under Cleared Exchange Contracts**

(a) Subject to these Regulations open contracts which are Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts shall be fulfilled in accordance with Exchange Rules or the Procedures. No Cleared Exchange Contract shall be for a unit or quantity smaller than one lot and the amount or quantity tendered shall be for one lot or such other amount or quantity as may be specified for the commodity in Exchange Rules from time to time after agreement with the Clearing House. Where the terms of a Cleared Exchange Contract or Turquoise Derivatives Cleared Exchange Contract so permit, the Clearing House may given directions to one or more Members concerning the performance of such contract and in such case each such Member shall be bound by and shall comply with any such direction.

(b) Paragraphs (c) to (l) below and Regulations 20 and 21 shall not apply to Cleared Exchange Contracts and Turquoise Derivatives Cleared Exchange Contracts which are contracts for differences or such option contracts as the Procedures may prescribe. Members shall fulfil their obligations to the Clearing House under the terms of such contracts in the manner and by the time prescribed by Exchange Rules, these Regulations and the Procedures. The Clearing House shall fulfil its obligations as seller or buyer, as the case may be, under the terms of such contracts in accordance with Regulation 2. Regulation 19A shall apply and paragraphs (c) to (l) below shall not apply to delivery contracts.

(c) A Member, as seller in respect of a Cleared Exchange Contract in his name which is not to be settled pursuant to Regulation 15 or 16 and the Procedures, shall give a tender to the Clearing House as buyer, together with such other documents as may be required by Exchange Rules or the Procedures by the time specified in Exchange Rules or the Procedures in respect of a Cleared Exchange Contract for a particular delivery month or prompt date, and in the form and manner prescribed by Exchange Rules or the Procedures. The Clearing House, as seller in respect of a Cleared Exchange Contract which is not to be settled pursuant to Regulation 15 or 16 and the Procedures, shall in accordance with Regulation 2 give a tender to the buyer under the terms of such contract, together with such other documents as may be required by Exchange Rules or the 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 open contract subject to tender by the time prescribed by Exchange Rules and in the form and manner specified therein or in the Procedures. The Clearing House as seller (or buyer) under the terms of an open contract subject to tender shall in accordance with Regulation 2 give such additional documents or information to the buyer (or seller) under the terms of such contract.

(e) The Clearing House shall be under no obligation to check a tender or documents received from a Member pursuant to paragraph (c) or (d) above. The passing on by the Clearing House of such tender or such documents received from a seller (or buyer as the case may be) pursuant to the terms of an open contract subject to tender, to a buyer (or seller as the case may be) pursuant to the terms of an open contract subject to tender, shall not constitute acceptance by the Clearing House of such tender or such documents, and if the Member to whom it passed on such tender or such documents rejects the same where permitted by Exchange Rules, the Clearing House shall be entitled to reject the same as against the Member from whom it received such tender or such documents.

(f) Every buyer (not being the Clearing House) who has a Cleared Exchange Contract in his name for the current delivery period or prompt date shall be bound to accept in fulfilment of the Clearing House's obligations as seller under paragraph (c) any tender or documents complying with Exchange Rules which is given to him by the Clearing House in accordance with Regulation 2.

(g) Subject to paragraph (e), no tender may be withdrawn or substituted by the seller once such tender 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 tender together with such other documents as may be required by Exchange Rules or the Procedures may be given to the Clearing House by or on behalf of a seller in respect of an original exchange contract to which the seller is party, such tender to be given to the Clearing House together with such particulars of the contract as may be required by the Clearing House, including if required the name of the buyer in respect of such contract, by the time specified in Exchange Rules or the Procedures. Registration of such contract in the name of the seller shall be effected as prescribed by the Procedures.

(i) The Clearing House may give a tender, together with such other documents as may be required by Exchanges Rules or the Procedures, to a buyer in respect of an original exchange contract to which the buyer is party. Such particulars of the contract 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 Procedures. Registration of such contract in the name of the buyer shall be effected as prescribed by the Procedures.

(j) The Clearing House may give a tender and documents received from a seller pursuant to paragraph (h) above to a buyer in respect of an original exchange contract to which the buyer is party, and shall do so as agent for the seller. The furnishing of particulars and the registration of such contract in the name of a buyer shall be effected as provided in paragraph (i) above. Upon registration of an original exchange contract pursuant to paragraph (h), the giving of the tender 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 fulfilment of their obligations under paragraph (c) and (f) above.

(k) In implementing this Regulation, the Clearing House may effect and register such contracts in a Member's name as may be prescribed in the Procedures at a price determined by the Clearing House in accordance with the Procedures.

(l) If Exchange Rules require a buyer to give a tender and a seller to receive a tender in respect of a Cleared Exchange Contract, a reference in this Regulation and in Regulation 20 to a seller giving a tender shall be construed as being a reference to a buyer giving a tender and a reference to a buyer receiving a tender shall be construed as being a reference to a seller receiving a tender.

Regulation 19A Delivery Contracts

(a) The obligations of Members under delivery contracts shall be performed in accordance with the terms of such delivery contracts and in the manner and by the time prescribed by Exchange Rules, these Regulations and the Procedures. The Clearing House shall fulfill its obligations as seller or buyer, as the case may be, under the terms of a delivery contract in accordance with Regulation 2 and the Procedures.

(b) Where the terms of an open contract so permit, the Clearing House may give directions to one or more Members concerning the performance of such open contract and in such case each such Members shall be bound by and shall comply with any such direction.

Regulation 20 **Open Contracts Subject to Tender**

(a) Without prejudice to the provisions of Regulation 21(a), under an open contract subject to tender or a delivery 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 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 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 open contract shall be paid to or by the Clearing House;

(b) Every tender 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 Regulation 19(c) shall for the purposes of these Regulations be deemed to comply with Exchange Rules unless the buyer notifies the Clearing House, by 10.00 hours on the business day following the day on which the tender and accompanying documents were given to him by the Clearing House in accordance with Exchange Rules or the Procedures, that the tender 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 on such business day, to notify the seller to it under the terms of an open contract from whom it received such tender and accompanying documents that such tender and accompanying documents do not so comply.

(c) Notwithstanding that open contracts may have been settled under Regulation 15, or (in the case of HKMEx Contracts) Regulation 91 or (in the case of Nodal Contracts) Regulation 95, a seller may, with the agreement of the Clearing House and by the time specified in the Procedures, give the Clearing House a tender in respect of any such contract so settled. Upon receipt of such tender, the Clearing House shall (unless the Procedures otherwise allow) effect on the Member's behalf re-opening contracts (that is a sale by the Member to the Clearing House and a purchase by the Member from the Clearing House of one lot, each on the same terms (including delivery) as the settled contract except as to price) and register such contracts as open contracts in the 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 Procedures. The submission of a tender in accordance with the Procedures shall constitute confirmation of any such re-opening contracts and the seller's tender (or buyer's as the case may be) shall be deemed to have been made pursuant to his sale (or purchase) under the respective re-opening contract.

(d) Notwithstanding that an open contract may have been settled under Regulation 15, or (in the case of HKMEx Contracts) Regulation 91, or (in the case of Nodal Contracts) Regulation 95, the Clearing House may in accordance with the Procedures give a tender to a buyer under Regulation 19 as if the contract were still open and on so doing the Clearing House shall effect on the Member's behalf re-opening contracts (defined as in paragraph (c) above and to be effected as there described) and register such contracts as open contracts in the Member's name. The receipt by the Buyer of such tender shall constitute confirmation of the re-opening contract and shall be deemed to occur pursuant to the Member's purchase under the respective re-opening contract.

(e) In implementing this Regulation, the Clearing House may effect and register such contracts in a Member's name as it may deem necessary for the purposes hereof or as may be prescribed in the Procedures and at a price determined by the Clearing House in accordance with the Procedures.

Regulation 21 **Arrangements for Delivery and Payment of Price**

(a) In respect of its obligations under the terms of any open 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 contract to the seller, the Clearing House may in its absolute discretion in accordance with the Procedures:

(i) direct a Member who is a seller under an open contract to deliver the commodity the subject matter of such contract to such other Member, being a buyer under an open contract as the Clearing House may appoint, and

(ii) direct a Member who is a buyer under an open contract to pay the price and any other amounts payable pursuant to such contract to such other Member, being a seller under an open 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 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 Member 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 an open contract.

(b) If an invoice is not ready when payment becomes due, payment shall be made and received on account.

(c) A Member may from time to time agree in writing with the Clearing House in respect of such exchange contracts as are prescribed in the Procedures that he shall pay to and receive from the Clearing House in accordance with the Procedures a net amount in respect of his 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 open contract subject to tender, 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 open contract subject to tender, 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 22 **Restrictions on Clearing House's Obligations and Liability**

(a) This Regulation shall apply to open contracts subject to tender and delivery contracts and shall not apply to contracts for differences or 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 an open contract subject to tender or a delivery contract by a Member concerning:

(i) a tender given by the Clearing House; or

(ii) any documents accompanying a tender as required by Exchange Rules or Procedures; or

(iii) the performance by the Clearing House of its obligations under an open 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 contract;

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

(c) The 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 Procedures) give written notice and particulars of his claim to the Clearing House not later than 17:00 hours (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 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 (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 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 Member shall refer all disputes referred to in paragraph (b) above in respect of the contract to arbitration under the relevant Exchange Rules, shall give to the Clearing House notice of such referral pursuant to Exchange Rules and details of any award made.

(e) The Member shall promptly provide the Clearing House with such further particulars of his claim, as the Clearing House may from time to time require in writing.

Regulation 23 **Arbitration: Cleared Exchange Contracts, Turquoise Derivatives Cleared Exchange Contracts, EquityClear Contracts or LCH EnClear OTC Contracts (for Physical Delivery)**

(a) In this Regulation 23, "Relevant Rules" means relevant Exchange Rules or relevant ATP Market Rules.

Subject to Regulation 62A(n), paragraph (e) below, and to the terms of a Member Link Agreement to which the Clearing House and a Member are party, a dispute arising from or in relation to any Cleared Exchange Contract, any EquityClear Contract, or any LCH EnClear OTC Contract for physical delivery ("Physical LCH EnClear Contract") or in relation to these Regulations relating to the clearing of Cleared Exchange Contracts, EquityClear Contracts or Physical LCH EnClear Contracts shall, unless resolved between the Clearing House and the 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 a Member who is a buyer and a Member who is a seller, under the terms of Cleared Exchange Contracts, EquityClear Contracts or Physical LCH EnClear Contracts as applicable, 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.

(b) In the event that the Clearing House elects to call upon a seller and a buyer to arbitrate between them pursuant to Regulation 23(a) 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, the relevant ATP or relevant AETS, as applicable, 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 case against the seller, in either case, subject to the provisions of this Regulation;

(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.

(c) If the Clearing House is found liable to one of the parties to the arbitration ("the first party") in respect of a breach of a Cleared Exchange Contract or an EquityClear Contract and the other party to the arbitration ("the second party") is found liable to the Clearing House in respect of such breach of a Cleared Exchange Contract, or EquityClear Contract as applicable, 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.

(d) Subject to the terms of Link Agreement to which the Clearing House and a Participating Exchange are party, a dispute arising from or in relation to any Turquoise Derivatives Cleared Exchange Contract (including a dispute concerning Member compliance with the Exchange Rules) or in relation to these Regulations relating to the clearing of a Turquoise Derivatives Cleared Exchange Contracts shall, unless resolved between the Clearing House and the Member, be finally resolved by arbitration under the LCIA Rules, which rules are deemed to be incorporated by reference into this clause, by three arbitrators, the seat of the arbitration to be England, with any hearings to be held in London in the English language. The Clearing House shall be entitled, at its option, to call upon a Member who is a buyer and a Member who is a seller, under the terms of the Turquoise Derivatives Cleared Exchange Contracts to conduct the arbitration accordingly.

(e) In the event that the Clearing House elects pursuant to Regulation 23(d) above, to call upon a seller and a buyer to arbitrate between them, the following procedures shall apply:

(i) the Clearing House shall give notice of such election to the buyer, the seller and to TGHL and any relevant Participating Exchange;

(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 case against the seller, in either case, subject to the provisions of this Regulation;

(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.

(f) If the Clearing House is found liable to one of the parties to the arbitration ("the first party") in respect of a breach of a Turquoise Derivatives Cleared 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 a Turquoise Derivatives Cleared Exchange Contract, 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.

(g) Where any dispute arises from or in relation to any LCH EnClear OTC Contract or in relation to these Regulations relating to the clearing of an LCH EnClear OTC Contract and there are at the time such dispute arises no provisions in the Relevant Rules for arbitration of such dispute or no Relevant Rules, then the dispute shall, unless resolved between the Clearing House and the Member, be finally resolved by the LCIA Rules,

which rules are deemed to be incorporated by reference into this clause, by three arbitrators, the seat of the arbitration to be England, with any hearings to be held in London in the English language. . The Clearing House shall be entitled, at its option, to call upon a Member who is a buyer and a Member who is a seller, under the terms of the LCH EnClear OTC Contract to conduct the arbitration accordingly.

(h) In the event that the Clearing House elects pursuant to Regulation 23(g) above, to call upon a seller and a buyer to arbitrate between them, the following procedures shall apply:

(i) the Clearing House shall give notice of such election to the buyer, the seller and to any relevant AETS, as applicable;

(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 case against the seller, in either case, subject to the provisions of this Regulation;

(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.

(i) 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 LCH EnClear OTC 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 LCH EnClear OTC Contract, 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.

(j) 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.

(k) 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 24 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, Regulation 22 or Regulation 62A in respect of an open contract, an EquityClear Contract, any or all cover standing to the credit of the accounts of a Member who is party to one or more contracts under dispute (whether such cover is held with respect to a 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 Member of additional cover, in such amount as it may deem appropriate in respect of such contract or contracts, to be held by the Clearing House under these Regulations until the claim is finally disposed of. The amount of such cover to be furnished by the Member to the Clearing House shall be assessed by reference to such circumstances as the Clearing House in its discretion deems relevant.

Regulation 25 Default of a Member: Substituted Obligation

Where a Member defaults in performance of an open contract subject to tender, and by the operation of Default Rules the 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 open contracts subject to tender with one or more other Members (such open contracts and such other Members to be selected by the Clearing House in its absolute discretion) for the same commodity and delivery month or prompt date. No Member shall question the settlement amount or any determination made by the Clearing House under this Regulation.

Regulation 26 **Market Disorders, Impossibility of Performance, Trade Emergency**

(a) Paragraph (c) of this Regulation 26 shall not apply to open contracts which are option contracts.

(b) In relation to Cleared Exchange Contracts and Turquoise Derivatives Cleared Exchange Contracts, if a Board, after consultation with the Clearing House, or the Clearing House, if it deems it impracticable to consult with the Board with respect to sub-paragraph (i) below only, or if the Clearing House, in relation to OTC Contracts or EquityClear Contracts, or LCH EnClear OTC 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 a 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 a Contract; or

(iii) the EU or any international organisation, 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 a 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 open contracts which are OTC Contracts or EquityClear Contracts or LCH EnClear OTC Contracts as specified by the Clearing House, and notified to the affected Members, the Clearing House shall be entitled to invoice back such contracts in accordance with Regulation 28 and the Procedures at a price determined by the Clearing House or to require such Members to comply with any directions issued by the Clearing House regarding the performance of, or any other direction in respect of, such contracts; and

(v) such open contracts which are Cleared Exchange Contracts for such delivery months, prompt dates or other delivery periods as the Board in consultation with the Clearing House or (where the Clearing House so determines without consultation with the Board) as the Clearing House shall specify (which may include open contracts under which tender or a notice or some other prescribed form of exercise has been given) shall, (unless the relevant Exchange Rules otherwise provide) upon the 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 Regulation 28 and the Procedures at a price determined by the Board (or the Clearing House as the case may be). In the event that a price falls 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 Board pursuant to Exchange Rules.

Accounts shall be made up by the Clearing House in accordance with the Procedures for each Member who is a party to open 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 contracts invoiced back notwithstanding any further change of circumstances.

(c) If, in the opinion of the Clearing House after consultation with the relevant Board, a seller's complete performance of an open contract becomes impossible for any reason whatsoever (except in such circumstances as are set out in paragraph (b) above), the affected contract may at the Clearing House's option thereupon be closed by invoicing back at a price determined by the Board, and such price shall be binding on all affected parties. Accounts shall be made up by the Clearing House in accordance with the 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 open contracts for such commodity in a 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 Regulation shall be made by notice posted up on the floor of the market or as prescribed by the Procedures.

Regulation 27 **Force Majeure**

(a) Neither the Clearing House (nor any other member of the LCH.Clearnet Group) nor a 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 Regulations or of any 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 Regulation 26(b)(i), (ii) or (iii) above, terrorist or other criminal action, civil unrest, embargoes, fire, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, settlement systems or of bank transfer systems or wires, and any other causes beyond the parties reasonable control including, without prejudice to the foregoing, any causes specified in Exchange Rules.

(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 Cleared Exchange Contracts, and Turquoise Derivatives Cleared Exchange Contracts, the Clearing House shall be entitled at the time prescribed in the relevant Exchange Rules or if no such time is prescribed at any time after receipt of such notice, to invoice back in accordance with Regulation 28, some or all Contracts in the Member's name at a price determined by the relevant Exchange, or where Exchange Rules permit, to take such other action as it deems necessary or desirable in respect of some or all Contracts in the Member's name or require the Member to take such action as the Clearing House may direct in respect of the same; and

(ii) in respect of affected OTC Contracts, affected EquityClear Contracts, and affected LCH EnClear OTC Contracts, the Clearing House shall be entitled to require any of the affected Contracts to be performed in accordance with directions issued by the Clearing House or invoiced back in accordance with Regulation 28, or shall be entitled to require the Member to take such action as the Clearing House may direct in respect of such Contracts.

Regulation 28 **Invoicing Back**

(a) Invoicing back of a Member's Contracts pursuant to Regulation 26 or 27 or the Default Rules or otherwise shall be carried out by the Clearing House effecting and registering pursuant to the Procedures opposite contracts between itself and the Member at the price referred to in the relevant Regulation or, where applicable, in paragraph (d) below, and thereupon settling such 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 Members as the Clearing House may select in its absolute discretion in proportion to the net position of open contracts in their names for the same commodity and delivery month or prompt date as the Contracts invoiced back under paragraph (a) above to the nearest whole number of lots, or in the case of option contracts on the terms of the exchange contracts specified in the Procedures, for the same expiry month and strike price as the Contracts invoiced back under paragraph (a) above, or in the case of OTC Contracts on the same OTC Contract Terms as the Contracts invoiced back under paragraph (a) above, or, in the case of EquityClear Contracts on the same EquityClear Contract Terms as the Contracts invoiced back under paragraph (a) above, or in the case of LCH EnClear OTC Contracts on the same LCH EnClear OTC Contract Terms (as the case may be) as the Contracts invoiced back under paragraph (a) above, and thereupon settling such open contracts against such opposite contracts.

(c) Where open contracts are invoiced back pursuant to Regulation 26(b) or (c) the Clearing House shall make up the accounts of any Member affected by such invoicing back in accordance with Regulation 26(b) or (c), as applicable. Where a Contract is invoiced back under the Default Rules, the account of such other Member as may be affected under paragraph (b) above shall be made up in accordance with that paragraph.

(d) Opposite contracts effected and registered by the Clearing House pursuant to paragraph (a) and (b) above shall, subject to Regulation 26(b) or (c), be at a price or, where applicable, a premium fixed or determined by the relevant Board or, in the case of OTC contracts or EquityClear Contracts or LCH EnClear OTC Contracts, at a price determined by the Clearing House, and shall be binding as a final settlement upon the parties affected by invoicing back except that where invoicing back is carried out pursuant to the Default Rules, this paragraph shall be without prejudice to any further liability of the defaulting Member to the Clearing House or to any additional rights which the Clearing House may have against the defaulting Member whether under these Regulations, at law or otherwise.

(e) In this Regulation:

(i) "net position" means: in respect of open contracts which are Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts, one or more of such Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts as the case may be, against which the Member in whose name they are registered has no matching Cleared Exchange Contracts or Turquoise Derivatives Cleared Exchange Contracts as the case may be for the same delivery month, expiry month or prompt date; in respect of open contracts which are SwapClear Contracts, means one or more of such SwapClear Contracts against which the Member in whose name they are registered has no matching SwapClear Contracts on the same Economic Terms; in respect of RepoClear Contracts, means one or more of such RepoClear Contracts against

which the Member in whose name they are registered has no matching RepoClear Contracts on the same Economic Terms; in respect of EquityClear Contracts, means one or more of such EquityClear Contracts against which the Member in whose name they are registered has no matching EquityClear Contracts on the same EquityClear Contract Terms; in respect of LCH EnClear OTC Contracts, means one or more of such LCH EnClear OTC Contracts against which the Member in whose name they are registered has no matching LCH EnClear OTC Contracts on the same LCH EnClear OTC Contract Terms, as the case may be; in respect of open contracts which are ForexClear Contracts, means one or more of such ForexClear Contracts against which the Member in whose name they are registered has no matching ForexClear Contracts on the same Economic Terms;

(ii) "opposite contract" means a contract on the same terms (except as to price or premium), as the Contract to be invoiced back in accordance with this Regulation, but:

(1) where a Member is a seller, in respect of the Cleared Exchange Contract, the Turquoise Derivatives Cleared Exchange Contract, the RepoClear Contract, the EquityClear Contract or LCH EnClear OTC Contract to be invoiced back, such Member shall be a buyer in respect of the opposite contract and vice versa;

(2) where a SwapClear Clearing Member is a floating rate payer, in respect of a SwapClear Contract to be invoiced back, such SwapClear Clearing Member shall be a fixed rate payer in respect of the opposite contract and vice versa;

(3) where a ForexClear Clearing Member is a Reference Currency Buyer in respect of a ForexClear Contract to be invoiced back, such ForexClear Clearing Member shall be a Reference Currency Seller in respect of the opposite contract and vice versa.

Regulation 29 Currency Conversion

For the purpose of exercising any rights under these Regulations, the Clearing House shall be entitled in its discretion to convert monies standing to the debit or credit of a Member's accounts (including client accounts) 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 Procedures.

Regulation 30 **Disclosure**

(a) The Clearing House shall have authority to supply any information whatsoever concerning a Member and its trading to (a) an Exchange or an exchange with whom the Clearing House has entered into an agreement pursuant to which the parties have agreed to exchange information as required or contemplated by its Exchange Rules, (b) to any Regulatory Body which is entitled to receive or request any such details or information, (c) to a Participating Exchange pursuant to an agreement entered into with the Participating Exchange, (d) any Approved EquityClear Settlement Provider pursuant to an agreement entered into with that Approved EquityClear Settlement Provider (e) LCH.Clearnet Group Limited (f) LCH.Clearnet SA or (g) to 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 a Member to any person 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.

(c) The Clearing House shall have authority (a) to obtain and make use of information from SWORD relating to a Member; and (b) to disclose such information to any Regulatory Body or Exchange which is entitled to receive or request any such information.

(d) The Clearing House shall have authority to supply to a Cross-Margining Exchange any information relative to a Cross-Margining Participant, as contemplated under the Cross-Margining Agreement between the Clearing House and the Cross-Margining Exchange.

Regulation 31 **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 Members, by such times, and in such manner as may be prescribed by the Procedures.

(b) Accommodation charges made by the Clearing House pursuant to Regulation 12(h) or (i) shall be payable to the Clearing House by such Members, in such manner and by such times as may be prescribed by the 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 Procedures.

Regulation 32 Records

A Member shall not be entitled to the return of any particulars, notices or any other documentation presented to the Clearing House pursuant to Regulations 6 to 8 and 15 to 20 inclusive.

Regulation 33 Procedures

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

Regulation 34 Alteration of Regulations and the Procedures

(a) Unless the Clearing Membership Agreement or these Regulations otherwise specifically provide in relation to any proposed amendment or extension, the Clearing House may from time to time, by notice delivered to the Exchanges and Members, amend or extend these 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 Regulations may take effect so as to apply to Contracts registered in a Member's name at the time such amendment or extension comes into effect if the Clearing House so determines.

(b) Unless the Clearing Membership Agreement or these Regulations or the Procedures otherwise specifically provide in relation to any proposed amendment or extension, the Clearing House may from time to time amend or extend the Procedures by notice delivered to such Exchanges and Members as may be affected.

(c) The accidental omission to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, any Exchange or Member shall not invalidate the amendment or extension with which the notice is concerned.

Regulation 35 Interpretation of these Regulations

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

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

Regulation 36 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 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 37 **Validity of Regulations and Action**

(a) If at any time any provision of these 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 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.

(b) Action taken by the Clearing House pursuant to Exchange Rules may not be questioned on the ground that the Exchange Rules are to any extent invalid or ultra vires or that a determination or request made by the Exchange, or any agreement made by the Exchange, is ultra vires, incompatible with Exchange Rules or otherwise questionable.

Regulation 38 **Governing Law and Jurisdiction**

(a) These Regulations and the Procedures shall be governed by and construed in accordance with English law.

(b) Subject to the terms of a Member Link Agreement to which the Clearing House and a Member are party any dispute arising from or in relation to any Contract or in relation to these Regulations shall, unless resolved between the Clearing House and a Member, be referred to arbitration under the Relevant Rules in accordance with Regulation 23. The obtaining of an arbitration award shall be a condition precedent to the right of the Clearing House or the Member to bring or maintain any action, suit or other legal procedures against the other, except only the Clearing House's right to maintain proceedings to obtain security for a claim. This paragraph is subject to Regulation 23(k) and shall not apply to any action, suit or other legal procedure concerning a dispute there referred to.

(c) The Clearing House and every Member hereby irrevocably agree for the benefit of the Clearing House that the courts of England shall have exclusive jurisdiction to hear and determine any claim or matter arising from or in relation to any Contract or in relation to these Regulations which does not fall to be referred to arbitration under paragraph (b), or to be dealt with in a different forum under the terms of a Member Link Agreement or to be dealt with under the ATS Rules (as defined in Regulation 56A(a)) pursuant to the provisions of Regulation 56(l) and each Member irrevocably submits to such jurisdiction and to waive 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 English courts 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) Each 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 judgement) and execution or enforcement of any judgement 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.

(e) Subject to paragraph (a) above and (i) below and (j) below and Exchange Rules, a Cleared Exchange Contract shall, after registration in the name of a Member, continue to be governed by and construed in accordance with the law governing it prior to registration.

(f) An OTC Contract and a Turquoise Derivatives Cleared Exchange Contract shall be governed by and construed in accordance with English law.

(g) An EquityClear Contract shall be governed by and construed in accordance with English law.

(h) An LCH EnClear OTC Contract shall be governed by and construed in accordance with English law.

(i) A HKMEx Contract shall be governed by and construed in accordance with English law.

(j) A Nodal Contract shall be governed by and construed in accordance with English law.

Regulation 39 **Exclusion of Liability**

(a) Without prejudice to the provisions of Regulations 1 and 22 and 39(e) or to the provisions of a Member Link Agreement, neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member) in contract, tort (including, without limitation, 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 a Member or any other person, as the case may be, as a result of: any suspension, restriction or closure of the market administered by an Exchange, an ATP or a Participating Exchange, whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency; any failure by the Clearing House or an Exchange or a Participating Exchange or an ATP or its operator or the relevant approved agent or the Approved EquityClear Settlement Provider to supply each other with data or information in accordance with arrangements from time to time established between any or all of such persons; the failure of any systems, communication facilities or technology supplied, operated or used by the Clearing House, an Exchange, or a Participating Exchange for the purposes of a Link; any event which is outside the control of the Clearing House; any act or omission of an Exchange, or a Participating Exchange in connection with a Linked Exchange Contract or a Participating Exchange Contract or any contracts made on such terms, including, without limitation, any error in the establishment of a settlement price made by an Exchange; any act or omission of the Clearing House, an Exchange, or a Participating Exchange (as the case may be) in connection with the operation of a Link or the arrangements for the transfer of Contracts under a Link; or any act or omission of a Board or an Exchange or any determination made under Exchange Rules in connection with LIFFE Credit Default Swap Index Contracts or the terms thereof.

(b) Neither the Clearing House nor any other member of the LCH.Clearnet Group shall have any liability to a Member or any other person (including without limitation a SwapClear Dealer, or a RepoClear Dealer or an EquityClear NCM or a ForexClear Dealer) in respect of any dispute arising from or in relation to any OTC Transaction, Eligible OTC Trade, or an ATP Match including, but not limited to, any dispute as to the validity or otherwise of such OTC Transaction, Eligible OTC Trade, the terms of such OTC Transaction, Eligible OTC Trade, trade or ATP Match, or whether any alleged agreement or arrangement constitutes an OTC Transaction or Eligible OTC Trade.

(c) Without prejudice to the provisions of Regulation 1 and Regulation 39(e), neither the Clearing House nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any SwapClear Clearing Member, a RepoClear Clearing Member, EquityClear Participant, LCH EnClear OTC Clearing Member, ForexClear Participant or to any other person (including, without limitation, a SwapClear Dealer or a RepoClear Dealer) in contract, tort (including without limitation, 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: any suspension of an OTC Service or the EquityClear Service or the LCH EnClear OTC Services (or any part thereof), whether for a temporary period or otherwise, a step taken by the Clearing House under Regulations 26, 27, 47(f), 54(f) or 67 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 Regulations, or any decision by the Clearing House not to exercise any such discretion.

(d) Without prejudice to Regulation 39(c) and 39(e), unless otherwise expressly provided in the 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 have any liability under any circumstances (including, without limitation, 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), be liable to any Member, or a SwapClear Dealer, a RepoClear Dealer, an EquityClear NCM, or a ForexClear Dealer 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 Member, SwapClear Dealer, RepoClear Dealer, an EquityClear NCM, or a ForexClear Dealer, 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.

(e) Nothing in this Regulation 39 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or wilful 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 wilful default on the part of the Clearing House and for any actions that it may take on the basis of advice given to it by the SwapClear DMG, and for the accuracy of the information that it distributes to the SwapClear Clearing Members in connection with the SwapClear DMP pursuant to the SwapClear DMP Annex, and for any actions that it may take on the basis of advice given to it by the ForexClear DMG, and for the accuracy of the information that it distributes to the ForexClear Clearing Members in connection with the ForexClear DMP pursuant to the ForexClear DMP Annex.

(f) Without prejudice to the provisions of Regulations 1 and 22 and 39(e) neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member or a member of a Participating Exchange or any client of such member) in contract, tort (including, without limitation, 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 a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by TGHL or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of TGHL, in supplying any services to the Clearing House with regard to the Clearing House Turquoise Derivatives Services or as a result of or in connection with any inconsistency or conflict between any provision contained in the Turquoise Derivatives Rules on the one hand and any provision of these Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.

(g) Without prejudice to the provisions of Regulations 22 and 39(e) neither the Clearing House, nor any other member of the LCH.Clearnet Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member or a member of a Participating Exchange or any client of such member) in contract, tort (including, without limitation, 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 a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by LIFFE, or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of LIFFE in relation to the physical settlement of any Contracts or any failure in its administration of deliveries under any Contracts or as a result of or in connection with any inconsistency or conflict between

any provision relating to such settlement contained in the LIFFE Rules on the one hand and any provision of these Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.

(h) For the purposes of the Contracts (Rights of Third Parties) Act 1999, save as is expressly set out herein, these Regulations, Default Rules and Procedures do not create any rights in any persons who is/are not a Member/s.

Regulation 39A Netting

(a) If at any time the Clearing House fails to make a payment to a Member, other than a defaulter, under a Contract for a period of 30 days from the date when the obligation to pay fell due then that 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 authorise any of the foregoing, in any such case other than for the purposes of corporate restructuring (including any consolidation, amalgamation or merger), then a Member, other than a defaulter, may exercise the right given to it under paragraph (c) below.

(c) A Member entitled to exercise rights under this paragraph may, at any time whilst any of the circumstances referred to in paragraph Regulation 39A or (b) 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 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 Member shall be obliged to make any further payments or deliveries under any Contract between them which would, but for this Regulation 39A, have fallen due for performance on or after the Termination Date, and any obligations to make further payments or deliveries which would otherwise have fallen due shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount;

(ii) the Member shall (on, or as soon as reasonably practicable after, the Termination Date) determine (discounting if appropriate) in respect of each Contract its total loss or, as the case may be, gain, in each case expressed in the lawful currency of the United Kingdom (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 or delivery which would otherwise have been required to be made under such Contract (assuming satisfaction of each applicable condition precedent and having due regard to, if appropriate, such market quotations published on, or official settlement prices set by, a relevant exchange or clearing organisation, as may be available on, or immediately preceding, the date of calculation); and

(iii) the 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), 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 a Member has a house and one or more client accounts:

(1) the Member shall determine two net amounts under paragraph (d)(iii); one net amount in respect of gains and losses arising on Contracts registered in the Member's client account (or client accounts as combined) and a second net amount in respect of gains and losses arising on all other Contracts; and

(2) the two net amounts determined under paragraph (iv)(1) shall constitute Termination Amounts.

(v) If a Termination Amount determined pursuant to paragraph (d) or (iv) above is a positive amount, the Clearing House shall pay it to the Member and if any such Termination Amount is a negative amount, the Member shall pay it to the Clearing House, in either case in accordance with paragraph (vi). The 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 Regulation 39B, 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 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 Regulation, the 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 Member's rights under this Regulation 39A shall be in addition to, and not in limitation or exclusion of, any other rights which the Member may have (whether by agreement, operation of law or otherwise, including its rights under Regulation 5(i)).

Regulation 39B Distribution of Assets

(a) Where (after the netting and set-off provided for in Regulation 39A and Regulation 5(i)) the Clearing House has insufficient assets available to it to pay all Termination Amounts in full (determined in accordance with FCM Regulation 26A and General Regulation 39A), the claims of the Clearing Members (which shall include FCM Clearing Members for the purposes of this Regulation 39B) of each Service shall be met first to those Clearing Members who are SCMs and/or FXCCMs and/or RepoClear Clearing Members ("RCMs") in an amount equal to the outstanding SwapClear Contributions of such SCMs and/or ForexClear Contributions of such FXCCMs and/or RepoClear Contributions of such RCMs (as applicable) and, thereafter, pro rata to each Clearing Member's respective claim (and in respect of SCMs 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 FXCCMs who have received an amount relating to their outstanding ForexClear Contributions, their respective claims shall be reduced by such amounts so received; and in respect of RCMs who have received an amount relating to their outstanding RepoClear 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 SCM and/or FXCCM and/or RCM the amount equal to the sum of its outstanding SwapClear Contribution and/or its outstanding ForexClear Contribution and/or its RepoClear Contribution (as applicable), the Clearing House shall distribute the assets available to it to each SCM and/or FXCCM and/or RCM (as applicable) in an amount equal to the proportion that the outstanding SwapClear Contribution of the relevant SCM and/or the outstanding ForexClear Contribution of the relevant FXCCM and/or the outstanding RepoClear Contribution of the relevant RCM bears to the aggregate of: (a) the sum of the outstanding SwapClear Contributions of all SCMs; (b) the sum of the outstanding ForexClear Contributions of all FXCCMs; and (c) the sum of the outstanding RepoClear Contributions of all RCMs.

(b) For the purposes of this Regulation 39B the term "SCMs" shall include "FCM Clearing Members"

LINK REGULATIONS

Regulation 40 Application of Link Regulations

(a) These Link Regulations, which form a part of the General Regulations, apply in conjunction with all other provisions of the Regulations to Contracts which are on the terms of those Linked Exchange Contracts specified for the purpose of these Link Regulations in the Procedures and which are registered by the Clearing House in the name of a Member pursuant to Regulation 9. The references in these Link Regulations to "Contracts on the terms of a Linked Exchange Contract" shall be construed as referring to Contracts on the terms of a Linked Exchange Contract specified for the purpose of these Link Regulations in the Procedures. The references in these Link Regulations to "contracts on the terms of a Participating Exchange Contract" shall be construed as referring to contracts on the terms of a Participating Exchange Contract specified for the purposes of these Link Regulations in the Procedures.

(b) In the event of any conflict between these Link Regulations and the Default Rules, the Default Rules shall prevail.

Regulation 41 **Transfer of Contracts on the terms of a Linked Exchange Contract**

(a) Each Contract on the terms of a Linked Exchange Contract registered by the Clearing House in the name of a Member pursuant to Regulation 9 which forms part of a Member's Day Position Balances and all other Contracts on the terms of a Linked Exchange Contract which do not form part of such Day Position Balances shall, subject to Regulations 42(a), 42(b) and 44, be transferred in accordance with paragraph (c) below.

(b) The Clearing House shall, in accordance with the Procedures, calculate each Member's Day Position Balances with respect to Contracts on the terms of a Linked Exchange Contract which are registered on a business day in each such Member's name and recorded in certain accounts referred to in the Procedures. Subject to Regulations 42(a), 42(b) and 44, the Clearing House shall transmit details of such Day Position Balances and all other Contracts on the terms of a Linked Exchange Contract registered on such business day in each such Member's name which do not form part of a Member's Day Position Balances to the relevant Participating Exchange in accordance with procedures from time to time agreed with, and by such time or times and on such day as agreed with, such Participating Exchange.

(c) Upon the dispatch by the relevant Participating Exchange of a confirmation in such form as may be agreed from time to time with the Clearing House following receipt by such Participating Exchange of the details of Contracts transmitted pursuant to paragraph (b) above, all such Contracts comprised in each Member's Day Position Balances and all other Contracts referred to in paragraph (b) shall be transferred under this paragraph (c) and the terms of a Member Link Agreement to which each Member party to such Contracts is a party. The transfer of such Contracts shall, subject to Regulation 42(d), have effect so that:

(i) the Clearing House and each Member party to each such Contract shall be released from their obligations to each other under each such Contract ("a discharged Contract") (except from their obligations under these Regulations including, without limitation, obligations with respect to any fees payable under the Regulations or to pay any daily settlement amounts in respect of one or more discharged Contracts or to provide cover for margin) and, without prejudice to the foregoing or to the claims of either the Clearing House or a Member arising out of or in relation to a discharged Contract;

(ii) the respective rights of the Clearing House and a Member against each other under a discharged Contract shall be cancelled and the discharged Contract shall be replaced simultaneously by a contract on the terms of the relevant Participating Exchange Contract between the persons specified in the relevant Member Link Agreement to which the Member party to a discharged Contract is a party and under which such discharged Contract was transferred.

(d) Contracts other than option Contracts comprised in a Member's Day Position Balances shall be transferred at the settlement price for the delivery month of such Contracts established by the relevant Exchange. Such Contracts (other than option Contracts) shall be transferred at the official quotation for such delivery month if no such Settlement Price has been established. Contracts in the terms of a Linked Exchange Contract which do not form part of a Member's Day Position Balances shall, subject to paragraph (e) below, be transferred at the price at which they were entered into and, unless paragraph (e) applies, no daily settlement amounts shall be payable in respect of such Contracts under the Regulations. Option Contracts comprised in a Member's Day

Position Balance shall be transferred with effect that no premium shall be payable under contracts on the terms of the relevant Participating Exchange Contract which arise pursuant to Regulation 41(c)(ii), but without prejudice to the obligation of the buyer to pay the premium due under each discharged Contract.

(e) If Regulation 44(a) applies, all Contracts (other than option Contracts) which are subsequently transferred pursuant to paragraph (c) above after the business day on which they were registered by the Clearing House shall, subject to paragraph (f) below, be transferred at the settlement price referred to in paragraph (d) above, or if no such settlement price has been established, at the official quotation referred to in paragraph (d) above, for the business day immediately preceding the business day on which such transfer is made. Option Contracts which are subsequently transferred pursuant to paragraph (c) above after the business day on which they were registered by the Clearing House shall, subject to paragraph (f) below, be transferred with effect that no premium shall be payable under contracts on the terms of the relevant Participating Exchange Contract which arise pursuant to Regulation 41(c)(ii), but without prejudice to the obligation of the buyer to pay the premium due under each discharged Contract.

(f) If Contracts to be transferred pursuant to Regulation 41(c) have been entered into pursuant to the trade correction procedures, such Contracts may be transferred at a different price to the price specified in paragraph (e) above.

Regulation 41A Transfer to the Clearing House of Participating Exchange Contracts

(a) Each contract on the terms of a Participating Exchange Contract registered by a Participating Exchange in the name of a member of a Participating Exchange forming part of the member of the Participating Exchange's Day Position Balances shall, subject to Regulations 42 and 44, be transferred at the time or times and in the manner referred to in either or both of the Participating Exchange Rules of the relevant Participating Exchange and the applicable Member Link Agreement to which such member of the Participating Exchange is party and in accordance with any other procedures from time to time agreed between the Clearing House and the Participating Exchange and any Exchange party to the relevant Link. Notwithstanding the preceding sentence, such contracts on the terms of a Participating Exchange Contract may be transferred after such time or times if the Clearing House, the Participating Exchange, and any Exchange party to the relevant Link so agrees.

(b) Upon the transfer of a contract referred to in paragraph (a) which is on the terms of a Participating Exchange Contract pursuant to a Member Link Agreement, the parties to such contract shall be released from their obligations to each other under such contract (except from those obligations which the Member Link Agreement and the relevant Participating Exchange Rules expressly state shall survive) (a "discharged contract") and, without prejudice to the provisions of the Participating Exchange Rules, their respective rights against each other shall be cancelled and the discharged contract shall be replaced simultaneously by a contract on the terms of the relevant exchange contract between the Clearing House and the Member party to such Member Link Agreement for the same number of lots and the same delivery month or expiry month and exercise price (as applicable) as the discharged contract. Such contract shall, upon its arising, be subject to the relevant Exchange Rules and the Regulations and shall not be subject to any Participating Exchange Rules and shall, upon registration pursuant to Regulation 9(f), become an open contract.

Regulation 42 **Default Affecting Transfer**

(a) (i) If, prior to the transfer of Contracts on the terms of one or more Linked Exchange Contracts pursuant to Regulation 41(c), a Member becomes a defaulter or any other default-related or other event specified in a relevant Member Link Agreement to which the Member is party occurs with respect to the Member ("the defaulting Member"), Contracts on the terms of one or more relevant Linked Exchange Contracts registered in the defaulting Member's name with the Clearing House shall not be transferred pursuant to Regulation 41(c) if the terms of the relevant Member Link Agreement so provides.

(ii) Following the occurrence of any event referred to in sub-paragraph (a)(i) above in respect of a Member, and if Contracts in the terms of the relevant Linked Exchange Contracts to which the defaulting Member is party cannot be transferred pursuant to Regulation 41(c), the Clearing House shall, without prejudice to the Default Rules or to paragraph (f) above, for the purposes of facilitating the transfer of Contracts under one or more Links pursuant to Regulation 41(c), either enter into Contracts ("Default Management Contracts") as a principal with one or more Members (each "a Nominated Member") who agrees to enter into such contracts which shall, in accordance with paragraph (c) of this Regulation 42, be in the terms of such Contracts on the terms of one or more relevant Linked Exchange Contracts which are or become registered in the defaulting Member's name with the Clearing House or, if the terms of the relevant Link Agreement so requires, implement the provisions of Regulation 42(g).

(b) (i) If, prior to the transfer of Contracts on the terms of one or more Linked Exchange Contracts pursuant to Regulation 41(c), the Clearing House becomes aware that a member of a Participating Exchange who is party to such Member Link Agreement with a Member ("affected Member") has become a Defaulter (as defined in such Member Link Agreement) or any other default-related or other event specified in such Member Link Agreement occurs with respect to the member of the Participating Exchange, Contracts on the terms of one or more relevant Linked Exchange Contracts registered in the name of an affected Member shall not be transferred under such Member Link Agreement or under any other relevant Member Link Agreement if the terms of any such agreement do not so permit and, pursuant to the terms of the relevant Link Agreement either the provisions of sub-paragraph (ii)**Error! Reference source not found.** or Regulation 42(g) shall apply.

(iii) If, pursuant to sub-paragraph (i) above, this sub-paragraph (ii) applies, the Clearing House shall, for the purposes of facilitating the transfer of Contracts under a Link pursuant to Regulation 41(c), enter into Default Management Contracts with one or more Nominated Members who agree to enter into such Contracts, which shall in accordance with paragraph (c) of this Regulation 42 be on the terms of Contracts on the terms of one or more relevant Linked Exchange Contracts which are or become registered in the affected Member's name.

(c) Default Management Contracts entered into by the Clearing House pursuant to paragraph (a) or (b)(ii) above with one or more Nominated Members shall (in aggregate) be for the same number of lots as the number of lots of Contracts on the terms of one or more relevant Linked Exchange Contracts which remain open contracts after the Clearing House has taken steps (if any) pursuant to the Default Rules (or the relevant Exchange has taken steps (if any) under Exchange Rules) to achieve a discharge of the defaulter's rights and liabilities under or in respect of such Contracts or, as the case may

be, pursuant to paragraph (f) below to achieve a discharge of the affected Member's Contracts and shall be assigned to such accounts of a Nominated Member as agreed between the Clearing House and the Nominated Member and, as applicable, shall be included in the Nominated Member's Day Position Balances or aggregated with the Contracts registered in the Nominated Member's accounts which do not form part of his Day Position Balances. Details of such Default Management Contracts shall be transmitted to the relevant Participating Exchange pursuant to Regulation 41(b).

(d) Default Management Contracts entered into by the Clearing House pursuant to Regulation 42(a) or 42(b)(ii) with a Nominated Member shall be transferred pursuant to Regulation 41(c) and thereby discharged in accordance with the terms of any written agreement entered into between the Clearing House and the Nominated Member for the purposes of this Regulation 42 and upon such transfer, the Clearing House and the Nominated Member shall become party to new Contracts which shall be subject to the Regulations and in the same terms and for the same number of lots as the Default Management Contracts, as more particularly described in such agreement, save that the Clearing House, if a party to a Default Management Contract as a seller, shall be a buyer under a Contract to which the Clearing House becomes a party under this paragraph (d) and vice versa. Such new Contracts shall not be transferred pursuant to Regulation 41, but shall be performed in accordance with the Regulations and the terms of any written agreement to which the Clearing House and the Nominated Member is a party for the purposes of this Regulation 42.

(e) Contracts on the terms of a Linked Exchange Contract to which a defaulter or an affected Member is a party and which cannot be transferred pursuant to Regulation 41(c) ("affected Contracts") shall remain subject to and shall be discharged in accordance with the Regulations.

(f) Without prejudice to the Default Rules, the Clearing House shall have the right to take such action and by such means as the Clearing House in its absolute discretion determines to close-out, cash-settle by invoicing back, transfer to another member pursuant to Regulation 11, or otherwise achieve a discharge of the affected Member's affected Contracts whether or not the affected Member is a defaulter.

(g) If the terms of the applicable Link Agreement so require the Clearing House shall, following the occurrence of an event referred to in Regulation 42(a) in respect of a Member or in Regulation 42(b) in respect of a member of the relevant Participating Exchange, become party to one or more contracts (each a "Default Contract") with the Participating Exchange party to such Link Agreement which shall be on the same terms and for the same number of lots as the number of lots of the affected contracts which remain open contracts after the Clearing House has taken steps pursuant to the Default Rules or pursuant to paragraph (f) above with respect to such affected Contracts, except that each Default Contract shall be subject to the relevant Participating Exchange Rules and not subject to these Regulations or to the relevant Exchange Rules. The Clearing House shall have the right to take such action and by such means as the Clearing House in its absolute discretion determines to close-out, transfer or otherwise achieve the discharge of each Default Contract pursuant to the relevant Participating Exchange Rules or the terms of any agreement concluded between the Clearing House and such Participating Exchange and to close-out, transfer or otherwise achieve a discharge of the affected Contracts pursuant to the Default Rules or Regulation 42(f).

(h) (i) If the terms of the relevant Link Agreement so require, following the occurrence of an event referred to in Regulation 42(a) in relation to a Member or in Regulation 42(b) in relation to a member of a Participating Exchange, contracts on the terms of one or more

relevant Participating Exchange Contracts registered with the relevant Participating Exchange in the name of such member of the Participating Exchange or a member of the Participating Exchange party to a Member Link Agreement with the Member and which form part of such member of the Participating Exchange's day Position Balances shall not be transferred pursuant to Regulation 41A (b) and the Participating Exchange (as a Member of the Clearing House) shall become party to one or more open contracts (each a "Default Contract") with the Clearing House.

(ii) Each such Default contract shall be on the same terms and for the same number of lots as such contracts on the terms of each such Participating Exchange Contract, except that each Default Contract shall be subject to the Regulations and the relevant Exchange Rules and not subject to the relevant Participating Exchange Rules. The Participating Exchange shall have the right to take such action and by such means as the Participating Exchange in its absolute discretion determines to close-out, transfer or otherwise achieve the discharge of each Default Contract pursuant to the Regulations or the terms of any agreement concluded between the Clearing House and the relevant Participating Exchange, provided that, without prejudice to the Default Rules, the Clearing House shall also have the right to take such action and by such means as the Clearing House in its absolute discretion determines to close-out, transfer to another Member pursuant to Regulation 11, or (if they cannot be so transferred) otherwise achieve a discharge of each such Default Contract, and may take such action whether or not the Participating Exchange is a defaulter.

Regulation 43 **Margin**

Without prejudice to the provisions of Regulation 9(b) or Regulation 12, the Procedures or any agreement entered into between the Clearing House and a Member with respect to cover for margin provided or to be provided by such Member to the Clearing House, the Clearing House shall be entitled to require a Member to furnish cover to the Clearing House in an amount determined by the Clearing House as a condition of the Clearing House agreeing to register original contracts on the terms of a Linked Exchange Contract in the name of the Member and to keep the Clearing House furnished with sufficient cover at all times, in an amount or amounts determined by the Clearing House, as security for the performance by such Member of his obligations to the Clearing House in respect of such original contracts to be registered or Contracts registered with the Clearing House. In addition, the Clearing House shall be entitled to require cover in a form and in an amount determined by the Clearing House from a Member as a condition of the Clearing House agreeing to take any steps pursuant to any trade correction procedures.

Regulation 44 **Impossibility of Transfer**

(a) If it is not possible for any reason (other than for a reason referred to in Regulation 42) (including, without limitation, as a result of any action taken by an Exchange pursuant to Exchange Rules or, as a result of the act of a government or a Regulatory Body or any change in applicable law or as a result of the failure of any systems, communication facilities or other technology) for details of open contracts on the terms of a Linked Exchange Contract to be transmitted on a day pursuant to Regulation 41(b), or for the relevant Participating Exchange to receive such details or to despatch a confirmation as referred to in Regulation 41(c), so that such Contracts cannot be transferred pursuant to Regulation 41(c) on the business day on which such Contracts were registered by the Clearing House, such Contracts shall remain registered with the Clearing House and subject to the Regulations and Procedures. Details of such Contracts which remain as open contracts shall be transmitted to the relevant Participating Exchange pursuant to Regulation 41(b) on the next day on which such Contracts are permitted to be transferred under the Link entered into with the relevant Participating Exchange and on which it is possible for details of such Contracts to be transmitted.

(b) If it is not possible for any reason other than for a reason referred to in Regulation 42 (including, without limitation, as a result of any action taken by an Exchange or a Participating Exchange pursuant to Exchange Rules or Participating Exchange Rules (as the case may be), or as a result of the act of a government or a Regulatory Body or any change in applicable law or a result of the failure of any systems, communication facilities or other technology) for contracts on the terms of a Participating Exchange Contract to be transferred pursuant to Regulation 41A on the day on which such contracts were registered by the Participating Exchange, such contracts shall remain registered with the Participating Exchange and subject to its Participating Exchange Rules. Such contracts shall be transferred to the Clearing House pursuant to Regulation 41A on the next day on which such contracts are permitted to be so transferred under the Link Agreement entered into with the relevant Participating Exchange and on which it is possible to do so.

(c) If the Link entered into with a Participating Exchange is suspended for an indefinite period or terminated, Contracts which have not been transferred pursuant to Regulation 41(c) shall remain registered with the Clearing House and subject to the Regulations and shall be performed in accordance with their terms or may be closed-out or otherwise discharged in accordance with the Regulations or the relevant Exchange Rules.

Regulation 45 **Cross-Margining Regulations**

(a) A Member who is a Cross-Margining Participant shall indemnify and hold harmless the Clearing House against all amounts which are or may become due and payable by the Clearing House to a Cross-Margining Exchange pursuant to a Cross-Margining Agreement entered into between the Clearing House and the Cross-Margining Exchange (amongst other parties, as the case may be) to which the Member is also a party or is bound by agreement with the Clearing House and the Cross-Margining Exchange.

(b) A Member shall pay on demand any amount or amounts which the Clearing House claims from the Member pursuant to the indemnity contained in Regulation 45(a). Any amount or amounts so demanded shall be conclusive and binding on the Member.

(c) In the event of any conflict between the terms of the indemnity contained in paragraph (a) above and the terms of any indemnity, reimbursement obligation or like obligation to which the Member is bound by the terms of a Cross-Margining Agreement, the terms of the indemnity in Regulation 45(a) shall prevail.

SWAPCLEAR REGULATIONS

Regulation 46 Application of SwapClear Regulations

(a) These SwapClear Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to SwapClear Contracts, SwapClear Clearing Members and, insofar as relevant, to SwapClear Dealers.

(b) The Default Rules (including the SwapClear DMP Annex), Default Fund Rules, the definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 14, 16, 26 to 39B inclusive (other than Regulation 35(a) and Regulation 37(b)) of the General Regulations apply to SwapClear Contracts, SwapClear Clearing Members and, insofar as relevant, to SwapClear Dealers.

Regulation 47 **Registration of SwapClear Contracts**

(a) A SwapClear Participant must submit particulars of a SwapClear Transaction for registration as a SwapClear Contract, through an office of that SwapClear Participant (a "Designated Office") as agreed to in writing with the Clearing House and, if party to a SwapClear Dealer Clearing Agreement, with its SwapClear Clearing Member.

(b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a SwapClear Clearing Member shall be bound by a SwapClear Contract registered in its name pursuant to the presentation of particulars of a SwapClear Transaction by it (including presentation by any SCM Branch of that SwapClear Clearing Member) or by a SwapClear Dealer with whom it is party to a SwapClear Dealer Clearing Agreement and regardless of whether the SwapClear Clearing Member or SwapClear Dealer (as the case may be) entered into the SwapClear Transaction through a Designated Office or an office which is not a Designated Office, provided that the particulars of such SwapClear Transaction were submitted to the Clearing House through a Designated Office.

(c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a SwapClear Transaction, particulars of which are submitted for registration as a SwapClear Contract, must meet the eligibility criteria prescribed in these Regulations and the Procedures at the time the particulars of the SwapClear Transaction are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as a SwapClear Contract.

(d) The Clearing House shall be deemed to register a SwapClear Contract, in accordance with Regulation 48, in the name of a SwapClear Clearing Member at the time prescribed in the Procedures ("Registration Time").

(e) For the avoidance of doubt, any transaction of which details have been submitted by SwapClear Participants for registration as a SwapClear Contract which is not so registered will remain in effect between the persons party thereto in accordance with any terms agreed between them and the Clearing House shall have no obligations or liability in relation thereto.

(f) If at any time after registration of a SwapClear 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 a SwapClear Contract, the Clearing House shall, as soon as practicable thereafter, set aside such SwapClear Contract. Upon the SwapClear Contract being set aside under this Regulation 47(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 between the persons party thereto in accordance with any terms agreed between them. Any payment made under, or in respect of, a SwapClear Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 47(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 a SwapClear Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as a SwapClear Contract.

(g) Where a SwapClear Contract relates to an FCM SwapClear Transaction, it is a condition for registration as a SwapClear Contract that the FCM SwapClear Transaction to which the SwapClear Contract relates be presented for clearing: (i) by an Executing Party (in

its capacity as an FCM Clearing Member or SwapClear Clearing Member or through its designated FCM Clearing Member or SwapClear Clearing Member) as a SwapClear Contract or FCM SwapClear Contract (as the case may be); and (ii) by an FCM Clearing Member on behalf of its FCM Client as an FCM SwapClear Contract. In the event that the Clearing House registers a SwapClear Contract and, for whatever reason, the corresponding FCM SwapClear Contract has not also been registered, the SwapClear Contract shall be deemed not to be registered as a SwapClear Contract until such time as such corresponding FCM SwapClear Contract has been registered.

(h) In relation to an FCM SwapClear Transaction, if either the Executing Party (in its capacity as an FCM Clearing Member or SwapClear Clearing Member or through its designated FCM Clearing Member or SwapClear Clearing Member) or the FCM Clearing Member (as the case may be) does not present an FCM SwapClear Transaction for clearing, the Clearing House shall set aside any FCM SwapClear Contract or SwapClear Contract that has been registered (if any) and the particulars of the corresponding FCM SwapClear Transaction in question shall at the Clearing House's discretion be either: (i) deemed never to have been submitted to the Clearing House; or (ii) rejected until such time as the Executing Party (in its capacity as an FCM Clearing Member or SwapClear Clearing Member or through its designated FCM Clearing Member or SwapClear Clearing Member) or the FCM Clearing Member have presented the relevant contract to the Clearing House. In addition, any payment made under, or in respect of, any FCM SwapClear Contract set aside or deemed not cleared under this paragraph shall be repayable to the person who made the payment. Without prejudice to FCM Regulation 26 and its obligations under this Regulation 47 and FCM Regulation 5, 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 SwapClear Contract.

Regulation 48 **SwapClear Contracts**

(a) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), a SwapClear Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two SwapClear Contracts, one between the First SwapClear Clearing Member paying Rate X and the Clearing House as the party paying Rate Y, as principals to such contract, and the other between the Clearing House paying Rate X and the Second SwapClear Clearing Member paying Rate Y, as principals to such contract. For the purposes of this Regulation:

(i) "First SwapClear Clearing Member" is a SwapClear Clearing Member who was, before registration of the SwapClear Contract, party to the corresponding SwapClear Transaction as the party paying Rate X, or who has a subsisting SwapClear Dealer Clearing Agreement with the SwapClear Dealer who was party to the corresponding SwapClear Transaction as the party paying Rate X; and

(ii) "Second SwapClear Clearing Member" is a SwapClear Clearing Member who was, before registration of the SwapClear Contract, party to the corresponding SwapClear Transaction as the party paying Rate Y, or who has a subsisting SwapClear Dealer Clearing Agreement with the SwapClear Dealer who was party to the corresponding SwapClear Transaction as the party paying Rate Y.

(b) With effect from registration of a SwapClear Transaction as two SwapClear Contracts under paragraph (a) of this Regulation:

(i) the parties to the corresponding SwapClear 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 SwapClear Contract registered under paragraph (a) of this Regulation shall be governed by the SwapClear Contract Terms as applicable to that Contract;

(iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First SwapClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the SwapClear Contract to which it is a party as the party paying Rate X had and owed in respect of its counterparty under the corresponding SwapClear Transaction; and

(iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second SwapClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the SwapClear Contract to which it is party as the party paying Rate Y had and owed in respect of its counterparty under the corresponding 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 SwapClear Transaction (it being assumed, for this purpose, that such 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.

(c) If a 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 SwapClear Contract arising under this Regulation, Regulation 3(b) or Regulation 11.

In the case of a 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 Regulation 48 shall take effect.

For the avoidance of doubt, any reference in these Regulations and Procedures to an "SCM Branch" is not intended to and shall not be read as a reference to any person other than the legal person which is the SwapClear Clearing Member of which that SCM Branch is a part.

Regulation 48A Termination by Automated Service

(a) SwapClear Contract may be terminated prior to its expiry by means of the automated SwapClear Intra-day Deletion Service (for the purposes of this Regulation "the Service"). The Service is designed so that the process of termination may be initiated by a SwapClear Dealer.

(b) Each SwapClear Clearing Member is deemed to grant a continuing authority to every SwapClear Dealer with whom that SwapClear Clearing Member is a party to a SwapClear Dealer Clearing Agreement (for the purposes of this Regulation, an "SDC Agreement") to use the Service for the termination of any SwapClear Contract registered in the name of that SwapClear Clearing Member under that SDC Agreement. A SwapClear Clearing Member shall be bound by all entries, deletions and modifications which are made under this Service by the relevant SwapClear Dealer or which are purported to have been made by the relevant SwapClear Dealer.

(c) A SwapClear Dealer shall have no obligation to inform, notify or seek the consent of any SwapClear Clearing Member prior to initiating the termination of a SwapClear Contract by means of the Service or making any entries, deletions or modifications when using the Service.

(d) Each SwapClear Clearing Member is deemed to grant a continuing authority to the Clearing House to terminate any SwapClear Contract registered in the name of that SwapClear Clearing Member upon the request of a SwapClear Dealer with whom that SwapClear Clearing Member is a party to an SDC Agreement and make all other entries, deletions and modifications as may be required to give effect to such termination.

(e) The Clearing House shall have no obligation to inform, notify or seek the consent of any SwapClear Clearing Member prior to terminating a SwapClear Contract or making any entries, deletions or modifications when operating the Service.

(f) The termination of a SwapClear Contract to which the First SwapClear Clearing Member is a party is contingent upon *inter alia* the termination of the SwapClear Contract to which the Second SwapClear Clearing Member is a party, and vice versa.

(g) The termination of a SwapClear Contract by means of the Service may be cancelled at any time prior to its termination or such earlier time as may be determined by the Clearing House from time to time, provided that, such cancellation must be agreed by both parties to the SwapClear Transaction which corresponds to that SwapClear Contract.

(h) The date and time of termination of a SwapClear Contract shall be as reported by the Clearing House by means of the Service and shall be binding on all parties.

(i) The Clearing House may decline to terminate any SwapClear Contract if, in the opinion of the Clearing House acting in its sole discretion, the termination of that SwapClear Contract is not consistent with the policies of the Clearing House, including, without limitation, any policies concerning risk management.

(j) In addition to (i) above, the Clearing House may decline to terminate any SwapClear Contract if there is insufficient margin in the relevant PPS account of the relevant SwapClear Clearing Member to accommodate the termination of that SwapClear Contract. For the avoidance of doubt and without limitation, the Clearing House may debit the relevant PPS account with any amount or amounts due to the Clearing House in connection with the termination of a SwapClear Contract.

(k) Each SwapClear Dealer shall ensure that every user name, password and all other security information provided to it by the Clearing House is kept confidential and in a secure manner and is used solely for the purposes of utilising the Service. Each SwapClear Dealer shall be responsible for any action taken using any such security information as if SwapClear Dealer had itself taken the action concerned. Each SwapClear Dealer shall ensure that only such of its staff as are duly authorised are able to access and use the Service and that the Service is accessed and used by SwapClear Dealer and its authorised staff in accordance with all guidance and instructions issued by the Clearing House from time to time.

(l) For the avoidance of doubt and without limitation, the provisions of Regulation 39 shall apply to the termination of each SwapClear Contract by means of the Service.

(m) With effect from the time of the termination of a SwapClear Contract by means of the Service, the Clearing House shall have no obligation under the terms that SwapClear Contract and no liability in respect thereof, provided that the termination of any SwapClear Contract shall have no effect upon the rights and obligations already accrued under that SwapClear Contract, which rights and obligations shall survive such termination.

(n) Upon the termination of a SwapClear Contract by means of the Service, the corresponding Parallel Contract arising by operation of the SDC Agreement shall also terminate.

Regulation 49 **SwapClear Dealers**

(a) Application for admission to the Register of SwapClear Dealers shall be made in accordance with these Regulations and the Procedures. An applicant for admission to the Register of SwapClear Dealers must satisfy the criteria prescribed by the Clearing House from time to time in order to be admitted to the Register of SwapClear Dealers. A SwapClear Dealer shall be subject to, and governed by, these Regulations, the Procedures and, if applicable, the SwapClear Dealer Clearing Agreement to which it is for the time being party.

(b) A person admitted to the Register of SwapClear Dealers shall ensure that it will, at all times, satisfy the criteria prescribed by the Clearing House, from time to time, for admission to the Register.

(c) The Clearing House may suspend or remove a SwapClear Dealer from the Register of SwapClear Dealers in accordance with these Regulations, the Procedures and, if applicable, the SwapClear Dealer Clearing Agreement to which it is for the time being party. Any person who has been suspended from the Register of SwapClear Dealers for a period of more than three months shall be removed from the Register of SwapClear Dealers and must make a new application if it wishes to be readmitted to the Register.

(d) A SwapClear Dealer may request, by giving three months' written notice to the Clearing House, that its name be removed from the Register of SwapClear Dealers. At the end of such notice period, the Clearing House shall remove the SwapClear Dealer from the Register of SwapClear Dealers.

(e) A SwapClear Dealer's suspension or removal from the Register of SwapClear Dealers, under paragraph (c), shall not, where it is a Member, affect its membership of the Clearing House, nor, subject to any contrary determination by the Clearing House under Regulation 4(aa), shall it affect the categories of Contract which such a person is eligible to have registered in its name.

(f) Where a SwapClear Clearing Member is also a SwapClear Dealer it shall, automatically on the Clearing House serving a default notice in accordance with these Regulations be, removed from the Register of SwapClear Dealers.

(g) Without prejudice to paragraph (f) of this Regulation, the Clearing House shall suspend from the Register of SwapClear Dealers any Member whose Clearing Membership Agreement has been terminated or who is no longer eligible to have SwapClear Contracts registered in its name, and who is not, from the date of such termination or such ineligibility, party to a SwapClear Dealer Clearing Agreement with another SwapClear Clearing Member, for such period as the Clearing House may determine.

Regulation 50 **Settlement and Daily Revaluation of SwapClear Contracts**

(a) The net present value of each SwapClear 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 called in question. The Clearing House shall, at least daily, receive payment from, or pay to, the SwapClear Clearing Member cash cover for variation margin, representing the change in the net present value of the SwapClear Clearing Member's portfolio of SwapClear Contracts: (i) registered in a SwapClear Clearing Member's client account (or client accounts as combined); and (ii) registered in a SwapClear Clearing Member's Proprietary Account (each a "SwapClear Portfolio") from the preceding business day, in accordance with the Procedures.

(b) In respect of a SwapClear Portfolio and each Coupon Payment Date, the Clearing House shall aggregate:

(i) the sums which would otherwise have been payable by the SwapClear Clearing Member to the Clearing House as cash cover (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 SwapClear Clearing Member as cash cover (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 Regulation 50 shall be automatically satisfied and discharged on payment by the party by whom the larger aggregate amount would have been payable to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

Regulation 51 The reset rate for, and the net present value of, a SwapClear Contract

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

Regulation 52 **Withdrawal of the SwapClear Service by the Clearing House**

(a) If at any time the Clearing House decides to withdraw the SwapClear Service it shall give not less than six months' notice in accordance with the Procedures to all SwapClear Dealers and SwapClear Clearing Members of the date on which the service will be withdrawn ("the SwapClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, a one or more SwapClear Dealers or SwapClear Clearing Members shall not invalidate the SwapClear 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 a SwapClear Contract, other than a closing-out contract after notice to withdraw the service has been given under Regulation 52(a).

(c) If, at the SwapClear Withdrawal Date, a SwapClear Clearing Member has not closed out all open SwapClear Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to:

(i) liquidate any or all of such SwapClear Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and

(ii) postpone the SwapClear Withdrawal Date until such time as the Clearing House determines.

Regulation 52A SwapClear Clearing Client Business

(a) SwapClear clearing is a service provided by the Clearing House to SwapClear Clearing Members. Any Clearing Member who wishes to offer SwapClear Clearing Services to its clients shall apply to the Clearing House and obtain the approval of the Clearing House before first offering such services. Any SwapClear related services which are offered by a Clearing Member prior to obtaining the approval of the Clearing House shall not be treated as SwapClear Clearing Services and the clients of the Clearing Member receiving such services shall not be treated as SwapClear Clearing Clients.

(b) Subject to the provisions of these Regulations, SwapClear Clearing Services may be provided by a SwapClear Clearing Member to its SwapClear Clearing Clients on whatever terms the SwapClear Clearing Member decides should apply provided, however, that:

(i) each SwapClear Clearing Member shall, before providing SwapClear Clearing Services to any client, ensure that it has entered into an agreement with that client which gives the Clearing House enforceable rights against that client in the terms of the Clearing House Prescribed Language and any such other provisions as shall be agreed from time to time between the Clearing House and SwapClear Clearing Members;

(ii) SwapClear Contracts entered into by the SwapClear Clearing Member in respect of SwapClear Clearing Client Business, and collateral provided to the Clearing House in respect of SwapClear Clearing Client Business, shall always be separately identified by the SwapClear Clearing Member to the Clearing House and, subject to the provisions of rule 8(d) of the Default Rules, shall never be combined with SwapClear Clearing House Business or collateral provided to the Clearing House in respect thereof;

(iii) in no circumstances will the client money protections provided for by the Client Assets sourcebook of the Handbook published by The Financial Services Authority be available from, or offered by, a SwapClear Clearing Member in relation to monies held in accounts opened by it with the Clearing House in respect of SwapClear Clearing Client Business; and

(iv) each SwapClear Clearing Member shall, before providing SwapClear Clearing Services to any SwapClear Clearing Client ensure that the SwapClear Clearing Client has been provided with or has been directed to a copy of the SwapClear Clearing End-User Notice and confirm to the Clearing House in writing that it has done so.

(c) SwapClear Clearing Services may be provided by a SwapClear Clearing Member to its SwapClear Clearing Clients, and SwapClear Contracts may be entered into by a SwapClear Clearing Member with the Clearing House in respect of such SwapClear Clearing Clients, on:

(i) an Individual Segregated Account basis ("Individual Segregated Account Business"); or

(ii) an Omnibus Net Segregated Account basis with segregation ("Omnibus Net Segregated Business").

(d) A SwapClear Clearing Member acknowledges and agrees that, unless otherwise agreed with the Clearing House, it will not provide both Individual Segregated Account Business

and Omnibus Net Segregated Business to a single SwapClear Clearing Client at the same time.

(e) Subject to Regulation 52A(d), an Individual Segregated Account Clearing Client of a SwapClear Clearing Member may elect to become an Omnibus Net Segregated Clearing Client of that SwapClear Clearing Member and an Omnibus Net Segregated Clearing Client of a SwapClear Clearing Member may elect to become an Individual Segregated Account Clearing Client of that SwapClear Clearing Member provided, however, that the relevant SwapClear Clearing Member has not become a defaulter in accordance with Rule 4 of the Default Rules.

(f) A SwapClear Clearing Member may operate one or more Omnibus Net Segregated Accounts. Each Omnibus Net Segregated SwapClear Clearing Client must be allocated to one such account. No Omnibus Net Segregated SwapClear Clearing Client may be allocated to more than one Omnibus Net Segregated Account.

(g) A SwapClear Clearing Member may operate one or more Individual Segregated Accounts. Each Individual Segregated Account Clearing Client must be allocated to a separate Individual Segregated Account. No Individual Segregated Account Clearing Client may be allocated to more than one Individual Segregated Account.

(h) A SwapClear Clearing Member may deliver to the Clearing House Excess Collateral and/or Additional Collateral in respect of its SwapClear Clearing Clients. However, no SwapClear Clearing Member shall deliver to the Clearing House any collateral other than amounts provided for the purposes of, or in connection with, the provision of clearing services by the Clearing House.

(i) Required Collateral relating to the SwapClear Clearing Client Business of a SwapClear Clearing Member will be calculated by the Clearing House, and discharged by a SwapClear Clearing Member in respect of all of its SwapClear Clearing Clients, by:

(i) if and to the extent that there is Excess Collateral available, deduction by the Clearing House of amounts from such Excess Collateral;

(ii) if and to the extent that Additional Collateral is being held in respect of a SwapClear Clearing Client and to the extent that the Required Collateral relates to the SwapClear Clearing Client in question, and subject to appropriate instructions being received by the Clearing House from the SwapClear Clearing Member specifying the relevant Additional Collateral and the relevant SwapClear Clearing Client, deduction by the Clearing House of that Additional Collateral; and

(iii) otherwise, delivery by the SwapClear Clearing Member to the Clearing House of collateral with a value which is at least sufficient to discharge the relevant requirement.

(j) A SwapClear Clearing Member who has opened an Additional Collateral Account may provide Additional Collateral to the Clearing House for the credit of such account. Such SwapClear Clearing Member shall inform the Clearing House of the identity of the SwapClear Clearing Client for whose account the Additional Collateral is provided, together with the type and value of the Additional Collateral in question and the Clearing House will record the Additional Collateral in the Additional Collateral Account held in respect of the relevant SwapClear Clearing Client.

(k) A SwapClear Clearing Member shall, as soon as reasonably practicable following a request from the Clearing House, provide the Clearing House with any information which the Clearing House may reasonably require in relation to the SwapClear Clearing Client Business of that SwapClear Clearing Member.

(l) In addition to and without prejudice to any other provision in the Rulebook, in circumstances where an investment manager or similar third party agent acts on behalf of a SwapClear Clearing Client, the Clearing House shall be entitled to treat instructions received from the investment manager or similar third party as if they were instructions received from the relevant underlying SwapClear Clearing Client.

(m) No SwapClear Clearing Member may withdraw any amount from:

(i) an Individual Segregated Account or an Omnibus Net Segregated Account if such withdrawal would cause the relevant Account Balance to be less than the Required Collateral then attributable to the relevant SwapClear Clearing Client by the Clearing House in accordance with the provisions of the Rulebook; or

(ii) an Additional Collateral Account unless such withdrawal is made (a) with the consent of the relevant SwapClear Clearing Client; or (b) in accordance with Regulation 52A(j).

(n) Where any formalities or registration requirements apply in respect of the Deed of Assignment (and any other document which the Clearing House may from time to time determine), a SwapClear Clearing Member is required to comply with such obligations or to procure by agreement that such requirements are to be complied with. For the avoidance of doubt, prior to providing SwapClear Clearing Services to a SwapClear Clearing Client, each SwapClear Clearing Member must enter into a Deed of Assignment in respect of that SwapClear Clearing Client and in relation to amounts due to it from the Clearing House pursuant to the SwapClear DMP. Where a SwapClear Clearing Member enters into a Deed of Assignment and the Clearing House acts as Security Trustee, that SwapClear Clearing Member must provide notice of the assignments under such Deeds of Assignment to the Clearing House. The Clearing House agrees to exercise its default powers in such a fashion as to comply with its obligations under the Deeds of Assignment and related documentation, including by accepting instructions from the SwapClear Clearing Clients of a SwapClear Clearing Member following the occurrence of a Default in respect of such SwapClear Clearing Member.

(o) In the context of a Deed of Assignment, a reference to the 'Default Management Process Agreement Amendment Agreement' or to the 'SwapClear Default Management Process Agreement' shall be construed as a reference to Regulation 52B.

Regulation 52B Default Management in respect of SwapClear Clearing Client Business

(a) The SwapClear DMP in respect of any contract which is a SwapClear Contract entered into in respect of SwapClear Clearing Client Business shall involve the stages set out in this Regulation 52B. For the purposes of this Regulation 52B, a SwapClear Contract relating to SwapClear Clearing Client Business of an SCM (each a "**Relevant Contract**") will be included in the Auction Portfolio from such time as the Clearing House determines that such Relevant Contract will not be ported. For the avoidance of doubt, any such Auction Portfolio will only contain Relevant Contracts. The Clearing House shall not be entitled to include client and house positions in an Auction Portfolio for the purposes of this Regulation 52B.

(b) If an SwapClear Clearing Member becomes a Defaulting SCM the Clearing House shall:

(i) calculate the Account Balances;

(ii) take any action under Rule 6 of the Default Rules as it shall deem necessary in respect of the SwapClear Clearing Client Business of the Defaulting SCM;

(iii) ascertain whether each SwapClear Clearing Client of the Defaulting SCM has appointed a Backup SwapClear Clearing Member; and

(iv) send details of the open Relevant Contracts and Account Balances to the nominated Backup SwapClear Clearing Member for each Individual Segregated Account and Omnibus Net Segregated Account of the Defaulting SCM, if any.

(c) In circumstances where (a) an Individual Segregated Account Clearing Client of a Defaulting SCM has appointed a Backup SwapClear Clearing Member; and (b) within such period as the Clearing House may determine of the service of a Default Notice on the relevant SCM pursuant to Rule 3 of the Default Rules or the Clearing House becoming aware of the occurrence of an Automatic Early Termination Event in respect of that SCM (as the case may be), the Clearing House has received confirmation from the Backup SwapClear Clearing Member of its agreement to act as Backup SwapClear Clearing Member in relation to the arrangements described in sub-paragraph (i) below and from the relevant client (in such form as the Clearing House may require at the relevant time):

(i) the Clearing House shall (a) transfer all of the open Relevant Contracts entered into by the Defaulting SCM in respect of the relevant Individual Segregated Account Clearing Client to the appointed Backup SwapClear Clearing Member; or (b) terminate and close out such contracts at their market value (as determined by the Clearing House in its discretion) and enter into new contracts on equivalent terms to such contracts with the appointed Backup SwapClear Clearing Member in respect of the relevant Individual Segregated Account Clearing Client;

(ii) where the relevant Individual Segregated Account Clearing Client (in an exercise of its rights under the relevant Deed of Assignment) instructs a transfer of its Individual Segregated Account Balance to the appointed Backup SwapClear Clearing Member, the Clearing House shall give effect to such instruction; and

(iii) the amount due to be returned to the Defaulting SCM shall be reduced by an amount equivalent to the amount of the Account Balance transferred to the

Backup SwapClear Clearing Member, as referred to in sub-paragraph (ii) of this Regulation 52B (c).

(d) In circumstances where (a) all of the Omnibus Net Segregated Clearing Clients of a Defaulting SCM identified as composing an Omnibus Net Segregated Account have appointed a single Backup SwapClear Clearing Member; and (b) within such period as the Clearing House may determine of the service of a Default Notice on the relevant SCM pursuant to Rule 3 of the Default Rules or the Clearing House becoming aware of the occurrence of an Automatic Early Termination Event in respect of that SCM (as the case may be), the Clearing House has received confirmation from the Backup SwapClear Clearing Member of its agreement to act as Backup SwapClear Clearing Member in relation to the arrangements described in sub-paragraph (i) below and from the relevant clients (in such form as the Clearing House may require at the relevant time):

(i) the Clearing House shall (a) transfer all of the open Relevant Contracts entered into by the Defaulting SCM in respect of the relevant Omnibus Net Segregated Clearing Clients to the appointed Backup SwapClear Clearing Member; or (b) terminate and close out such contracts at their market value (as determined by the Clearing House in its discretion) and enter into new contracts on equivalent terms to such contracts with the appointed Backup SwapClear Clearing Member in respect of the relevant Omnibus Net Segregated Clearing Clients;

(ii) where all of the relevant Omnibus Net Segregated Clearing Client(s) (in an exercise of their respective rights under the relevant Deeds of Assignment) instruct a transfer of their Omnibus Net Segregated Account Balances to the appointed Backup SwapClear Clearing Member, the Clearing House shall give effect to such instructions; and

(iii) the amount due to be returned to the Defaulting SCM in respect of such Omnibus Net Segregated Account shall be reduced by an amount equivalent to the aggregate amount of the Account Balances referred to in sub-paragraph (ii) above.

(e) For the purposes of Regulations 52B(c) and (d) above, the relevant Individual Segregated Account Clearing Client or Omnibus Net Segregated Clearing Clients (as applicable) may provide consent to the Clearing House orally or in writing (including by facsimile and email) and shall not be entitled to withdraw such consent once received by the Clearing House.

(f) In relation to those SwapClear Clearing Clients of a Defaulting SCM whose open Relevant Contracts are not dealt with pursuant to sub-paragraphs (i) and (ii) of Regulation 52B (c) or (d) above, the following shall occur:

(i) the Clearing House shall calculate the entitlement to collateral (the "**SwapClear Clearing Client Entitlement**") of the Defaulting SCM in respect of each such SwapClear Clearing Client following the deduction of (a) the costs of any hedging undertaken; (b) amounts required to discharge all obligations owed to the Clearing House relating to Relevant Contracts entered into by the Defaulting SCM in respect of the relevant SwapClear Clearing Client; (c) any amounts to be deducted to reflect the operation of the set-off provision contained in Clause 3.1 of the SwapClear Clearing Agreement and confirmed in writing to the Clearing House by or on behalf of both the Defaulting SCM and the relevant SwapClear Clearing Client; (d) in respect of Omnibus Net Segregated Clearing Clients, amounts required to discharge all obligations owed to the Clearing

House relating to Relevant Contracts entered into by the Defaulting SCM in respect of other Omnibus Net Segregated Clearing Clients relating to the Omnibus Net Segregated Account in question, in each case allocated pro rata as it sees fit in its sole discretion; and (e) in respect of any SwapClear Clearing Client in respect of whom the Clearing House acts as security trustee under a Deed of Assignment, that SwapClear Clearing Client's share (if any) of amounts required to discharge fees incurred by the security trustee (acting in that capacity) allocated between that SwapClear Clearing Client and the other SwapClear Clearing Clients in respect of whom the Clearing House acts as security trustee under such Deed of Assignment by the Clearing House pro rata as it sees fit in its sole discretion.

(ii) where the relevant SwapClear Clearing Client (in an exercise of its rights under the relevant Deed of Assignment) instructs the Clearing House to pay an amount to it equal to the SwapClear Clearing Client Entitlement due to be returned in respect of it to the Defaulting SCM, the Clearing House shall give effect to such instructions, subject to:

(a) the execution of appropriate documentation (which may, without limitation, include an indemnity (secured or otherwise)) between the Clearing House and the relevant SwapClear Clearing Client; and

(b) in the case of any deduction made pursuant to (c) of Regulation 52B (f), the provision of appropriate documentation by or on behalf of the Defaulting SCM.

(iii) Risk Neutralisation and the auction process relating to the Relevant Contracts shall be conducted in accordance with the provisions of the SwapClear DMP Annex, save that no hedging shall be undertaken in respect of a SwapClear Contract entered into in respect of SwapClear Clearing Client Business until such time as the Clearing House has determined that the SwapClear Contract in question will not be ported, from which time such contract shall be a Relevant Contract and included in an Auction Portfolio.

(g) Calculation of the Account Balances and the SwapClear Clearing Client Entitlements will be undertaken by the Clearing House in accordance with its own records based on information provided to it by the Defaulting SCM. The Clearing House shall be under no obligation to verify or conduct any independent enquiry in respect of any such information and shall be entitled for all purposes to treat it as definitive. However, the Clearing House may, in its absolute discretion, adjust its records to reflect any matter which it believes should be taken into account in calculating the Account Balances and/or the SwapClear Clearing Client Entitlements.

(h) Notwithstanding the provisions of Regulation 34, the Clearing House may not make any material change to the terms of this Regulation 52B without the written consent of 50% or more of all SwapClear Clearing Members unless such change is invoked unilaterally against all SCMs and is necessary to manage the Clearing House's risk or otherwise to meet the Clearing House's continuing regulatory obligations including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization.

SCHEDULE TO THE SWAPCLEAR REGULATIONS

Part A

SwapClear Contract Terms

The terms of a registered SwapClear Contract shall include these 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 Regulations and the Procedures, the Clearing House will use the SwapClear Contract Terms applicable to a SwapClear Contract to calculate the amounts due under the SwapClear Contract to, or from, the Clearing House in accordance with the 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 SwapClear Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the "ISDA 2000 Definitions" or the "ISDA 2006 Definitions" shall have the same meaning herein as in the 2000 ISDA Definitions or the ISDA 2006 Definitions as the case may be, unless expressly provided otherwise. For the avoidance of doubt where the SwapClear Contract identifies the ISDA 2000 Definitions as being applicable to that SwapClear Contract then those definitions will apply and where the SwapClear Contract identifies the ISDA 2006 Definitions as being applicable to that SwapClear Contract then those definitions will apply.

1.3. In the event of an inconsistency between the Regulations and the Procedures and either the ISDA 2000 Definitions or the ISDA 2006 Definitions, the Regulations and 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 a "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 or the ISDA 2006 Definitions, the Clearing House may from time to time, by notice delivered to the SwapClear Clearing Members and the SwapClear Dealers, give directions as to whether such amendment shall apply to 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 or the ISDA 2006 Definitions may take effect so as to apply to SwapClear Contracts registered in a SwapClear Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines;

(c) the accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, any SwapClear Clearing Member or SwapClear Dealer shall not invalidate the amendment with which the notice is concerned.

2. Economic Terms

2.1. The Economic Terms of a SwapClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding 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 a SwapClear Contract that the particulars of a SwapClear Transaction presented to the Clearing House must include matched information in respect of such designated Economic Terms, except that information in respect of (i) (viii) OR (ix) (not both) for vanilla interest rate swaps with constant notional principal and variable notional swaps and (n) or (o) (not both) in relation to forward rate agreements 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 Schedule[1]

(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);

(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).

[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.

(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 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).

(ix) 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);

(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;

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[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.

[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.

(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)

(d) 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);

(e) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition);[4]

(f) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);

(g) 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)

(ii) 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)

(d) 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);

(e) Spread (see Article 6.2(f) of the ISDA 2000 Definitions and Article 6.2 (e) of the ISDA 2006 Definitions for definition);[5]

(f) Reset Dates (see Article 6.2(b) of the ISDA 2000 Definitions and Article 6.2 (b) of the ISDA 2006 Definitions for definition);

(g) 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)

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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 spead is variable it can be set out in a Spread schedule.

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 spead is variable it can be set out in a Spread schedule.

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).

(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):

(v) FRA 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.

PROVIDED, however, that, as set out more particularly in Regulation 48, where the SwapClear Transaction specifies a SwapClear Dealer as the party paying Rate X (the "First SwapClear Dealer"), with the other SwapClear Dealer as the party paying Rate Y

(the "Second SwapClear Dealer"), the Clearing House, in respect of each SwapClear Contract it is party to pursuant to the corresponding SwapClear Transaction, shall be (i) the party paying Rate Y to the First SwapClear Dealer, or its SwapClear Clearing Member, as applicable, under the SwapClear Contract; and (ii) the party paying Rate X to the Second SwapClear Dealer, or its SwapClear Clearing Member, as applicable, under the SwapClear Contract.

2.5. **Financial Centres**

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

Financial Centre	**Markitwire/FpML**
Sydney	AUSY
Brussels	BEBR
Montreal	CAMO
Toronto	CATO
Geneva	CHGE
Zurich	CHZU
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

Financial Centre	Markitwire/FpML
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 SwapClear Contract:

3.1. **Business Days**

In addition to the Business Days for the financial centres 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 a SwapClear Contract.

3.2. **Economic and Monetary Union (EMU) Provisions**

3.2.1. The occurrence or non-occurrence of an event associated with EMU will not have the effect of altering any term of, or discharging or excusing performance under, a SwapClear Contract.

3.2.2. For the purposes of this provision events associated with EMU include those set out in the "EMU Continuity Provision" published by ISDA.

3.2.3. In addition, in relation to an occurrence of an event associated with EMU, the Clearing House may from time to time, by notice delivered to the SwapClear Clearing Members and SwapClear Dealers, give directions as to changes, if any, to these SwapClear Contract Terms and to its Procedures. Any such notice may provide that the changes to the SwapClear Contract Terms, and / or Procedures, may take effect so as to apply to SwapClear Contracts registered in a SwapClear Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines.

3.2.4. The accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by any SwapClear Clearing Member or a SwapClear Dealer shall not invalidate the amendment with which the notice is concerned.

3.2.5. Where a SwapClear Contract is in Hong Kong Dollars, the parties agree that it is a fundamental basis and condition of the contract that at the registration of this SwapClear Contract and for the duration of this contract, the Hong Kong dollar rate of exchange against the US Dollar is 7.8 Hong Kong Dollars to one US Dollar. In the event that such exchange rate should vary for any one or more day at any time during the contract, the Clearing House shall have the right, on the giving of written notice, to terminate this contract forthwith.

3.3. Negative Interest Rates

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

3.4. **Withholding Tax Provisions**

All payments due under a SwapClear Contract shall be made by the SwapClear 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 SwapClear 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 a SwapClear Clearing Member net of any deduction or withholding for or on account of any tax it is required to make from such payments.

3.5. **Payment of Stamp Tax**

Each SwapClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any SwapClear Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") 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 Stamp Tax Jurisdiction or by any other jurisdiction in respect of any SwapClear Contract registered by the Clearing House and to which that SwapClear Clearing Member is a party.

3.6. **Payments under a SwapClear Contract**

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

3.7. **Regulations**

A SwapClear Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these SwapClear Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

3.8. **Governing Law**

Each SwapClear Contract shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The SwapClear 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 jurisdiction of 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.

3.9. **Third Party Rights**

A person who is not a party to this SwapClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this SwapClear Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

Part B

Product Eligibility Criteria for Registration of a SwapClear Contract

1. SwapClear Transaction

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

(a) the transaction meets the eligibility criteria, set out in paragraphs 1.2 (a), (b) or (c) and 1.3, below for a SwapClear Transaction; and

(b) each party to the transaction is either a SwapClear Dealer or a SwapClear Clearing Member (including an SCM Branch),

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

1.2. Product eligibility criteria for a SwapClear Transaction

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

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	Sterling (GBP)	GBP-LIBOR-BBA	Fixed vs. Floating	Single currency	18,275 days	0.01-
		GBP-WMBA-SONIA-COMPOUND	Fixed vs. Floating	Single currency	736 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
		USD-Federal Funds H.15-OIS-COMPOUND	Fixed vs. Floating	Single currency	736 days	
		See article 7.1(ab)(xxxix) for definition				
	Euro (EUR)	EUR-LIBOR-BBA	Fixed vs. Floating	Single currency	18,275 days	0.01-

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)
		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	736 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			
Vanilla interest rate swaps with constant notional principal		AUD-LIBOR-BBA				
		See Article 7.1(a) (viii) for definition				
	Canadian Dollar (CAD)	CAD-BA-CDOR	Fixed vs. Floating	Single currency	10,970 days	0.01-99,999,999,999.99
		See Article 7.1(b) (ii) for definition	Floating vs. Floating			
		CAD-LIBOR-BBA				
		See Article 7.1(b) (viii) 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			
	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			

Instrument	Acceptable Currencies	Acceptable Indices[6]	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
		DKK-CIBOR2-DKNA13 See Article 7.1(e) (ii) for definition				
	Hong Kong Dollar (HKD)	HKD-HIBOR-HIBOR= See Article 7.1(g) (ii) for definition HKD-HIBOR-HKAB See Article 7.1(g) (iii) for definition HKD-HIBOR-ISDC See Article 7.1(g) (i) for definition	Fixed vs. Floating Floating vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
	Hungarian Forint (HUF)	HUF- BUBOR-Reuters See Article 7.1r (i) for definition	FIXED vs. FLOAT FLOAT vs. FLOAT	Single currency	3670 days	1-10,000,000,000,000
	Japanese Yen (JPY)	JPY-LIBOR-BBA See Article 7.1(l) (iv) for definition	Fixed vs. Floating Floating vs. Floating	Single currency	10970 days	1-10,000,000,000,000
	New Zealand Dollar (NZD)	NZD-BBR-Telerate See Article 7.1(l) (iii) for definition	Fixed vs. Floating Floating vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
	New Zealand Dollar (NZD)	NZD-BBR-FRA See Article 7.1(p) (iii) for definition	Fixed vs. Floating Floating vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99
	Norwegian Krone (NOK)	NOK-NIBOR-NIBR See Article 7.1(q) (i) for definition	Fixed vs. Floating Floating vs. Floating	Single currency	3670 days	0.01-99,999,999,999.99

Instrument	Acceptable Currencies	Acceptable Indices[6]	Types		Maximum Residual Term	Notional Amount (Min - Max of the relevant currency unit)
	Singapore Dollar (SGD)	SGD-SOR-Reuters	FIXED vs. FLOAT	Single currency	3670 days	0.01-99,999,999,999.99
		See Article 7.1(q) (i) 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			
	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
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,3,4m,5m,6m	Min25 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,10,11m, 1y	Min25 Max 375
Forward Rate Agreement	CAD	CAD-BA-CDOR	Fixed v floating	Single currency	740 days		1m,2m,3m, 6m, 1y	Min25 Max 375
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,10,11m, 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,10,11m,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

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	EUR	EUR-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	EUR	EUR-EURIBOR - REUTERS	Fixed v floating	Single currency	1105 days		1w,2w, 3w 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,10,11m, 1y	Min 3 Max 375
Forward Rate Agreement	JPY	JPY-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	NOK	NOK-NIBOR-NIBR	Fixed v floating	Single currency	740 days		1w, 1m,2m,3m,4m,5m,6m,7m,8m,9m,10,11m,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_WIBO	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

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	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 25 Max 375

2. **[ ]**

3. **Additional Criteria for a SwapClear Transaction**

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

3.1.1 Day Count Fractions

(See Article 4.16 of the "Annex to 2000 ISDA Definitions (June 2000 Version)", Article 4.16 of the ISDA 2006 Definitionsfor definition)

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	30E/360
Actual/360	ACT/360
Actual/365 (Fixed)	ACT/365.FIXED
Actual/365 (or	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	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	ACT/365.FIXED	CAD, AUD, NZD,

(Fixed)		PLN, ZAR
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)	
(See Article 4.16(c) for definition)	AFI/365
Actual/360	
(See Article 4.16(d) for definition)	ACT/360
30/360,360/360, Bond Basis	360/360
(See Article 4.16(e) for definition)	
30E/360	30E/360
(See Article 4.16(f) for definition)	

3.1.2 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:

fixed period end dates and the termination date

float period end dates and the termination date

3.1.3 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 >= 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 <= 3,670 days for DKK, HKD, NZD, NOK, PLN, ZAR, SAD, HUF & CZK (10 years)

Termination date - Today <= 10,970 days for AUD, CAD, CHF, JPY & SEK (30 years)

Termination date – Today <= 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:

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

3.1.4 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.

3.1.5 Calculation Periods

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

For vanilla interest rate swaps with constant notional principal and variable notional swaps the Clearing House will only accept non-standard Calculation Periods ("stub periods") at either the start or end of the contract. Transactions with stub periods at both the start and end of the transaction will not be eligible as SwapClear Transactions.

For variable notional swaps the stub rate should be detailed either as a percentage (i.e. 5.5%), an interpolation (i.e. 1 month/3months) 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 >= 1 week for IRS and basis swap and >=1 month for zero coupon swaps.

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

For Forward Rate Agreements non standard designated maturities are accepted subject to the following criteria:

Interpolated period:

The maturity date must fall between the rolled dates, according to the business day convention, of the specified designated tenors. Where this does not occur and extrapolation would be required, SwapClear will reject the trade.

SwapClear will interpolate based upon the closest indices for interpolation

Non interpolated period:

SwapClear will only support the closest index tenor to the calculated period.

REPOCLEAR REGULATIONS

Regulation 53 Application of RepoClear Regulations

(a) These RepoClear Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to RepoClear Contracts, RepoClear GC Contracts, RepoClear Clearing Members and, insofar as relevant, to RepoClear Dealers.

(b) The Default Rules, Default Fund Rules, the Definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 14, 16, 26 to 39B inclusive (other than Regulation 35(a), Regulation 37(b) and Regulation 38(b)) of the General Regulations apply to RepoClear Contracts, RepoClear GC Contracts, RepoClear Clearing Members and, insofar as relevant, to RepoClear Dealers.

Regulation 54 **Submission of details of RepoClear Transactions and RepoClear GC Transactions through an Approved Trade Matching System**

(a) Details of RepoClear Transactions and RepoClear GC Transactions other than those referred to in Regulation 56 (RepoClear Transactions and RepoClear GC Transactions entered into by RepoClear Clearing Members through an Automated Trading System) or Regulation 56A (RepoClear Transactions and RepoClear GC Transactions entered into by RepoClear Dealers through an Automated Trading System) which are to be submitted for registration must be submitted by the RepoClear Participants party to such transactions through an Approved Trade Matching System ("ATMS") specified for the purpose of this Regulation in the Procedures, and in accordance with the Procedures.

(b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a RepoClear Clearing Member shall be bound by a RepoClear Contract or RepoClear GC Contract, as the case may be, registered in its name pursuant to the presentation of details of a RepoClear Transaction or RepoClear GC Transaction, as the case may be, by it or by a RepoClear Dealer with whom it is party to a RepoClear Dealer Clearing Agreement.

(c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a RepoClear Transaction or RepoClear GC Transaction must, in order that it be registered as a RepoClear Contract or RepoClear GC Contract, as the case may be, meet the RepoClear Eligibility Criteria and other requirements as prescribed in the Regulations and the Procedures, at the time when the details (as prescribed from time to time by the Clearing House) of the RepoClear Transaction or RepoClear GC Transaction are presented to the Clearing House and at all times thereafter up to and including Registration Time.

(d) The Clearing House shall be deemed to register a RepoClear Contract, or RepoClear GC Contract, as the case may be, in accordance with Regulation 55, in the name of a RepoClear Clearing Member at the time prescribed in the Procedures ("Registration Time").

(e) For the avoidance of doubt, any transaction of which details have been presented by RepoClear Participants for registration as a RepoClear Contract or RepoClear GC Contract which is not so registered will remain in effect solely between the persons party thereto in accordance with any terms agreed between them and the Clearing House shall have no obligations or liability in relation thereto.

(f) If at any time after registration of a RepoClear Contract or RepoClear GC Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the criteria for registration as a RepoClear Contract or RepoClear GC Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such RepoClear Contract or RepoClear GC Contract. Upon a RepoClear Contract or RepoClear GC Contract, as the case may be, being set aside under this paragraph, the details of the transaction in question shall be deemed never to have been submitted to the Clearing House and such transaction shall remain in effect between the persons party thereto in accordance with any terms agreed between them. Any payment made under, or in respect of, a RepoClear Contract or RepoClear GC Contract set aside under this paragraph shall be repayable to the person who made the payment, and any securities delivered under such Contract shall be re-delivered to the person who made the delivery of such securities. Without prejudice to Regulation 39 and its obligations under this Regulation 54(f), the Clearing House 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 RepoClear Contract or RepoClear GC Contract, in respect of a transaction which did not meet the criteria at the Registration Time to enable it to be registered as a RepoClear Contract or RepoClear GC Contract, as the case may be.

Regulation 55 **Registration of RepoClear Contracts and RepoClear GC Contracts following Submission of Details of a RepoClear Transaction or RepoClear GC Transaction**

(a) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), details of a RepoClear Transaction or RepoClear GC Transaction presented for registration through an Approved Trade Matching System to, and accepted by, the Clearing House, shall be registered by the Clearing House as two RepoClear Contracts or as two RepoClear GC Contracts, as the case may be, one between the Selling RepoClear Clearing Member and the Clearing House as buyer, as principals to such contract, and the other between the Clearing House as seller and the Buying RepoClear Clearing Member, as principals to such contract. For the purposes of this Regulation:

(i) "Selling RepoClear Clearing Member" is a RepoClear Clearing Member who was, before registration of the RepoClear Contract or RepoClear GC Contract, party to the corresponding RepoClear Transaction or RepoClear GC Transaction as the seller, or who has a subsisting RepoClear Dealer Clearing Agreement with a RepoClear Dealer who was party to the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be, as the seller; and

(ii) "Buying RepoClear Clearing Member" is a RepoClear Clearing Member who was, before registration of the RepoClear Contract or RepoClear GC Contract, party to the corresponding RepoClear Transaction or RepoClear GC Transaction as the buyer, or who has a subsisting RepoClear Dealer Clearing Agreement with a RepoClear Dealer who was party to the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be, as the buyer.

(b) With effect from registration of a RepoClear Transaction or RepoClear GC Transaction as two RepoClear Contracts or as two RepoClear GC Contracts, as the case may be under paragraph (a) of this Regulation:

(i) the parties to the corresponding RepoClear Transaction or RepoClear GC 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 RepoClear Contract registered under paragraph (a) of this Regulation shall be governed by the RepoClear Contract Terms;

(iii) each RepoClear GC Contract registered under paragraph (a) of this Regulation shall be governed by the RepoClear SGC Contract Terms or RepoClear €GC Contract Terms;

(iv) in respect of the Economic Terms, the Selling RepoClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the RepoClear Contract or RepoClear GC Contract to which it is a party as the selling party had and owed in respect of its counterparty under the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be; and

(v) in respect of the Economic Terms, the Buying RepoClear Clearing Member shall have the same rights against, and owe the same obligations to, the

Clearing House under the RepoClear Contract or RepoClear GC Contract to which it is party as the buying party had and owed in respect of its counterparty under the corresponding RepoClear Transaction or RepoClear GC Transaction, as the case may be.

In subparagraphs (iv) and (v) 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 RepoClear Transaction or RepoClear GC Transaction (it being assumed, for this purpose, that such RepoClear Transaction or RepoClear GC 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 changes thereto as a result of the operation of the Standard Terms.

(c) If a RepoClear Transaction or RepoClear GC 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 RepoClear Contract or RepoClear GC Contract arising under this Regulation, Regulation 3(b) or Regulation 11.

(d) The Clearing House may, with the agreement of RepoClear Clearing Members party to corresponding RepoClear Contracts or RepoClear GC Contracts, set aside or take such other steps with respect to such Contracts on such terms as may be agreed if either or both RepoClear Clearing Members consider that they have entered into a Contract in error or have agreed to certain terms of the Contract in error.

(e) In the case of a RepoClear Contract or RepoClear GC 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 Regulation 55 shall take effect.

Regulation 56 **RepoClear transactions entered into by RepoClear Clearing Members through an Automated Trading System**

(a) This Regulation 56 applies to Repo Trades, Bond Trades and GC Trades made by RepoClear Clearing Members (otherwise than pursuant to Regulation 56A) through an Automated Trading System which such RepoClear Clearing Member is authorised by the Clearing House to use under the Procedures ("an ATS") either as direct participants in the ATS or indirectly through a participant in the ATS. In the event of any inconsistency between the Regulations (including the terms of any other agreement entered into between the RepoClear Clearing Member and the Clearing House), and the rules, practices, procedures and arrangements of the ATS ("ATS Rules") the Regulations shall prevail.

(b) If an "ATS participant" (defined for these purposes as a RepoClear Clearing Member, who is a direct or indirect participant in an ATS) has given notice to the Clearing House, in accordance with the Procedures, that it intends to carry out Repo Trades and/or Bond Trades and/or GC Trades through an ATS specified in its notice and has not withdrawn such notice in accordance with the Procedures, the Clearing House will enter into RepoClear Contracts or RepoClear GC Contracts, as the case may be, with the ATS participant pursuant to such dealings in accordance with and subject to the following provisions of this Regulation. The terms of a registered RepoClear Contract or RepoClear GC Contract shall be as notified to the Clearing House by the ATS and otherwise subject to the Regulations (and the Clearing House and the ATS participant party to the registered RepoClear Contract or RepoClear GC Contract, as the case may be, shall be obliged to perform their obligations thereunder in accordance with such terms).

(c) The Clearing House makes an open offer to the ATS participant that it shall enter into a RepoClear Contract in respect of any Repo Trade or any Bond Trade or to enter into a RepoClear GC Contract in respect of any GC Trade, in accordance with paragraph (d) or paragraph (e) of this Regulation, as applicable, pursuant to the ATS participant's dealings through any ATS referred to in paragraph (b), provided that the following requirements ("the RepoClear Open Offer Eligibility Criteria") shall have been complied with:

(i) not more than ten minutes have lapsed since the Clearing Membership Agreement to which the ATS participant is party was terminated in accordance with its terms and/or the Clearing House removed its authorisation of that ATS participant to participate in the RepoClear Service;

(ii) not more than ten minutes have lapsed since a Default Notice was signed in respect of the ATS participant under rule 3 of the Default Rules (without prejudice to the Clearing House's rights to register new Contracts (including RepoClear Contracts and RepoClear GC Contracts, whether closing out contracts or otherwise) in the ATS participant's name under the Default Rules in connection with the Clearing House's default proceedings);

(iii) such dealings satisfy the terms and conditions stated in the Regulations and the Procedures with respect to such dealings (together the "RepoClear Eligibility Criteria for RepoClear Contracts and RepoClear GC Contracts") and the offers made in this Regulation 56, including the terms of any Contract which would arise under paragraph (d) or (e) and all necessary details as required by the Clearing House, shall have been provided to the Clearing House;

(iv) the dealings are recognised by the relevant ATS as satisfying the RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear GC Contract and as dealings which the parties thereto have identified are to be registered by the Clearing House as RepoClear Contracts or RepoClear GC Contracts, as applicable;

(v) the ATS participant has executed such agreements or documents as may be required by the Clearing House from time to time in connection herewith; and

(vi) all or any conditions imposed by the Clearing House have been satisfied.

(d) If particulars with respect to (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade which satisfy the relevant RepoClear Open Offer Eligibility Criteria have been input into the relevant ATS by or on behalf of an ATS participant as seller and have been matched by, or in accordance with the ATS Rules with particulars with respect to a Repo Trade, Bond Trade or GC Trade, on such terms input into such ATS by another ATS participant as buyer, and the relevant RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the buyer under one RepoClear Contract or RepoClear GC Contract (as the case may be) to the selling ATS participant, and the seller under the second RepoClear Contract or relevant RepoClear GC Contract, as the case may be to the buying ATS participant.

(e) If particulars with respect to (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade, which satisfy the relevant RepoClear Open Offer Eligibility Criteria have been input into the relevant ATS by or on behalf of an ATS participant as buyer and have been matched by, or in accordance with the ATS Rules with particulars with respect to a Repo Trade, Bond Trade or GC Trade, on such terms input into such ATS by another ATS participant as seller and the RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or two RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the seller under one RepoClear Contract or RepoClear GC Contract, as the case may be, to the buying ATS participant, and the buyer under the second RepoClear Contract or RepoClear GC Contract (as the case may be) to the selling ATS participant.

(f) RepoClear Contracts or RepoClear GC Contracts entered into by the Clearing House under paragraph (d) or (e), as applicable, with RepoClear Clearing Members, shall be registered in the name of each RepoClear Clearing Member following receipt of the details required by the Clearing House of such Contracts from the operator of the relevant ATS.

(g) If the details required by the Clearing House of RepoClear Contracts or RepoClear GC Contracts arising under paragraph (d) or (e) are not provided to the Clearing House by the operator of the relevant ATS in accordance with the terms of an agreement entered into between the Clearing House and the ATS operator by the time required by the Clearing House from time to time, neither the Clearing House nor the RepoClear Clearing Member party thereto shall be obliged to perform their respective obligations under the RepoClear Contracts or RepoClear GC Contracts, as the case may be arising under paragraph (d) or (e), as applicable. If the Clearing House receives such details after such time from such operator or in accordance with any directions issued by the Clearing House to the affected RepoClear Clearing Member, or any other RepoClear Participant, such RepoClear Contracts or RepoClear GC Contracts shall be performed in accordance with any directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected RepoClear Contract or RepoClear GC Contract. Any directions given by the Clearing House under this paragraph (g) shall be binding on all affected RepoClear Participants.

(h) The Clearing House undertakes to keep open the offer made by it in this Regulation 56 until such ATS participant is no longer eligible to have RepoClear Contracts or RepoClear GC Contracts registered in its name or has withdrawn from trading through each ATS notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an ATS must be notified to the Clearing House in accordance with the Procedures.

(i) Without prejudice to Regulation 39, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall not be liable to any RepoClear Clearing Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any RepoClear Contract or RepoClear GC Contract arising under paragraph (d) or (e) if the Clearing House does not receive the relevant details referred to in paragraph (g) by the time referred to in such paragraph (g) in respect of such RepoClear Contract or RepoClear GC Contract.

(j) Notwithstanding the provisions of paragraph (c), if the Clearing House receives details of a trade from an ATS specified by an ATS participant by notice given under paragraph (b) and which notice has not been withdrawn and the details of the trade purportedly meet the relevant RepoClear Open Offer Eligibility Criteria in paragraph (c), the ATS participant shall be bound by any RepoClear Contract or RepoClear GC Contract registered in his name in respect of such trade and the terms of such registered RepoClear Contract or RepoClear GC Contract, as the case may be, shall be as set out in paragraph (b).

(k) Without prejudice to paragraph (j), the Clearing House may with the agreement of RepoClear Clearing Members party to corresponding RepoClear Contracts or RepoClear GC Contracts, set aside or take such other steps with respect to such contracts on such terms as may be agreed if either or both RepoClear Clearing Members consider that they have entered into a contract in error or have agreed to certain terms of the contract in error.

(l) In the event of a dispute arising out of, or in respect of, the existence of a trade, or whether it was identified to the ATS by the ATS participants (as defined above) as a trade to be registered by the Clearing House as a RepoClear Contract or RepoClear GC Contract, such dispute shall be settled as provided for in the ATS Rules, without

recourse to the Clearing House. In respect of a dispute arising out of, or in respect of, a registered RepoClear Contract or RepoClear GC Contract, other than a dispute in respect of a matter referred to above as a dispute to be settled as provided for in the ATS Rules, such dispute shall be settled as provided in the Regulations.

Regulation 56A RepoClear transactions entered into by RepoClear Dealers through an Automated Trading System

(a) This Regulation 56A applies to Repo Trades, Bond Trades and GC Trades made by a RepoClear Dealer (who is not a RepoClear Clearing Member) through an ATS which is an authorised ATS. In the event of any inconsistency between the Regulations, (including the RepoClear Dealer Clearing Agreement and the terms of any other agreement entered into between the RepoClear Dealer, the RepoClear Clearing Member and the Clearing House, or any of them) and relevant ATS Rules, the Regulations shall prevail.

(b) If an "ATS participant" (defined for these purposes as a RepoClear Dealer who is a direct or indirect participant in an ATS), has given notice to the Clearing House in accordance with the Procedures, that it intends to carry out Repo Trades and/or Bond Trades and/or GC Trades through an ATS and has not withdrawn such notice in accordance with the Procedures, the Clearing House will enter into RepoClear Contracts or RepoClear GC Contracts, as the case may be, with the RepoClear Clearing Member of the ATS participant pursuant to such dealings in accordance with and subject to the following provisions of this Regulation. The terms of a registered RepoClear Contract or RepoClear GC Contract shall be as notified to the Clearing House by the ATS and otherwise subject to the Regulations (and the Clearing House and the RepoClear Clearing Member party to the registered RepoClear Contract or RepoClear GC Contract, as the case may be, shall be obliged to perform their obligations thereunder in accordance with such terms).

(c) The Clearing House makes an open offer to the RepoClear Clearing Member of the ATS participant to enter into a RepoClear Contract in respect of any Repo Trade or any Bond Trade or to enter into a RepoClear GC Contract in respect of any GC Trade in accordance with paragraph (d) or paragraph (e) of this Regulation, as applicable, pursuant to the ATS participant's dealings through any ATS referred to in paragraph (b), provided that the following requirements ("the RepoClear Open Offer Eligibility Criteria") shall have been complied with:

(i) the Clearing Membership Agreement to which the RepoClear Clearing Member is party has not been terminated in accordance with its terms;

(ii) the ATS participant has not been removed or suspended from the Register of RepoClear Dealers;

(iii) a Default Notice has not been issued in respect of the RepoClear Clearing Member under rule 3 of the Default Rules (without prejudice to the Clearing House's rights to register new contracts (including RepoClear Contracts and RepoClear GC Contracts, whether closing out contracts or otherwise) in the RepoClear Clearing Member's name under the Default Rules in connection with the Clearing House's default proceedings);

(iv) such dealings satisfy the terms and conditions stated in the Regulations and the Procedures with respect to such dealings (the "RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear GC Contracts") and the offers made in this Regulation 56A, including the terms of any contract which would arise under paragraph (d) or (e) and all necessary details as required by the Clearing House shall have been provided to the Clearing House;

(v) the dealings are recognised by the relevant authorised ATS as satisfying the RepoClear Eligibility Criteria for a RepoClear Contract or RepoClear GC

Contract and as dealings which the parties thereto have identified are to be registered by the Clearing House as RepoClear Contracts or RepoClear GC Contracts, as applicable;

(vi) the RepoClear Clearing Member or the ATS participant as agent for the RepoClear Clearing Member has executed such agreements or documents as may be required by the Clearing House from time to time in connection herewith or the RepoClear Dealer Clearing Agreement; and

(vii) all or any conditions imposed by the Clearing House have been satisfied.

(d) If particulars with respect to (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade which satisfy the RepoClear Open Offer Eligibility Criteria have been input in to the relevant authorised ATS by or on behalf of an ATS participant as seller and have been matched by, or in accordance with the ATS Rules with particulars with respect to a Repo Trade, Bond Trade, or GC Trade on such terms input into such ATS by another ATS participant as buyer, and the RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or two RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the buyer under one RepoClear Contract or RepoClear GC Contract, as the case may be, to the RepoClear Clearing Member of the selling ATS participant, and the seller under the second RepoClear Contract or RepoClear GC Contract, as the case may be, to the RepoClear Clearing Member of the buying ATS participant.

(e) If particulars in respect of (i) a Repo Trade; (ii) a Bond Trade or (iii) a GC Trade, which satisfy the RepoClear Open Offer Eligibility Criteria have been input into the relevant ATS by or on behalf of an ATS participant as buyer and have been matched by, or in accordance with the ATS Rules with particulars in respect of a Repo Trade, Bond Trade or GC Trade (as the case may be), on such terms input into such ATS by another ATS participant as seller and the RepoClear Open Offer Eligibility Criteria have been satisfied, two RepoClear Contracts or two RepoClear GC Contracts, as the case may be, shall arise immediately on the matching of such details as follows (provided that, if the selling ATS participant has not identified all relevant details required by the Clearing House in respect of the securities to be delivered by him under a transaction other than for a RepoClear GC Trade, the RepoClear Open Offer Eligibility Criteria will only be satisfied on his identifying all such relevant details in accordance with the ATS Rules and the two RepoClear Contracts shall arise immediately on such details being identified provided always that the other RepoClear Open Offer Eligibility Criteria are also satisfied at the time of such details being so provided). The Clearing House shall be the seller under one RepoClear Contract or RepoClear GC Contract (as the case may be) to the RepoClear Clearing Member of the buying ATS participant, and the buyer under the second RepoClear Contract or RepoClear GC Contract (as the case may be) to the RepoClear Clearing Member of the selling ATS participant.

(f) RepoClear Contracts or RepoClear GC Contracts entered into by the Clearing House under paragraph (d) or (e), as applicable, with RepoClear Clearing Members, shall be registered in the name of each RepoClear Clearing Member following receipt of the

details required by the Clearing House of such contracts from the operator of the relevant ATS.

(g) If the details required by the Clearing House of RepoClear Contracts or RepoClear GC Contracts arising under paragraph (d) or (e) are not provided to the Clearing House by the operator of the relevant ATS in accordance with the terms of an agreement entered into between the Clearing House and the ATS operator by the time required by the Clearing House from time to time, neither the Clearing House nor the RepoClear Clearing Member party thereto shall be obliged to perform their respective obligations under the RepoClear Contracts or RepoClear GC Contracts arising under paragraph (d) or (e), as applicable. If the Clearing House receives such details after such time from such operator or in accordance with any directions issued by the Clearing House to the affected RepoClear Clearing Member, or any other RepoClear participant, such RepoClear Contracts or RepoClear GC Contracts shall be performed in accordance with any directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected RepoClear Contract or RepoClear GC Contract. Any directions given by the Clearing House under this paragraph (g) shall be binding on all affected RepoClear Participants.

(h) The Clearing House undertakes to keep open the offer made by it in this Regulation 56A in respect of Repo Trades, Bond Trades or GC Trades meeting the RepoClear Open Offer Eligibility Criteria until each authorised ATS referred to in paragraph (b) has removed from the ATS participant the ability to submit Repo Trades or Bond Trades or GC Trades for registration with the Clearing House.

(i) Without prejudice to Regulation 39A, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall not be liable to any RepoClear Clearing Member or anyone else for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any RepoClear Contract or any RepoClear GC Contract arising under paragraph (d) or (e) if the Clearing House does not receive the relevant details referred to in paragraph (g) by the time referred to in such paragraph (g) in respect of such RepoClear Contract or RepoClear GC Contract.

(j) Notwithstanding the provisions of paragraph (c), if the Clearing House receives details of a trade from an ATS specified by an ATS participant by notice given under paragraph (b) and which notice has not been withdrawn and the details of the trade purportedly meet the relevant RepoClear Open Offer Eligibility Criteria in paragraph (c), the RepoClear Clearing Member of the relevant ATS participant shall be bound by any RepoClear Contract or RepoClear GC Contract registered in his name in respect of such trade and the terms of such registered RepoClear Contract or RepoClear GC Contract shall be as set out in paragraph (b).

(k) Without prejudice to paragraph (i), the Clearing House may with the agreement of RepoClear Clearing Members party to corresponding RepoClear Contracts or RepoClear GC Contracts, set aside or take such other steps with respect to such contracts on such terms as may be agreed if either or both RepoClear Clearing Members consider that they have entered into a contract in error or that certain terms of the contract have been agreed by their respective ATS participants in error.

(l) In the event of a dispute arising out of, or in respect of, the existence of a trade, or whether it was identified to the ATS by the ATS participants (as defined above) as a trade to be registered by the Clearing House as a RepoClear Contract or RepoClear GC Contract, such dispute shall be settled as provided for in the ATS Rules, without

recourse to the Clearing House. In respect of a dispute arising out of, or in respect of, a registered RepoClear Contract or RepoClear GC Contract, other than a dispute in respect of a matter referred to above as a dispute to be settled as provided for in the ATS Rules, such disputes shall be settled as provided in the Regulations.

Regulation 57 **RepoClear Dealers**

(a) Application for admission to the Register of RepoClear Dealers shall be made in accordance with these Regulations and the Procedures. An applicant for admission to the Register of RepoClear Dealers must satisfy the criteria prescribed by the Clearing House from time to time in order to be admitted to the Register of RepoClear Dealers. A RepoClear Dealer shall be subject to, and governed by, these Regulations, the Procedures and the RepoClear Dealer Clearing Agreement to which it is for the time being party.

(b) A person admitted to the Register of RepoClear Dealers shall at all times satisfy the criteria prescribed from time to time by the Clearing House for admission to the Register of RepoClear Dealers and any rules prescribed from time to time by the Clearing House for RepoClear Dealers.

(c) The Clearing House may suspend or remove a RepoClear Dealer from the Register of RepoClear Dealers in accordance with these Regulations, the Procedures and, if applicable, the RepoClear Dealer Clearing Agreement to which it is for the time being party. Any person who has been suspended from the Register of RepoClear Dealers for a period of more than three months shall be removed from the Register of RepoClear Dealers and must make a new application if it wishes to be re-admitted to the Register.

(d) A RepoClear Dealer may request, by giving three months' written notice to the Clearing House, that its name be removed from the Register of RepoClear Dealers. At the end of such notice period, the Clearing House shall remove the RepoClear Dealer from the Register of RepoClear Dealers.

(e) The Clearing House may, for the purposes of Regulation 57(A), prescribe different criteria to be satisfied by RepoClear Dealers in respect of Repo Trades, Bond Trades, RepoClear Transactions, RepoClear GC Transactions or GC Trades.

Regulation 57A Authorisation to act as a RepoClear Clearing Member

(a) A Member may not become party to RepoClear Contracts or RepoClear GC Contracts unless it has been authorised by the Clearing House as a RepoClear Clearing Member and is eligible to be party to such RepoClear Contracts or RepoClear GC Contracts and such authorisation has not been withdrawn or suspended by the Clearing House.

(b) Application for authorisation as a RepoClear Clearing Member shall be made in accordance with these Regulations and the Procedures. In order to be authorised as a RepoClear Clearing Member, a Member must meet the criteria applicable to the RepoClear Contracts or RepoClear GC Contracts to which it wishes to become a party. A Clearing Member may be authorised as eligible to become party to certain RepoClear Contracts or RepoClear GC Contracts and not others.

(c) The withdrawal or suspension of a Member's authorisation referred to in paragraph (a) shall not, of itself, affect its membership of the Clearing House, or its entitlement (if any) to become party to RepoClear Contracts or RepoClear GC Contracts which are not caught by the withdrawal or suspension of such authorisation.

(d) Where a Default Notice is served in accordance with these Regulations, or the Clearing Membership Agreement of a RepoClear Clearing Member is terminated, the service of such notice or the termination of such Clearing Membership Agreement, as the case may be, shall automatically withdraw the authorisation of that Member to be a RepoClear Clearing Member.

(e) Without prejudice to paragraph (d) of this Regulation, the Clearing House shall suspend the authorisation referred to in paragraph (a) of any Member who is no longer otherwise eligible to have RepoClear Contracts and/or RepoClear GC Contracts registered in its name for such period as the Clearing House may determine.

(f) If a Member's authorisation to act as RepoClear Member is withdrawn, or is withdrawn with respect to some but not all RepoClear Contracts and RepoClear GC Contracts, those RepoClear Contracts or RepoClear GC Contracts which the Member is no longer eligible to clear with the Clearing House shall be closed-out in accordance with directions given by the Clearing House.

Regulation 58 **Daily Margining of RepoClear Contracts and RepoClear GC Contracts**

(a) This Regulation 58 shall be without prejudice to the Clearing House's rights to require cover to be provided to it under Regulation 12.

(b) The Net Present Value of each RepoClear Contract and each RepoClear GC 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) Subject to paragraph (d), the Clearing House shall require payment, in accordance with the Procedures, at least daily, of cash cover for variation margin from a RepoClear Clearing Member, or will be required to pay cash cover for variation margin to such RepoClear Clearing Member, representing the change in the Net Present Value of all RepoClear Contracts and RepoClear GC Contracts registered in the RepoClear Clearing Member's name for a particular currency from the preceding RepoClear Opening Day (as defined in the Procedures), in an amount calculated in accordance with the Procedures. Payment of cash cover shall be made in accordance with and by the time or times stated in the Procedures.

(d) Interest shall be paid by the Clearing House on cash cover paid to the Clearing House by such RepoClear Member and shall be calculated on the basis set out in the Procedures. A RepoClear Clearing Member shall pay interest to the Clearing House on cash cover paid by the Clearing House to the RepoClear Clearing Member as calculated by the Clearing House on the basis set out in the Procedures.

Regulation 59 Delivery (or Other) Failures

(a) Without prejudice to the Default Rules, if a RepoClear Clearing Member as seller fails to deliver securities to the Clearing House under a RepoClear Contract or RepoClear GC Contract by the due time therefore, the Clearing House shall issue directions, in accordance with the Procedures, to the seller and to a RepoClear Clearing Member as buyer under a corresponding RepoClear Contract or RepoClear GC Contract regarding the performance of such contracts and such directions shall be binding on such members.

(b) The Clearing House shall be entitled to call for cover for margin in such amounts and in such form as it may require in accordance with the Procedures from the selling RepoClear Clearing Member who has failed to deliver securities under a RepoClear Contract or RepoClear GC Contract by the due time therefore and from the buying RepoClear Clearing Member under the corresponding RepoClear Contract or RepoClear GC Contract.

(c) Without prejudice to the Default Rules, if a selling RepoClear Clearing Member acts in such a manner (which could, without limit, include persistent failure to deliver securities to the Clearing House under RepoClear Contracts or RepoClear GC Contract (other than in circumstances where Regulations 26 and/or 27 apply)), and the Clearing House in its reasonable opinion determines that the reputation of the RepoClear Service is being, or has been, undermined, the Clearing House shall be entitled to terminate, on written notice, either summarily or at the expiry of the period specified in the notice, the RepoClear Member's ability to have RepoClear Contracts and/or RepoClear GC Contracts registered in his name and to require him to liquidate or transfer under Regulation 11 open contracts, being RepoClear Contracts and/or RepoClear GC Contracts registered in his name.

Regulation 60 Withdrawal of RepoClear Service by the Clearing House

(a) If at any time the Clearing House decides to withdraw the RepoClear service, it shall give not less than six months' notice to all RepoClear Participants of the date on which the service will be withdrawn ("the RepoClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, one or more RepoClear Participants shall not invalidate the RepoClear Withdrawal Date.

(b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) shall specify the nature of the service which the Clearing House will provide until the RepoClear Withdrawal Date.

(c) If, at the RepoClear Withdrawal Date, a RepoClear Clearing Member has open Contracts, being RepoClear Contracts and/or RepoClear GC Contracts, registered in its name, the Clearing House shall, at its sole discretion, be entitled to liquidate any such RepoClear Contracts and/or RepoClear GC Contracts and effect cash settlement in respect of them with the RepoClear Clearing Member.

(d) The Clearing House shall have the right to postpone the RepoClear Withdrawal Date until such time as the Clearing House determines.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part A

RepoClear Contract Terms: RepoClear Contracts arising from RepoClear Transactions, Repo Trades or Bond Trades

Where a RepoClear Contract arises between the Clearing House and a RepoClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such RepoClear Contract shall include these RepoClear Contract Terms, which shall comprise:

(1) Economic Terms;

(2) Standard Terms; and

(3) Interpretation section.

Interpretation Section

Save as otherwise specified herein, words and phrases defined elsewhere in the General Regulations, Procedures and Default Rules of the Clearing House (together, and as amended from time to time, the "**Regulations**") shall have the same meanings in these RepoClear Contract Terms.

In the event of any inconsistency between these RepoClear Contract Terms and the Regulations, the Regulations will prevail, unless expressly otherwise specified.

As used in these RepoClear Contract Terms:

"**Equivalent Securities**" means securities equivalent to Purchased Securities. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of redemption.

Securities are "**equivalent to**" other securities for the purposes of these RepoClear Contract Terms if they are: (i) of the same issuer; (ii) part of the same issue; (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other securities.

"**Income**" means, with respect to any Purchased Securities at any time, all interest, dividends or other distributions thereon ("**Distributions**").

"**Income Payment Date**" means, with respect to any Purchased Securities, the date on which Income is paid in respect of such Purchased Securities, or in the case of registered Purchased Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income.

"**Price Differential**" means, with regard to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55, or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, the aggregate amount obtained by daily application of the Pricing Rate to the Purchase Price (on a day basis in accordance with the RepoClear Procedures) for the actual number of days during the period commencing on (and including) the Purchase Date and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date.

"**Pricing Rate**" means the per annum percentage rate used in the calculation of the Price Differential, which in turn, is used to calculate the Repurchase Price.

"**Purchase Date**" means the date on which the Purchased Securities will be sold by Seller to Buyer.

"**Purchased Securities**" means the underlying securities to be sold by Seller to Buyer on the Purchase Date.

"**Purchase Price**" means the cash amount payable by Buyer to Seller for the Purchased Securities.

"**RepoClear Contract**" means a contract between Buyer and Seller on the basis of the Standard Terms and the Economic Terms, and references to "this RepoClear Contract" are to the particular RepoClear Contract in question.

"**RepoClear Procedures**" means the part of the Procedures of the Clearing House that contains provisions in respect of RepoClear Contracts.

"**Repurchase Date**" means, with regard to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, the date on which Equivalent Securities will be sold by Buyer to Seller.

"**Repurchase Price**" with regard to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55, or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, means, as of any date, the sum of the Purchase Price and the Price Differential as of such date.

"**Term**" means, with respect to this RepoClear Contract if it has arisen from a RepoClear Repo Transaction in accordance with Regulation 55, or from a Repo Trade in accordance with the provisions of Regulations 56 or Regulation 56A, the interval of time commencing with the Purchase Date and ending with the Repurchase Date.

1. **Economic Terms**

In relation to this RepoClear Contract, the terms in (a) to (g) below (the "Economic Terms") will: (i) where this RepoClear Contract is dealt with through an automated trade capture system, be derived from the information presented by the RepoClear Participants to the Clearing House for registration, and (ii) where this RepoClear Contract is dealt with through an Automated Trading System, be derived from the information input by the RepoClear Participants and matched by or in accordance with the rules and procedures of such Automated Trading System.

The Economic Terms comprise details of:

(a) Buyer;

(b) Seller;

(c) Pricing Rate;

(d) Purchase Date;

(e) Purchase Price;

(f) Purchased Securities; and

(g) Repurchase Date.

PROVIDED, however, that, when such information presented or input (as the case may be) by any RepoClear Participant specifies such RepoClear Participant as: (i) Buyer under a contract, with the other party as Seller, the Clearing House will be Seller under the RepoClear Contract; and (ii) Seller under a contract, with the other party as Buyer, the Clearing House will be Buyer under the RepoClear Contract.

2. Standard Terms

2.1. **General**

(a) On the Purchase Date, Seller shall transfer the Purchased Securities to Buyer against payment of the Purchase Price by Buyer.

(b) If this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, then on the Repurchase Date, Buyer shall transfer to Seller Equivalent Securities against the payment of the Repurchase Price by Seller.

(c) Notwithstanding the use of expressions such as “margin”, and, if this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulations 56A, the use of expressions such as “Repurchase date”, “Repurchase Price” and “substitution”, which are used to reflect terminology used in the market for transactions of the kinds provided for in these Standard Terms, all right, title and interest in and to Purchased Securities and money transferred or paid under these Standard Terms and, if this RepoClear Contract has arisen from a Repo Trade all right, title and interest in Equivalent Securities, shall pass to the transferee on transfer or payment, and the obligation of the party receiving Purchased Securities if this RepoClear Contract has arisen from a Repo Trade shall be an obligation to transfer Equivalent Securities.

(d) Subject to the Default Rules, any Purchase Price, Repurchase Price and amounts in respect of Income Payment Dates (if applicable) in the same currency payable by either party to the other under this RepoClear Contract and any other RepoClear Contract on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

(e) Subject to the Default Rules, all securities of the same issue, denomination, currency and series, transferable by either party to the other under this RepoClear Contract and any other RepoClear Contract on the same date, whether this or any such other RepoClear Contract has arisen from a RepoClear Repo Transaction or from a RepoClear Bond Transaction in accordance with the provisions of Regulation 55, or from a Repo Trade or a Bond Trade in accordance with the provisions of Regulation 56 or Regulation 56A, shall be combined in a single calculation of a net quantity of securities transferable by one party to the other and the obligation to transfer the net quantity of securities shall be the only obligation of either party in respect of the securities so transferable and receivable.

2.2. **Margin Maintenance**

The provisions set out in the General Regulations and the Procedures in relation to margin and cover for margin shall be applicable to this RepoClear Contract. Any cover for variation margin liability will be in the form of cash only.

2.3. **Income Payments**

If this RepoClear Contract has arisen form a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, where the Term of this RepoClear Contract extends over any Income Payment Date in respect of any Purchased Securities subject to this RepoClear Contract, Buyer shall make payment of such amounts in respect of such Income Payment Date in accordance with the RepoClear Procedures.

2.4. **Payment and Transfer**

(a) Each of the following insofar as it is applicable to this RepoClear Contract shall be paid or transferred, as the case may be, in accordance with the provisions set out in the RepoClear Procedures: the Purchase Price, the Repurchase Price, the Purchased Securities, the Equivalent Securities.

(b) In accordance with the RepoClear Procedures, either party may appoint another person to make any payments and/or to make any transfers of securities on its behalf. Notwithstanding any such appointment, each of the parties agree that it shall remain liable under this RepoClear Contract as principal.

(c) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, and if this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with the provisions of Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, in any Equivalent Securities, shall pass to the party to which transfer is being made upon transfer of the same in accordance with these Standard Terms, free from all liens, claims, charges and encumbrances.

2.5. **Withholding Tax Provisions**

(a) All money payable by the RepoClear Clearing Member to the Clearing House in respect of this RepoClear Contract shall be paid free and clear of any deduction. Where however, a RepoClear Clearing Member is required by any applicable law or any taxation authority properly acting within the scope of its authority or power, to withhold or deduct any tax or duty from any payment due in respect of this RepoClear Contract, the RepoClear Clearing Member shall be entitled to withhold or deduct such tax or duty, and shall pay to the Clearing House such additional amounts as will result in the net amounts receivable by the Clearing House (after taking account of such withholding or deduction) being equal to such amounts as would have been received by the Clearing House had no such taxes or duties been required to be withheld or deducted.

(b) All money payable by the Clearing House to the RepoClear Clearing Member in respect of this RepoClear Contract shall be paid free and clear of any deduction. Where however, the Clearing House is required by any applicable law or any taxation authority properly acting within the scope of its authority or power, to withhold or deduct any tax or duty from any payment due in respect of this RepoClear Contract, the Clearing House shall be entitled to withhold or deduct such tax or duty. In such event, the Clearing House shall pay such additional

amounts as will result in the net amounts receivable by the RepoClear Clearing Member (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted, PROVIDED, however, that the Clearing House shall only be under an obligation to pay such additional amounts to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover and does recover the amount payable by it from another RepoClear Clearing Member in respect of any related RepoClear Contract.

2.6. **Substitution**

(a) This RepoClear Contract may be varied by the transfer by Buyer to Seller of securities equivalent to the Purchased Securities in exchange for the transfer by Seller to Buyer of other securities, in accordance with the provisions of the RepoClear Procedures.

(b) Notwithstanding the provisions of the RepoClear Procedures, where this RepoClear Contract has arisen from a RepoClear Repo Transaction in accordance with Regulation 55 or from a Repo Trade in accordance with the provisions of Regulation 56 or Regulation 56A, and the Repurchase Date is not the Business Day immediately following the Purchase Date, Seller shall have the right (subject to the proviso to this paragraph 2.6(b)) by notice to Buyer (such notice to be given in accordance with the RepoClear Procedures) to vary this RepoClear Contract in accordance with the provisions of the RepoClear Procedures; provided, however, that Buyer may elect by close of business on the Business Day on which such notice is received (or by close of business on the next Business Day if notice is received after the time specified in the RepoClear Procedures for the giving of such notice) not to vary this RepoClear Contract. If Buyer elects not to vary this RepoClear Contract, Seller shall have the right, by notice to Buyer, to terminate this RepoClear Contract on the Business Day specified in that notice, such Business Day not to be later than two Business Days after the date of the notice.

(c) Notwithstanding the provisions of the Default Rules, where the RepoClear Clearing Member is Seller and the Clearing House is Buyer in respect of this RepoClear Contract and the RepoClear Clearing Member exercises its right to vary this RepoClear Contract or to terminate this RepoClear Contract under paragraph 2.6(b), the RepoClear Clearing Member shall be required to pay to the Clearing House by close of business on the Business Day of such variation or termination an amount equal to such amount that the Clearing House determines, in its sole and absolute discretion, that is payable in respect of any related RepoClear Contract by the Clearing House (in its capacity as Seller in respect of such related RepoClear Contract) to a RepoClear Clearing Member in respect of such related RepoClear Contract (in its capacity as Buyer in respect of such related RepoClear Contract).

(d) Notwithstanding the provisions of the Default Rules, where the Clearing House is Seller and the RepoClear Clearing Member is Buyer in respect of this RepoClear Contract and the Clearing House exercises its right to vary this RepoClear Contract or to terminate this RepoClear Contract under paragraph 2.6(b), the Clearing House shall be required to pay to the RepoClear Clearing Member by close of business on the Business Day of such variation or termination an amount equal to:

(i) the RepoClear Clearing Member's actual cost (including all fees, expenses and commissions) of (aa) entering into replacement transactions; (bb)

entering into or terminating hedge transactions; and (cc) terminating or varying transactions with third parties in connection with or as a result of such variation or termination; and

(ii) to the extent that the RepoClear Clearing Member does not enter into replacement transactions, the loss incurred by the RepoClear Clearing Member directly arising or resulting from such variation or termination,

in each case as determined and calculated in good faith by the RepoClear Clearing Member; PROVIDED, however, that the Clearing House shall only be required to pay such amount to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover the amount payable by it from a RepoClear Clearing Member in respect of any related RepoClear Contract.

2.7. **Regulations**

This RepoClear Contract shall be subject to the Regulations, which shall form a part of its terms.

2.8. **"When Issued" Securities**

Where the subject matter of this RepoClear Contract is RepoClear Eligible Securities which have not yet been issued at the time this contract comes into being, in the event that such securities are not issued by the issuer this RepoClear Contract shall be null and void ab initio, and the only liability shall be that of the Clearing House to return to the RepoClear Clearing Member of any margin held by it, subject to compliance by the RepoClear Clearing Member with all the requirements of these Regulations and Procedures in respect of such RepoClear Contract.

2.9. **Governing Law**

This RepoClear Contract shall be governed by, and construed in accordance with, English law and the parties hereby submit to the jurisdiction of the English courts.

2.10. **Third Party Rights**

A person who is not a party to this RepoClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this RepoClear Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part B

Product Eligibility Criteria for Registration of a RepoClear Contract

1. **Eligibility Criteria**

1.1 Without prejudice to the Regulations and Procedures, including but not limited to the RepoClear Procedures, the Clearing House shall only register a RepoClear Transaction, Repo Trade or a Bond Trade as a RepoClear Contract pursuant to receipt of details of such RepoClear Transaction, Repo Trade or Bond Trade where at the time the details are presented:

(a) subject to 1.2 below, such RepoClear Transaction, Repo Trade or Bond Trade meets the Eligibility Criteria set out for in 2.1 and 2.2 or 3.1 and 3.2 below (as the case may be), and the securities appear in the list published for this purpose from time to time by the Clearing House; and

(b) the details of such RepoClear Transaction, Repo Trade or Bond Trade are submitted for registration in accordance with the Regulations, the Procedures and all such other requirements from time to time of the Clearing House; and

(c) the parties to such RepoClear Transaction, Repo Trade or Bond Trade are RepoClear Participants,

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

1.2 German Government Debt Securities made available for trading on day of auction:

1.2.1 Where a RepoClear Transaction, Repo Trade or Bond Trade is a trade of RepoClear Eligible Securities which are to be auctioned by the German Government, and the trade is submitted from an Approved Trade Matching System, or Automated Trading System (as referred to in Regulation 56 or Regulation 56A), on the day on which such securities are to be auctioned, then the Clearing House shall register such trade PROVIDING THAT the requirements of 1.1 above are satisfied and the German Government proceeds to issue such securities; in the event that the German Government decides, on the basis of the auction, not to proceed to issue the securities;

1.2.1.1 any such RepoClear Transaction, shall be deemed to be null and void and the Clearing House will reject it. In such circumstances, no RepoClear Contracts will arise with the Clearing House; and

1.2.1.2 any RepoClear Contract already registered by the Clearing House, whether arising from a RepoClear Transaction or a Repo Trade or Bond Trade, shall be deemed to be void ab initio.

1.2.2 The first valid settlement day for a RepoClear Transaction, Repo Trade or Bond Trade referred to in 1.2.1 above shall be trade day plus two days (T+2).

1.3 United Kingdom Government Debt Securities made available for trading prior to issue date:

1.3.1 Where a RepoClear Transaction, Repo Trade or Bond Trade is a trade of RepoClear Eligible Securities which are to be issued by the United Kingdom Government, and the trade is submitted from an Approved Trade Matching System, or Automated Trading

System (as referred to in Regulation 56 or Regulation 56A), on a day prior to the day on which such securities are to be issued, then the Clearing House shall register such trade PROVIDING THAT the requirements of 1.1 above are satisfied and the United Kingdom Government proceeds to issue such securities; in the event that the United Kingdom Government decides not to proceed to issue the securities:

1.3.2 any such RepoClear Transaction shall be deemed to be null and void and the Clearing House will reject it. In such circumstances, no RepoClear Contracts will arise with the Clearing House; and

1.3.2.1 any RepoClear Contract already registered by the Clearing House, whether arising from a RepoClear Transaction or a Repo Trade or Bond Trade, shall be deemed to be void ab initio.

1.3.3 The first valid settlement date for a RepoClear Transaction, Repo Trade or Bond Trade referred to in 1.3.1 above, shall be issue date plus one day (T+1).

1.4 Where the Clearing House rejects any RepoClear Transaction in the circumstances set out in 1.2 or 1.3 above, the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) shall have no liability, and where a RepoClear Contract is deemed void ab initio in such circumstances, the only liability shall be that of the Clearing House to return to the relevant RepoClear Clearing Member/s of any margin held by it, subject to compliance by the relevant RepoClear Clearing Members with all the requirements of these Regulations and Procedures in respect of such RepoClear Contract.

1.5 For the purposes of this Part B of the Schedule to the RepoClear Regulations, **"RepoClear Operating Day"** means any RepoClear Opening Day (see Section 2B.2.1) and is also a day when all Approved Depository Systems (as defined in section 2B of the RepoClear Procedures) for the category of the securities are operational for the completion of transfer of those Securities.

2. Repo Trades and RepoClear Repo Transactions

2.1 *Product Eligibility Criteria for a Repo Trade or RepoClear Repo Transaction*

Deal Types	Classic repo/reverse repo		
Collateral Types	Specifically named collateral		
Structure	Fixed rate repo; Fixed term repo		
Eligible Securities	German Government Debt Securities (see 2.2.1 below) Belgian Government Debt Securities (see 2.2.1 below) Austrian Government Debt Securities (see 2.2.1 below) Dutch Government Debt Securities (see 2.2.1 below) Irish Government Debt	US Dollar International Bonds	United Kingdom Government Debt Securities (see 2.2.1 below)

	Securities (see 2.2.1 below) Finnish Government Debt Securities (see 2.2.1 below) Portuguese Government Debt Securities (see 2.2.1 below) Spanish Government Debt Securities (see 2.2.1 below) German Jumbo Pfandbrief Bonds (see 2.2.2 below) International Bonds denominated in Euro (see 2.2.2 below)		
Currency	Euro	US Dollar	Sterling
Delivery Depositories	Euroclear; Clearstream Luxemburg (CBL); Clearstream Frankfurt (CBF) (including all cross-border combinations); National Bank of Belgium (via our agent, KBC Brussels)	Euroclear; Clearstream Luxemburg (CBL); (including all cross-border combinations)	Euroclear UK and Ireland
Term			
Minimum Opening Leg	Date of registration by the Clearing House	Date of registration by the Clearing House plus 1 RepoClear Operating Day	Date of registration by the Clearing House
Maximum Opening Leg	Any valid settlement day up to 374 days from the trade date subject to the restrictions with respect to the Closing Leg	Any valid settlement day up to 374 days from the trade date subject to the restrictions with respect to the Closing Leg	Any valid settlement day up to 374 days from the trade date subject to the restrictions with respect to the Closing Leg
Minimum Closing Leg	Settlement Date of Opening Leg plus 1 RepoClear Operating Day		
Maximum Closing Leg	Any valid settlement day which is 1 to 374 days later than the opening leg and is no later than bond maturity date minus 2 RepoClear	Any valid settlement day which is 1 to 374 days later than the	Any valid settlement day which is 1 to 374 days later than the

	Operating Days. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375 days.	opening leg and is no later than bond maturity date minus 2 RepoClear Operating Days. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375 days.	opening leg and is no later than bond maturity date minus 9 RepoClear Operating Days. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375 days.

2.2 *Eligible Securities for a Repo Trade or RepoClear Repo Transaction*

The following tables set out a description of the types of bonds which are usually eligible for registration by the Clearing House. A definitive list containing details of all bonds which are RepoClear Eligible Securities is published from time to time by the Clearing House.

2.2.1 Government Debt Securities

Germany
- Treasury Bills (Bubills) - Schatzanweisungen der Bundesrepublik Deutschland (Schatz) - Schatzanweisungen der Bundesrepublik Deutschland - Fonds “Deutsche Einheit” - German Unity Fund BKO - Anleihen der Bundesrepublik Deutschland (Bunds) - Anleihen der Bundesrepublik Deutschland - Fonds “Deutsche Einheit” (German Unity Fund) - Anleihen der Bundesrepublik Deutschland (Bund Principal Strips) - Anleihen der Bundesrepublik Deutschland (Bund Coupon Strips) - Obligationen der Bundesrepublik Deutschland (Bobl) - Anleihen der Treuhandstalt - Obligationen der Treuhandstalt (Tobl)

Belgium
- Fixed-coupon linear-bonds (OLOs) - Principal strips - Coupon strips - Belgian Treasury Certificates

Austria
- Austrian Government Bonds

Netherlands
- Dutch Government Bonds (also known as Dutch State Loans)

- Dutch Treasury Certificates

Ireland
- Irish Government Bonds

Finland
- Finnish Government Bonds

Portugal
- Portuguese Government Bonds

Spain
- Spanish Government Bonds

United Kingdom
- United Kingdom Government Bonds and Treasury Bills

2.2.2 Other Bonds

German Jumbo Pfandbriefe
Issuers: Allgemeine Hypothekenbank Bayerische Hypo-und Vereinsbank AG Bayerische Landesbank Girozentrale Berlin-Hannover Hypothekenbank DekaBank Depfa Bank Deutsche Genossenschafts-Hypothekenbank Deutsche Hypothekenbank Frankfurt AG Deutsche Hyp-Deutsche Hypothekenbank Frankfurt-Hamburg AG Dexia Hypothekenbank Dusseldorfer Hypothekenbank Enrohypo AG Europaeische Hypothekenbank der Deutschen Bank Eurohypo Aktiengesellschaft Hypothekenbank IN Essen Hypo Real Estate Bank AG Landesbank Baden-Wuerttemberg Landesbank Berlin Landesbank Hessen-Thueringen Landesbank NRW Landesbank Rheiland-Pflaz-Girozentrale Landesbank Sachsen Munchener Hypothekenback Norddeutsche Landesbank Rheinhyp Schleswig-Holsteinische SEB Hypothekenbank Westfaelische Hypothekenbank WestLB Wuerttembergische Hypothekenbank AG

International Bonds (denominated in Euro or in US Dollar)
Agency Bonds Sovereign Bonds Supranational Bonds

German Jumbo Pfandbriefe

The Clearing House may, from time to time and at its sole discretion, refuse to register certain bonds which would otherwise meet the criteria set out in 2.1 and 2.2 above to be RepoClear Eligible Securities.

3. Bond Trades and RepoClear Bond Transactions

3.1 *Product Eligibility Criteria for a Bond Trade or RepoClear Bond Transaction*

Eligible Securities	German Government Debt Securities (see 3.2.1 below) Belgian Government Debt Securities (see 3.2.1 below) Austrian Government Debt Securities (see 3.2.1 below) Dutch Government Debt Securities (see 3.2.1 below) Irish Government Debt Securities (see 3.2.1 below) Finnish Government Debt Securities (see 3.2.1 below) German Jumbo Pfandbrief Bonds (see 3.2.2 below) Portuguese Government Debt Securities (see 3.2.1 below) Spanish Government Debt Securities (see 3.2.1 below) International Bonds denominated in Euro (see 3.2.2 below) Please see LCH.Clearnet Limited website for full details of all bonds eligible from time to time	US Dollar International Bonds	United Kingdom Government Bonds (see 3.2.1 below)
Currency	Euro	US Dollar	Sterling

Delivery Depositories	Euroclear; Clearstream Luxemburg (CBL); Clearstream Frankfurt (CBF) (including all cross-border combinations); National Bank of Belgium (via our agent, KBC Brussels)	Euroclear; Clearstream Luxemburg (CBL); (including all cross-border combinations)	Euroclear UK and Ireland
Minimum Settlement Date	Date of registration by the Clearing House	Date of registration by the Clearing House plus 1 RepoClear Operating Day	Date of registration by the Clearing House
Maximum Settlement Date	Any valid settlement day up to 385 days from the date of registration by the Clearing House and being no later than bond maturity date minus 2 RepoClear Operating Days.	Any valid settlement day up to 385 days from the date of registration by the Clearing House and being no later than bond maturity date minus 2 RepoClear Operating Days.	Any valid settlement day up to 385 days from the date of registration by the Clearing House and being no later than bond maturity date minus 9 RepoClear Operating Days or Treasury Bill maturity date minus 1 RepoClear Operating d

3.2 *Eligible Securities for a Bond Trade or RepoClear Bond Transaction*

The following tables set out a description of the types of bonds which are usually eligible for registration by the Clearing House. A definitive list containing details of all bonds which are RepoClear Eligible Securities is published from time to time by the Clearing House.

3.2.1 *Government Debt Securities*

Germany
- Treasury Bills (Bubills) - Schatzanweisungen der Bundesrepublik Deutschland (Schatz) - Schatzanweisungen der Bundesrepublik Deutschland - Fonds “Deutsche Einheit” - German Unity Fund BKO - Anleihen der Bundesrepublik Deutschland (Bunds) - Anleihen der Bundesrepublik Deutschland - Fonds “Deutsche Einheit” (German Unity Fund) - Anleihen der Bundesrepublik Deutschland (Bund Principal Strips) - Anleihen der Bundesrepublik Deutschland (Bund Coupon Strips) - Obligationen der Bundesrepublik Deutschland (Bobl) - Anleihen der Treuhandstalt - Obligationen der Treuhandstalt (Tobl)

Belgium
- Fixed-coupon linear-bonds (OLOs) - Principal strips - Coupon strips - Belgian Treasury Certificates

Austria
- Austrian Government Bonds
Netherlands
- Dutch Government Bonds (also known as Dutch State Loans) - Dutch Treasury Certificates

Ireland
- Irish Government Bonds

Finland
- Finnish Government Bonds

Portugal
- Portuguese Government Bonds

Spain
- Spanish Government Bonds

United Kingdom
- United Kingdom Government Bonds and Treasury Bills

3.2.2 Other Bonds

German Jumbo Pfandbriefe
Issuers: Allgemeine Hypothekenbank Bayerische Hypo-und Vereinsbank AG Bayerische Landesbank Girozentrale Berlin-Hannover Hypothekenbank DekaBank Depfa Bank Deutsche Genossenschafts-Hypothekenbank Deutsche Hypothekenbank Frankfurt AG Deutsche Hyp-Deutsche Hypothekenbank Frankfurt-Hamburg AG Dexia Hypothekenbank Dusseldorfer Hypothekenbank Enrohypo AG Europaeische Hypothekenbank der Deutschen Bank Eurohypo Aktiengesellschaft Hypothekenbank IN Essen Hypo Real Estate Bank AG Landesbank Baden-Wuerttemberg Landesbank Berlin Landesbank Hessen-Thueringen Landesbank NRW Landesbank Rheiland-Pflaz-Girozentrale Landesbank Sachsen Munchener Hypothekenback

German Jumbo Pfandbriefe
Norddeutsche Landesbank Rheinhyp Schleswig-Holsteinische
SEB Hypothekenbank Westfaelische Hypothekenbank WestLB Wuerttembergische Hypothekenbank AG

International Bonds (denominated in Euro or in US Dollar)
Agency Bonds Sovereign Bonds Supranational Bonds

The Clearing House may, from time to time and at its sole discretion, refuse to register certain bonds which would otherwise meet the criteria set out in 3.1 and 3.2 above to be RepoClear Eligible Securities.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part C

LCH GC Repo Contract Terms

PART C of the Schedule to the RepoClear Regulations has been deleted as the service offering for LCH GC Repo has been withdrawn for the time being.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part D

Product Eligibility Criteria for Registration of a LCH GC Repo Contract

PART D of the Schedule to the RepoClear Regulations has been deleted as the service offering for LCH GC Repo has been withdrawn for the time being.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part E

RepoClear SGC Contract Terms: RepoClear SGC Contracts arising from RepoClear SGC Transactions or SGC Trades

Where a RepoClear SGC Contract arises between the Clearing House and a RepoClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such RepoClear SGC Contract shall include these REPOCLEAR SGC CONTRACT TERMS, which shall comprise:

(1) Interpretation section;

(2) Economic Terms; and

(3) Standard Terms.

Interpretation Section

Save as otherwise specified herein, words and phrases defined elsewhere in this Rulebook shall have the same meanings in these RepoClear SGC Contract Terms.

In the event of any inconsistency between these RepoClear SGC Contract Terms and the Rulebook, the Rulebook will prevail, unless expressly otherwise specified.

As used in these RepoClear SGC Contract Terms:

"**Closing Cash Amount**" means the cash amount identified in the Economic Terms as set out in paragraph 1 below.

"**Daily Cash Amount**" means, on any SGC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.5(c).

"**Daily Equivalent Securities**" means, on any day, the net securities transferable by either party to the other, calculated under paragraph 2.5(b).

"**Daily Purchased Securities**" means, on any SGC Day, the net securities transferable by either party to the other, calculated under paragraph 2.5(a).

"**Daily Return Amount**" means, on any SGC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.5(d).

"**Eligible Securities**" means securities of any issue of securities comprised in a SGC Basket.

"Eligible SGC Basket" means an SGC Basket which appears in the list containing details of all Eligible SGC Baskets published for this purpose from time to time by the Clearing House.

"**Eligible SGC Trade**" means a RepoClear SGC Transaction or SGC Trade, as applicable.

"**End Date**" means the last day upon which Equivalent Securities will be delivered by the Buyer to the Seller in accordance with these RepoClear SGC Contract Terms, as stated in the Economic Terms.

"**Equivalent Securities**" means, on any day, securities equivalent to the Purchased Securities that were transferred by Seller to Buyer on the immediate preceding SGC Day.

Securities are "**equivalent to**" other securities for the purposes of these RepoClear SGC Contract Terms if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other securities.

"**Interest**" means with regard to this RepoClear SGC Contract, the amount obtained by deducting the Opening Cash Amount from the Closing Cash Amount.

"**Last SGC Date**" means, with regard to this RepoClear SGC Contract, the last date upon which Purchased Securities will be sold by Seller to Buyer in accordance with these RepoClear SGC Contract Terms.

"**Opening Cash Amount**" means the cash amount identified in the Economic Terms as set out paragraph 1 below.

"**Purchased Securities**" means, on any SGC Day, Eligible Securities transferable by Seller to Buyer on that SGC Day under these RepoClear SGC Contract Terms.

"**RepoClear Procedures**" means the part of the Rulebook of the Clearing House that contains provisions in respect of RepoClear SGC Contracts.

"**RepoClear SGC Contract**" means a RepoClear SGC Contract between Buyer and Seller on the RepoClear SGC Contract Terms and references to "this RepoClear SGC Contract" are to the particular RepoClear SGC Contract in question.

"**Return Amount**" means a cash amount which is equivalent in value to, and in the same currency as, the Opening Cash Amount.

"**SGC Basket**" means the issues of securities published by the Clearing House from time to time in accordance with the RepoClear Procedures which, together, comprise a basket of securities.

"**SGC Cut-Off Time**" means such time on each SGC day as is set out in the RepoClear Procedures (as the time after which on that day no further Eligible SGC Trades will be accepted by the Clearing House for registration which are to be settled on the same SGC day).

"**SGC Day**" means any day of the Term on which the RepoClear SGC Service operates.

"**Start Date**" means the SGC Day being the first day upon which Purchased Securities will be sold by Seller to Buyer as stated in the Economic Terms and in accordance with these RepoClear SGC Contract Terms.

"**Term**" means the interval of time commencing on and including the Start Date and ending on and including the Last SGC Date.

"**Underlying SGC Basket**" means the SGC Basket identified in the Economic Terms of a RepoClear SGC Contract.

1. **Economic Terms**

In relation to this RepoClear SGC Contract, the terms in (a) to (h) below (the "**Economic Terms**") will (i) where this RepoClear SGC Contract is dealt with through an Approved Trade Matching System, be derived from the information presented by the RepoClear Participants to the Clearing House for registration, and (ii) where this RepoClear SGC Contract is dealt with through an Automated Trading System, be derived from the information input by the RepoClear Participants and matched by or in accordance with the rules and procedures of such Automated Trading System.

The Economic Terms comprise details of:

(a) Buyer;

(b) Seller;

(c) Underlying SGC Basket (identified by ISIN);

(d) Trade date and time;

(e) Start Date;

(f) End Date;

(g) Opening Cash Amount;

(h) Closing Cash Amount;

PROVIDED, however, that, when such information presented or input (as the case may be) by any RepoClear Participants specifies such RepoClear Participant as (i) Buyer under a contract, with the other party as Seller, the Clearing House will be Seller under the RepoClear SGC Contract; and (ii) Seller under a contract, with the other party as Buyer, the Clearing House will be Buyer under the RepoClear SGC Contract.

2. **Standard Terms**

2.1 RepoClear SGC Contracts shall arise in accordance with the Rulebook and shall be on these RepoClear SGC Contract Terms.

Allocation of Eligible Securities

2.2 On each SGC Day of this RepoClear SGC Contract, Seller agrees that Purchased Securities shall be allocated from the Underlying SGC Basket in accordance with the terms of this RepoClear SGC Contract and the RepoClear Procedures. Purchased Securities may be allocated from more than one issue of securities in the Underlying SGC Basket. Following the application of paragraph 2.5, the value of Daily Purchased Securities to be allocated on any SGC Day shall be equal to the Daily Cash Amount (subject to any minor discrepancies in value attributable to allocation methodologies as contemplated within the RepoClear Procedures from time to time).

2.3 [ ].

Transfer of Securities and Cash

2.4 Subject to paragraph 2.5 below:

(a) on the Start Date and each subsequent SGC Day, Seller shall transfer Purchased Securities to Buyer against payment of the Opening Cash Amount by Buyer, in accordance with the RepoClear Procedures.

(b) on the SGC Day immediately after the Start Date and on each subsequent SGC Day and also the End Date, Buyer shall transfer Equivalent Securities to Seller against payment of the Return Amount, in accordance with the RepoClear Procedures.

2.5 Subject to the Default Rules:

(a) the value of Purchased Securities transferable by Seller to Buyer under this RepoClear SGC Contract on any SGC Day and the value of Purchased Securities transferable by either party to the other under any other open RepoClear SGC Contract relating to the same Underlying SGC Basket on the same day shall be combined into a single calculation of a net value of securities of that SGC Basket transferable by one party to the other and the obligation to transfer securities of that net value and of that SGC Basket (the "**Daily Purchased Securities**") through the CREST DBV System on that day shall be the only obligation of either party in respect of all Purchased Securities so transferable and receivable on that day;

(b) the Equivalent Securities transferable by Buyer to Seller under this RepoClear SGC Contract on any day and the Equivalent Securities transferable by either party to the other under any other open RepoClear SGC Contract relating to the same Underlying SGC Basket on the same day shall be replaced by a single obligation by one party (the "**delivering party**") to transfer on that day to the other party (the "**receiving party**") through the CREST DBV System securities equivalent to the Daily Purchased Securities that were transferred on the previous SGC Day by the receiving party to the delivering party (the "**Daily Equivalent Securities**"), and that obligation to transfer the Daily Equivalent Securities shall be the only obligation of either party in respect of all Equivalent Securities so transferable and receivable on that day;

(c) the Opening Cash Amount transferable by Buyer to Seller under this RepoClear SGC Contract on any SGC Day and any Opening Cash Amount transferable by either party to the other under any other open RepoClear SGC Contract on the same day shall be combined in a single calculation of a net cash amount ("**the Daily Cash Amount**") transferable by one party to the other and the obligation to transfer the Daily Cash Amount shall be the only obligation of either party in respect of all Opening Cash Amounts so transferable and receivable on that day;

(d) the Return Amount transferable by Seller to Buyer under this RepoClear SGC Contract on any day and any Return Amount transferable by either party to the other under any other open RepoClear SGC Contract on the same day shall be replaced by a single net obligation by one party (the "**paying party**") to transfer to the other party (the "**receiving party**") on that day cash equivalent in amount to, and of the same currency as, the Daily Cash Amount that was transferred on the previous SGC Day by the receiving party to the paying party ("**the Daily Return Amount**"), and that obligation to transfer the Daily Return Amount shall be the only obligation of either party in respect of all Return Amounts so transferable and receivable on that day;

PROVIDED ALWAYS THAT any obligation of a party to transfer any Daily Cash Amount shall not be combined with any obligation of a party to transfer any Daily Return Amount arising on the same day and payment of such Daily Cash Amount shall be made gross and separate from such Daily Return Amount in accordance with the RepoClear Procedures.

Terminology

2.6 Notwithstanding the use of expressions such as "margin", "Equivalent Securities", "Opening Cash Amount", "Purchased Securities", "Daily Cash Amount", "Daily Return Amount", "Daily Purchased Securities" and "Daily Equivalent Securities" which are used to reflect terminology used in the market for transactions of the kinds provided for in

these RepoClear SGC Contract Terms, all right, title and interest in and to Daily Purchased Securities, Daily Cash Amount and Daily Return Amount transferred or paid under these RepoClear SGC Contract Terms and, all right, title and interest in Daily Equivalent Securities, shall pass to the transferee on transfer or payment, and the obligation of the party receiving Daily Purchased Securities on any SGC Day shall be an obligation to transfer Daily Equivalent Securities on the next following day, at such time as is set out in the RepoClear Procedures.

Interest

2.7 Seller shall pay the Interest to Buyer on the End Date in accordance with these RepoClear SGC Contract Terms and the RepoClear Procedures.

2.8 Subject to the Default Rules, Interest payable under this RepoClear SGC Contract and Interest payable by either party to the other under any other RepoClear SGC Contract with the same End Date shall be combined in a single calculation of a net cash amount payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

Payment and Transfer

2.9 Each of the following insofar as it is applicable to this RepoClear SGC Contract, shall be paid or transferred in accordance with the provisions set out in the RepoClear Procedures: Daily Purchased Securities; Daily Equivalent Securities; Daily Cash Amount; Daily Return Amount; Interest.

2.10 In accordance with the RepoClear Procedures, either party may appoint another person to make any payments and to make any transfers of securities on its behalf. Notwithstanding any such appointment, each of the parties agrees that it shall remain liable under this RepoClear SGC Contract as principal.

2.11 The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, and in any Equivalent Securities, shall pass to the party to which transfer is being made upon transfer of the same in accordance with these Standard Terms, free from all liens, claims, charges and encumbrances.

3. **General**

Margin Maintenance

3.1 The provisions set out in the General Regulations and the Procedures in relation to margin and cover for margin shall be applicable to this RepoClear SGC Contract. Any cover for variation margin liability will be in the form of cash only.

Withholding Tax Provisions

3.2 All money payable by a RepoClear Clearing Member to the Clearing House in respect of this RepoClear SGC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the RepoClear Clearing Member shall pay such additional amounts as will result in the net amounts receivable by the Clearing House (after taking account of such withholding or deduction)

being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.

3.3 All money payable by the Clearing House to a RepoClear Clearing Member in respect of this RepoClear SGC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Clearing House shall pay such additional amounts as will result in the net amounts receivable by the RepoClear Clearing Member (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted; PROVIDED, however, that the Clearing House shall only be under an obligation to pay such additional amounts to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover the amount payable by it from a RepoClear Clearing Member in respect of any related RepoClear SGC Contract.

Regulations

3.4 This RepoClear SGC Contract shall be subject to the Regulations, which shall form a part of its terms.

Governing Law

3.5 This RepoClear SGC Contract shall be governed by and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

Third Party Rights

3.6 A person who is not a party to this RepoClear SGC Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of his RepoClear SGC Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part F

Product Eligibility Criteria for Registration of a RepoClear SGC Contract

1. Eligibility Criteria

Without prejudice to the Regulations and Procedures, including but not limited to the RepoClear Procedures, the Clearing House shall only register a RepoClear SGC Transaction or a SGC Trade as a RepoClear SGC Contract pursuant to receipt of details of such RepoClear SGC transaction or SGC Trade where at the time the details are presented:

(a) RepoClear SGC Transaction or SGC Trade meets the Eligibility Criteria set out for in 2.1 and 2.2 and the Underlying SGC Basket appears in the list containing details of all Eligible SGC Baskets published for this purpose from time to time by the Clearing House; and

(b) the details of such RepoClear SGC Transaction or SGC Trade are submitted for registration in accordance with the Rulebook and all such other requirements from time to time of the Clearing House; and

(c) the parties to such RepoClear SGC Transaction or SGC Trade are RepoClear Participants,

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

2. RepoClear SGC Transactions and SGC Trades

2.1 *Product Eligibility Criteria for a RepoClear SGC Transaction or RepoClear SGC Trade*

Deal Types	classic repo; reverse repo
Collateral Types	Securities combined in specifically named SGC Baskets
Structure	A series of one or more overnight (with respect to days on which the RepoClear SGC service is operational) repo transactions with immediate or forward start and Fixed rate repo
SGC Baskets	ISIN GB00B1347K44 LCH.Clearnet GC Basket – RepoClear STLG GC UK Government BD Basket
Currency	Pounds sterling
Settlement Depository	Euroclear UK and Ireland
Term	
Minimum Opening Leg	Date of registration by the Clearing House up to the SGC Cut-

	Off Time
Maximum Opening Leg	Any valid SGC Day up to 374 days from the trade date
Minimum Closing Leg	Opening Leg plus 1 SGC Day
Maximum Closing Leg	Any valid SGC settlement day, which is 1 to 374 days later than, the opening leg. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375

2.2 ***Eligible SGC Baskets for a RepoClear SGC Transaction or SGC Trade***

The following SGC Baskets are available for trading as subject to these Rulebook provisions:

(a) British Government Unstripped Sterling SGC Basket; Eligible Securities in this SGC Basket are such Unstripped British Government bonds as are published from time to time by the Clearing House on the LCH.Clearnet Member-only web site.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part G

RepoClear GC Contract Terms: RepoClear €GC Contracts arising from RepoClear €GC Transactions or €GC Trades

Where a RepoClear €GC Contract arises between the Clearing House and a RepoClear Clearing Member pursuant to the Regulations and the terms of any agreement entered into between them, the terms of such RepoClear €GC Contract shall include these REPOCLEAR €GC CONTRACT TERMS, which shall comprise:

(1) Interpretation section;

(2) Economic Terms; and

(3) Standard Term.

Interpretation Section

Save as otherwise specified herein, words and phrases defined elsewhere in this Rulebook shall have the same meanings in these RepoClear €GC Contract Terms.

In the event of any inconsistency between these RepoClear €GC Contract Terms and the Rulebook, the Rulebook will prevail, unless expressly otherwise specified.

As used in these RepoClear €GC Contract Terms:

"AutoAssign Supplement" means the CBL arrangement outlining services facilitating selection of securities for €GC Contracts.

"AutoSelect" means the Euroclear electronic processing module facilitating the selection of securities for €GC Contracts.

"CBL" means Clearstream Banking Limited.

"**Closing Cash Amount**" means the cash amount identified in the Economic Terms as set out in paragraph 1 below.

"**Daily Cash Amount**" means, on any €GC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.4(c).

"**Daily Equivalent Securities**" means, on any day, the net securities transferable by either party to the other, calculated under paragraph 2.4(b).

"**Daily Purchased Securities**" means, on any €GC Day, the net securities transferable by either party to the other, calculated under paragraph 2.4(a).

"**Daily Return Amount**" means, on any €GC Day, the net cash amount payable by either party to the other, calculated under paragraph 2.4(d).

"Eligible €GC Basket" means a €GC Basket which appears in the list containing details of all Eligible €GC Baskets published for this purpose from time to time by the Clearing House.

"**Eligible €GC Trade**" means a RepoClear €GC Transaction or €GC Trade, as applicable.

"**Eligible Securities**" means securities of any issue of securities comprised in a €GC Basket.

"**End Date**" means the last day upon which Equivalent Securities will be delivered by the Buyer to the Seller in accordance with these RepoClear €GC Contract Terms, as stated in the Economic Terms.

"**Equivalent Securities**" means, on any day, securities equivalent to the Purchased Securities that were transferred by Seller to Buyer on the immediate preceding €GC Day.

Securities are "**equivalent to**" other securities for the purposes of these RepoClear €GC Contract Terms if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other securities.

"Euroclear" means Euroclear Bank.

"**€GC Basket**" means the issues of securities recognised by the Clearing House in accordance with the RepoClear Procedures which, together, comprise each basket of securities as set out in Part H of the Schedule to the RepoClear Regulations.

"€GC Cut-Off Time" means such time on each €GC day as is set out in the RepoClear Procedures (as the time after which on that day no further Eligible €GC Trades will be accepted by the Clearing House for registration which are to settled on the same €GC day).

"€GC Day" means any day of the Term on which the RepoClear €GC service operates.

"Euro Zone Countries" means the countries which are member states of the European Union who have adopted the euro currency union.

"**Interest**" means with regard to this RepoClear €GC Contract, the amount obtained by deducting the Opening Cash Amount from the Closing Cash Amount.

"**Last €GC Date**" means, with regard to this RepoClear €GC Contract, the last date upon which Purchased Securities will be sold by Seller to Buyer in accordance with these RepoClear €GC Contract Terms.

"**Opening Cash Amount**" means the cash amount identified in the Economic Terms as set out in paragraph 1 below.

"**Purchased Securities**" means on any €GC Day, Eligible Securities transferable by Seller to Buyer on that €GC Day under these RepoClear €GC Contract Terms.

"**RepoClear Procedures**" means the part of the Rulebook of the Clearing House that contains provisions in respect of RepoClear €GC Contracts.

"**RepoClear €GC Contract**" means a RepoClear €GC Contract between Buyer and Seller on these RepoClear €GC Contract Terms and references to "this RepoClear €GC Contract" are to the particular RepoClear €GC Contract in question.

"**Return Amount**" means a cash amount which is equivalent in value to, and in the same currency as, the Opening Cash Amount.

"**Start Date**" means the €GC Day being the first day upon which Purchased Securities will be sold by Seller to Buyer as stated in the Economic Terms and in accordance with these RepoClear €GC Contract Terms.

"Triparty Agent" means CBL, Euroclear or any other agent as the Clearing House may appoint from time to time.

"**Term**" means the interval of time commencing on and including the Start Date and ending on and including the Last €GC Date.

"**Underlying €GC Basket**" means the €GC Basket identified in the Economic Terms of a RepoClear €GC Contract.

1. **Economic Terms**

In relation to this RepoClear €GC Contract, the terms in (a) to (g) below (the "**Economic Terms**") will (i) where this RepoClear €GC Contract is dealt with through an Approved Trade Matching System, be derived from the information presented by the RepoClear Participants to the Clearing House for registration, and (ii) where this RepoClear €GC Contract is dealt with through an Automated Trading System, be derived from the information input by the RepoClear Participants and matched by or in accordance with the rules and procedures of such Automated Trading System.

The Economic Terms comprise details of:

(a) Buyer;

(b) Seller;

(c) Underlying €GC Basket (identified by ISIN);

(d) Trade date and time;

(e) Start Date;

(f) End Date;

(g) Opening Cash Amount;

(h) Closing Cash Amount;

PROVIDED, however, that, when such information presented or input (as the case may be) by any RepoClear Participants specifies such RepoClear Participant as (i) Buyer under a contract, with the other party as Seller, the Clearing House will be Seller under the RepoClear €GC Contract; and (ii) Seller under a contract, with the other party as Buyer, the Clearing House will be Buyer under the RepoClear €GC Contract.

2. **Standard Terms**

2.1 RepoClear €GC Contracts shall arise in accordance with the Rulebook and shall be on these RepoClear €GC Contract Terms.

Allocation of Eligible Securities

2.2 On each €GC Day of this RepoClear €GC Contract, Seller agrees that Purchased Securities shall be allocated from the Underlying €GC Basket in accordance with the terms of this RepoClear €GC Contract and the RepoClear Procedures. Purchased Securities may be allocated from more than one issue of securities in the Underlying €GC Basket. Following the application of paragraph 2.4, the value of Daily Purchased Securities to be allocated on any €GC Day shall be equal to the Daily Cash Amount

(subject to any discrepancies in value attributable to allocation methodologies as contemplated within the RepoClear Procedures from time to time).

Transfer of Securities and Cash

2.3 Subject to paragraph 2.4 below:

(a) on the Start Date and each subsequent €GC Day, Seller shall transfer Purchased Securities to Buyer against payment of the Opening Cash Amount by Buyer, in accordance with the RepoClear Procedures;

(b) on the €GC Day immediately after the Start Date and on each subsequent €GC Day and also the End Date, Buyer shall transfer Equivalent Securities to Seller against payment of the Return Amount, in accordance with the RepoClear Procedures.

2.4 Subject to the Default Rules:

(a) the value of Purchased Securities transferable by Seller to Buyer under this RepoClear €GC Contract on any €GC Day and the value of Purchased Securities transferable by either party to the other under any other open RepoClear €GC Contract relating to the same Underlying €GC Basket on the same day shall be combined into a single calculation of a net value of securities of that €GC Basket transferable by one party to the other and the obligation to transfer securities of that net value and of that €GC Basket (the "**Daily Purchased Securities**") through either CBL's service under the AutoAssign Supplement, Euroclear's AutoSelect service or any other equivalent service provided by a Triparty Agent, as the case may be, on that day shall be the only obligation of either party in respect of all Purchased Securities in relation to that €GC Basket so transferable and receivable on that day;

(b) the Equivalent Securities transferable by Buyer to Seller under this RepoClear €GC Contract on any day and the Equivalent Securities transferable by either party to the other under any other open RepoClear €GC Contract relating to the same Underlying €GC Basket on the same day shall be replaced by a single obligation by one party (the "**delivering party**") to transfer on that day to the other party (the "**receiving party**") in the same manner as set out above at 2.4(a) securities equivalent to the Daily Purchased Securities that were transferred on the previous €GC Day by the receiving party to the delivering party (the "**Daily Equivalent Securities**"), and that obligation to transfer the Daily Equivalent Securities shall be the only obligation of either party in respect of all Equivalent Securities in relation to that €GC Basket so transferable and receivable on that day;

(c) the Opening Cash Amount transferable by Buyer to Seller under this RepoClear €GC Contract on any €GC Day and any Opening Cash Amount transferable by either party to the other under any other open RepoClear €GC Contract in relation to the same Underlying €GC Basket on the same day shall be combined in a single calculation of a net cash amount ("**the Daily Cash Amount**") transferable by one party to the other and the obligation to transfer the Daily Cash Amount shall be the only obligation of either party in respect of all Opening Cash Amounts in relation to the same Underlying €GC Basket so transferable and receivable on that day;

(d) the Return Amount transferable by Seller to Buyer under this RepoClear €GC Contract on any day and any Return Amount transferable by either party to the other under any other open RepoClear €GC Contract in relation to the same Underlying €GC Basket on the same day shall be replaced by a single net obligation by one party (the "**paying party**") to transfer to the other party (the "**receiving party**") on that day cash equivalent in amount to, and of the same currency as, the Daily Cash Amount that was transferred on the previous €GC Day by the receiving party to the paying party ("**the Daily Return Amount**"), and that obligation to transfer the Daily Return Amount shall be the only obligation of either party in respect of all Return Amounts in relation to the same Underlying €GC Basket so transferable and receivable on that day;

PROVIDED ALWAYS THAT any obligation of a party to transfer any Daily Cash Amount shall not be combined with any obligation of a party to transfer any Daily Return Amount arising on the same day and payment of such Daily Cash Amount shall be made gross and separate from such Daily Return Amount in accordance with the RepoClear Procedures.

Terminology

2.5 Notwithstanding the use of expressions such as "margin", "Equivalent Securities", "Opening Cash Amount", "Purchased Securities", "Daily Cash Amount", "Daily Return Amount", "Daily Purchased Securities" and "Daily Equivalent Securities" which are used to reflect terminology used in the market for transactions of the kinds provided for in these RepoClear €GC Contract Terms, all right, title and interest in and to Daily Purchased Securities, Daily Cash Amount and Daily Return Amount transferred or paid under these RepoClear €GC Contract Terms and, all right, title and interest in Daily Equivalent Securities, shall pass to the transferee on transfer or payment, and the obligation of the party receiving Daily Purchased Securities on any €GC Day shall be an obligation to transfer Daily Equivalent Securities on the next following day, at such time as is set out in the RepoClear Procedures.

Interest

2.6 Seller shall pay the Interest to Buyer on the End Date in accordance with these RepoClear €GC Contract Terms and the RepoClear Procedures.

2.7 Subject to the Default Rules, Interest payable under this RepoClear €GC Contract and Interest payable by either party to the other under any other RepoClear €GC Contract with the same End Date and settled through the same Triparty Agent shall be combined in a single calculation of a net cash amount payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

Payment and Transfer

2.8 Each of the following, insofar as it is applicable to this RepoClear €GC Contract, shall be paid or transferred in accordance with the provisions set out in the RepoClear Procedures: Daily Purchased Securities; Daily Equivalent Securities; Daily Cash Amount; Daily Return Amount; Interest.

2.9 In accordance with the RepoClear Procedures, either party may appoint another person to make any payments and to make any transfers of securities on its behalf. Notwithstanding any such appointment, each of the parties agrees that it shall remain liable under this RepoClear €GC Contract as principal.

2.10 The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities and in any Equivalent Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with these Standard Terms, free from all liens, claims, charges and encumbrances.

3. **General**

Margin Maintenance

3.1 The provisions set out in the General Regulations and the Procedures in relation to margin and cover for margin shall be applicable to this RepoClear €GC Contract. Any cover for variation margin liability will be in the form of cash only denominated in Euro.

Withholding Tax Provisions

3.2 All money payable by a RepoClear Clearing Member to the Clearing House in respect of this RepoClear €GC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the RepoClear Clearing Member shall pay such additional amounts as will result in the net amounts receivable by the Clearing House (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.

3.3 All money payable by the Clearing House to a RepoClear Clearing Member in respect of this RepoClear €GC Contract shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having the power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Clearing House shall pay such additional amounts as will result in the net amounts receivable by the RepoClear Clearing Member (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted; PROVIDED, however, that the Clearing House shall only be under an obligation to pay such additional amounts to the extent that the Clearing House determines, in its sole and absolute discretion, that it is entitled to recover the amount payable by it from a RepoClear Clearing Member in respect of any related RepoClear €GC Contract.

Regulations

3.4 This RepoClear €GC Contract shall be subject to the Regulations, which shall form a part of its terms.

Governing Law

3.5 This RepoClear €GC Contract shall be governed by, and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

Third Party Rights

3.6 A person who is not a party to this RepoClear €GC Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of his RepoClear €GC

Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

SCHEDULE TO THE REPOCLEAR REGULATIONS

Part H

Product Eligibility Criteria for Registration of A RepoClear €GC Contract

1. Eligibility Criteria

Without prejudice to the Regulations and Procedures, including but not limited to the RepoClear Procedures, the Clearing House shall only register a RepoClear €GC Transaction or a €GC Trade as a RepoClear €GC Contract pursuant to receipt of details of such RepoClear €GC Transaction or €GC Trade where at the time the details are presented:

(a) RepoClear €GC Transaction or €GC Trade meets the Eligibility Criteria set out for in 2.1 and 2.2 and the Underlying €GC Basket appears in the list containing details of all Eligible €GC Baskets published for this purpose from time to time by the Clearing House; and

(b) the details of such RepoClear €GC Transaction or €GC Trade are submitted for registration in accordance with the Rulebook and all such other requirements from time to time of the Clearing House; and

(c) the parties to such RepoClear €GC Transaction or €GC Trade are RepoClear Participants,

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

2. RepoClear €GC Transactions and €GC Trades

2.1 *Product Eligibility Criteria for a RepoClear €GC Transaction or RepoClear €GC Trade*

Deal Types	Classic repo; reverse repo
Collateral Types	Securities combined in specifically named €GC Baskets
Structure	A series of one or more overnight (with respect to days on which the RepoClear €GC service is operational) repo transactions with immediate or forward start and Fixed rate repo.
€GC Baskets	RepoClear €GC AAA Euro Government Bond Basket (EB) ISIN code XS0334393260 RepoClear €GC AA Euro Government Bond Basket (EB) ISIN code XS0334393187 RepoClear €GC A Euro Government Bond Basket (EB) ISIN code XS0334392965 RepoClear €GC German Government Bond Basket (EB) ISIN code XS0417057287 RepoClear €GC German Sub-10 Government Bond Basket (EB) ISIN code XS0434408539 RepoClear €GC French Government Bond Basket (EB) ISIN code XS0417060588 RepoClear €GC Spanish Government Bond Basket (EB) ISIN code XS0417076584 RepoClear €GC Dutch Government Bond Basket (EB) ISIN code XS0417074969

	RepoClear €GC Belgian Government Bond Basket (EB) ISIN code XS0417076741 RepoClear €GC Italian Government Bond Basket (EB) ISIN code XS0417087607 RepoClear €GC AAA Euro Government Bond Basket(CBL) ISIN code XS0333936523 RepoClear €GC AA Euro Government Bond Basket (CBL) ISIN code XS0333972080 RepoClear €GC A Euro Government Bond Basket (CBL) ISIN code XS0334012647 RepoClear €GC German Government Bond Basket (CBL) ISIN code XS0414733989 RepoClear €GC German Sub-10 Government Bond Basket (CBL) ISIN code XS0432413200 RepoClear €GC French Government Bond Basket (CBL) ISIN code XS0414742626 RepoClear €GC Spanish Government Bond Basket (CBL) ISIN code XS0414744325 RepoClear €GC Dutch Government Bond Basket (CBL) ISIN code XS0414743517 RepoClear €GC Belgian Government Bond Basket (CBL) ISIN code XS0414748748 RepoClear €GC Italian Government Bond Basket (CBL) ISIN code XS0414746965
Currency	Euro
Settlement Depository	Clearstream Banking, Luxembourg or Euroclear Bank
Term	
Minimum Opening Leg	Date of registration by the Clearing House, up to the €GC Cut-Off Time.
Maximum Opening Leg	Any valid €GC Day up to 374 days from the trade date
Minimum Closing Leg	Opening Leg plus 1 RepoClear Operating Day on which the €GC service operates.
Maximum Closing Leg	Any valid €GC settlement day which is 1 to 374 days later than the opening leg. Where the term includes 29 February (inclusive of the opening and closing leg dates) the value of 374 is raised to 375

2.2 *Eligible €GC Baskets for a RepoClear €GC Transaction or €GC Trade*

The following €GC Baskets are available for trading as subject to these Rulebook provisions:

Eligible €GC Baskets for settlement at Euroclear Bank

(1) RepoClear €GC AAA Euro Government Bond Basket (EB) - ISIN code XS0334393260

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AAA.

(2) RepoClear €GC AA Euro Government Bond Basket (EB) - ISIN code XS0334393187

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AA or AAA.

(3) RepoClear €GC A Euro Government Bond Basket (EB) - ISIN code XS0334392965

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is A, AA or AAA.

(4) RepoClear €GC German Government Bond Basket (EB) - ISIN code XS0417057287

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated German government debt.

(5) RepoClear €GC German Sub-10 Government Bond Basket (EB) - ISIN code XS0434408539

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated German government debt with less than 10 years to maturity.

(6) RepoClear €GC French Government Bond Basket (EB) - ISIN code XS0417060588

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated French government debt.

(7) RepoClear €GC Spanish Government Bond Basket (EB) - ISIN code XS0417076584

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Spanish government debt.

(8) RepoClear €GC Dutch Government Bond Basket (EB) - ISIN code XS0417074969

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Dutch government debt.

(9) RepoClear €GC Belgian Government Bond Basket (EB) – ISIN code XS0417076741

Eligible Securities in this €GC Basket are such issues of Securities that are euro-denominated Belgian government debt.

(10) RepoClear €GC Italian Government Bond Basket (EB) - ISIN code XS0417087607

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Italian government debt

Eligible €GC Baskets for settlement at Clearstream Bank Luxembourg

(11) RepoClear €GC AAA Euro Government Bond Basket (CBL) -ISIN code XS0333936523

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AAA.

(12) RepoClear €GC AA Euro Government Bond Basket (CBL)- ISIN code XS0333972080

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the Combined Credit Rating of the country is AA or AAA.

(13) RepoClear €GC A Euro Government Bond Basket (CBL)- ISIN code XS0334012647

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated government debt of Euro Zone Countries where the combined credit rating of the country is A, AA or AAA.

(14) RepoClear €GC German Government Bond Basket (CBL) ISIN: XS0414733989

Eligible Securities in this €GC Basket are such issues of securities that are euro denominated German government debt.

(15) RepoClear €GC German Sub-10 Government Bond Basket (CBL) ISIN: XS0432413200

Eligible Securities in this €GC Basket are such issues of securities that are euro denominated German government debt with less than 10 years to maturity.

(16) RepoClear €GC French Government Bond Basket (CBL) ISIN: XS0414742626

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated French government debt.

(17) RepoClear €GC Spanish Government Bond Basket (CBL) ISIN: XS0414744325

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Spanish government debt.

(18) RepoClear €GC Dutch Government Bond Basket (CBL) ISIN: XS0414743517

Eligible Securities in this €GC Basket are such issues of securities that are euro denominated Dutch government debt.

(19) RepoClear €GC Belgian Government Bond Basket (CBL) ISIN: XS0414748748

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Belgian government debt.

(20) RepoClear €GC Italian Government Bond Basket (CBL) ISIN: XS0414746965

Eligible Securities in this €GC Basket are such issues of securities that are euro-denominated Italian government debt.

For each of the above Eligible €GC Baskets, individual issues of securities which would otherwise meet the eligibility criteria defined for an Eligible €GC Basket, may be excluded from that Eligible €GC Basket at the sole discretion of the Clearing House, where that issue of securities does not meet the Clearing House's requirements for risk management purposes.

Notwithstanding that individual issues of securities meet the eligibility criteria defined for an Eligible €GC Basket, where the relevant Triparty Agent for that €GC Basket does not allow the allocation of that issue of security as part of its Autoselect or AutoAssign Supplement, that issue of securities will be excluded from the relevant basket.

DERIVATION OF COMBINED CREDIT RATING

Combined Credit Rating	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
A	A1	A+	A+
	A2	A	A
	A3	A-	A-

To determine the Combined Credit Rating of a country, the lowest rating allocated by Moody's, S&P and Fitch should be used.

3. **Netting across Triparty Agent's accounts**

When the triparty systems of Euroclear and CBL are able to support the necessary level of interoperability (the "Triparty Bridge"), the Clearing House reserves the right to:

(a) cease to register new trades in the Eligible €GC Baskets defined in section 2.2; and

(b) for each set of two Eligible €GC Baskets which have the same Eligible Securities, introduce one new Eligible €GC Basket which can be settled at either Euroclear or CBL, and re-register any existing trades in the original two Eligible €GC basket into the single Eligible €GC Basket which replaces them.

EQUITYCLEAR REGULATIONS

Regulation 61 Application of EquityClear Regulations

(a) These EquityClear Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to EquityClear Contracts, EquityClear Clearing Members and, insofar as relevant EquityClear NCMs.

(b) The Default Rules, Default Fund Rules, the Definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 13, 23, 24, 26 to 39B inclusive (other than Regulation 35(a), Regulation 37(b) and Regulation 38(b)) of the Regulations apply to EquityClear Contracts, EquityClear Clearing Members and, insofar as relevant, to EquityClear NCMs.

Regulation 62 **EquityClear**

Regulation 62A EquityClear (Equities) Open Offer for EquityClear (Equities) ATP Matches

(a) This Regulation 62A applies to EquityClear (Equities) ATP Matches arising on an ATP pursuant to Trading Platform Particulars submitted by or on behalf of an EquityClear Clearing Member (which shall, for the avoidance of doubt, exclude any Co-operating Clearing House in connection with the EquityClear service). In the event of any inconsistency between the Regulations, (including the terms of any agreement entered into between the EquityClear Clearing Member and the Clearing House) and the relevant ATP Market Rules, the Regulations shall prevail.

(b) If an EquityClear Clearing Member has been given approval by the Clearing House to clear eligible EquityClear (Equities) ATP Matches in respect of the ATP specified in such approval and such approval has not been withdrawn by the Clearing House the Clearing House will enter into EquityClear Contracts with that EquityClear Clearing Member pursuant to such approval in accordance with and subject to the following provisions of this Regulation. The terms of a registered EquityClear Contract shall be as received by the Clearing House, or its relevant approved agent, from the relevant ATP and otherwise subject to the Regulations (and the Clearing House and the EquityClear Clearing Member party to the registered EquityClear Contract shall be obliged to perform their obligations thereunder in accordance with such terms and the Regulations).

(c) The Clearing House makes an open offer to the EquityClear Clearing Member to enter into an EquityClear (Equities) Contract in respect of an EquityClear (Equities) ATP Match made on the relevant ATP (as referred to in paragraph (b)) in accordance with paragraphs (e) to (g) of this Regulation 62A, as applicable, pursuant to the submission of Trading Platform Particulars by or on behalf of that EquityClear Clearing Member (including by an EquityClear NCM under the provisions of the relevant Approved EquityClear Clearing Agreement) provided that the following requirements ("the EquityClear (Equities) Open Offer Eligibility Criteria") shall have been satisfied:

(i) where the EquityClear (Equities) ATP Match arises pursuant to Trading Platform Particulars submitted by an EquityClear NCM on behalf of the EquityClear Clearing Member, and without prejudice to the other provisions of Regulation 62A: (aa) there was in place at the time that the Trading Platform Particulars were submitted and up to and including the time the EquityClear (Equities) ATP Match was made (the "relevant times"), an Approved EquityClear Clearing Agreement relating to such ATP to which that EquityClear Clearing Member and that EquityClear NCM are party; (bb) such Approved EquityClear Clearing Agreement had not been terminated or suspended at the relevant times; (cc) the EquityClear NCM had not been suspended or removed from the Register of EquityClear NCMs at the relevant times; and (dd) the EquityClear (Equities) Open Offer had not, at the relevant times, been suspended by the Clearing House in respect of EquityClear (Equities) ATP Matches made on such ATP pursuant to the relevant Approved EquityClear Clearing Agreement;

(ii) at the relevant times the EquityClear Clearing Member was party to a valid and subsisting Clearing Membership Agreement;

(iii) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c) the EquityClear Clearing Member had not

been declared a defaulter, by default notice or otherwise, by the Clearing House or the ATP, where applicable;

(iv) the securities the subject of the EquityClear (Equities) ATP Match satisfy, at the relevant times, the EquityClear Eligible Equities criteria;

(v) all necessary details as required by the Clearing House from time to time in respect of the EquityClear (Equities) ATP Match shall have been provided to the Clearing House or its approved agent in the form, and by the times, prescribed by the Clearing House from time to time. Such information must be complete, must not be corrupted and must be legible at the time of receipt by the Clearing House, or its relevant approved agent, as applicable;

(vi) the EquityClear Eligible Equities, which are the subject of the EquityClear (Equities) ATP Match, are not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by the relevant ATP;

(vii) at the relevant times, the EquityClear service or the EquityClear (Equities) Open Offer in respect of EquityClear (Equities) ATP Matches made on such ATP had not been suspended or withdrawn;

(viii) the EquityClear Clearing Member has executed such other agreements or documents as may be required by the Clearing House from time to time in connection with the EquityClear service;

(ix) there are in place appropriate arrangements (as prescribed from time to time by the Clearing House) between the EquityClear Clearing Member (or its nominated agent, who may be the EquityClear NCM, where applicable) and an Approved EquityClear Settlement Provider for the delivery, or receipt, as applicable, of the EquityClear Eligible Equities which are the subject of an EquityClear (Equities) ATP Match; and

(x) in the case of an EquityClear (Equities) ATP Match which is an EquityClear Mixed Member Match:

(1) the eligibility criteria (howsoever defined) of the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match have been satisfied and the relevant Co-operating Clearing House has not declined to register, rejected, cancelled, avoided or terminated such EquityClear (Equities) ATP Match or any contract between the Co-operating Clearing House and its member arising out of it; and

(2) a balancing contract is deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match pursuant to the agreement in place between them in relation to the co-clearing of the relevant ATP and such balancing contract has not been rejected, cancelled, avoided or terminated for any reason; and

(3) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c), neither of the Clearing House or the relevant Co-operating Clearing House has been declared a defaulter by the other, by default notice or otherwise.

(d) For the avoidance of doubt, Trading Platform Particulars are deemed to have been submitted by or on behalf of the EquityClear Clearing Member if the details of the EquityClear (Equities) ATP Match received by the Clearing House identify, in accordance with the relevant ATP Market Rules or the Procedures, the EquityClear (Equities) ATP Match as having been made by or on behalf of that EquityClear Clearing Member.

(e) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as seller (the "selling EquityClear Clearing Member") and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as buyer (the "buying EquityClear Clearing Member"), and the resulting EquityClear (Equities) ATP Match satisfies the EquityClear (Equities) Open Offer Eligibility Criteria, two EquityClear (Equities) Contracts shall arise immediately on the EquityClear (Equities) ATP Match being made, as follows:

(i) the Clearing House shall be the buyer under one EquityClear (Equities) Contract to the selling EquityClear Clearing Member; and

(ii) the Clearing House shall be the seller under one EquityClear (Equities) Contract to the buying EquityClear Clearing Member.

(f) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member, (including on its behalf by an EquityClear NCM), as buyer (the "buying EquityClear Clearing Member") and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member, (including on its behalf by its EquityClear NCM), as seller (the "selling EquityClear Clearing Member"), and the resulting EquityClear (Equities) ATP Match satisfies the EquityClear (Equities) Open Offer Eligibility Criteria, two EquityClear (Equities) Contracts shall arise immediately on the EquityClear (Equities) ATP Match being made, as follows:

(i) the Clearing House shall be the seller under one EquityClear (Equities) Contract to the buying EquityClear Clearing Member; and

(ii) the Clearing House shall be the buyer under one EquityClear (Equities) Contract to the selling EquityClear Clearing Member.

(g) In respect of an EquityClear Mixed Member Match which is at EquityClear (Equities) ATP Match, where Trading Platform Particulars submitted by, or on behalf of, an EquityClear Clearing Member to the relevant ATP have been matched, in accordance with the ATP Market Rules, with Trading Platform Particulars submitted by, or on behalf of, a member of a relevant Co-operating Clearing House, the Clearing House shall, on receipt of details of such EquityClear (Equities) ATP Match through the ATP (or by such other means) and subject to the EquityClear (Equities) Open Offer Eligibility Criteria having been met with respect to such EquityClear Clearing Member and the relevant Co-operating Clearing House being party to a valid and subsisting agreement with the Clearing House for the co-clearing of EquityClear Mixed Member Matches, register Contracts in the name of the EquityClear Clearing Member and in the name of the relevant Co-operating Clearing House as follows:

(i) where the EquityClear Clearing Member is identified in the EquityClear (Equities) ATP Match as the buyer, (A) the Clearing House shall be the seller under an EquityClear (Equities) Contract with the EquityClear Clearing Member

as buyer; and (B) the Clearing House shall be the buyer under a Contract with the Co-operating Clearing House as seller; and

(ii) where the EquityClear Clearing Member is identified in the EquityClear (Equities) ATP Match as the seller, (A) the Clearing House shall be the buyer under an EquityClear (Equities) Contract with the EquityClear Clearing Member as seller; and (B) the Clearing House shall be the seller under a Contract with the Co-operating Clearing House as buyer.

(h) EquityClear (Equities) Contracts entered into by the Clearing House under paragraphs (e) to (g), as applicable, with EquityClear Clearing Members, shall be registered in the name of each EquityClear Clearing Member following receipt by the Clearing House of the details required by the Clearing House of such Contracts, such details to be made available to the Clearing House by the operator of the relevant ATP or the relevant approved agent, as applicable (in accordance with the arrangements made between the Clearing House and such ATP or approved agent from time to time).

(i) If the details of EquityClear (Equities) Contracts arising under paragraphs (e) to (g) required by the Clearing House are not made available to the Clearing House by the operator of the relevant ATP or the relevant approved agent, as applicable, as required by the Clearing House in accordance with the Clearing House's requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details the Clearing House may decree that neither the Clearing House nor the EquityClear Clearing Member party thereto shall be obliged to perform their respective obligations under the EquityClear (Equities) Contracts arising under paragraphs (e) to (g), as applicable. If the Clearing House so decrees, the Clearing House shall issue directions to the affected EquityClear Clearing Members and such EquityClear (Equities) Contracts shall be performed in accordance with any such directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected EquityClear (Equities) Contract. Any directions given by the Clearing House under this paragraph (i) shall be binding on all affected EquityClear Clearing Members.

(j) Subject to its rights to suspend the EquityClear (Equities) Open Offer and/or the EquityClear service generally or in respect of one or more ATPs and/or one or more EquityClear NCMs, or to withdraw the EquityClear service in whole or in part, as set out in an Approved EquityClear Clearing Agreement, these Regulations or the Procedures, the Clearing House undertakes to keep open the offer made by it in this Regulation 62A until such EquityClear Clearing Member is no longer eligible to have EquityClear (Equities) Contracts registered in its name or has withdrawn from trading through each ATP notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an ATP must be notified to the Clearing House in accordance with the Procedures.

(k) Without prejudice to Regulation 39A, the Clearing House shall not be liable to any EquityClear Clearing Member (or anyone else, including but not limited to any EquityClear NCM), for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any EquityClear (Equities) Contract arising under paragraphs (e) to (g) if the Clearing House does not receive the relevant details referred to in paragraph (i) by the time referred to in such paragraph (i) in respect of such EquityClear (Equities) Contract and has not pursuant to paragraph (i) performed its obligations under any such contract.

(l) Notwithstanding the provisions of paragraph (c), if the Clearing House or its approved agent receives details of an EquityClear (Equities) ATP Match in respect of an

EquityClear Clearing Member from an ATP specified by the EquityClear Clearing Member by notice given under paragraph (b) and which has not been withdrawn in respect of that ATP, and the details of the EquityClear (Equities) ATP Match purportedly meet the relevant EquityClear (Equities) Open Offer Eligibility Criteria in paragraph (c) the EquityClear Clearing Member shall be bound by any EquityClear (Equities) Contract registered in his name in respect of such EquityClear (Equities) ATP Match and the terms of such registered EquityClear (Equities) Contract shall be as set out in paragraph (b).

(m) Without prejudice to paragraph (l), the Clearing House may with the agreement of each EquityClear Clearing Member party to any corresponding EquityClear (Equities) Contract and the relevant ATP, set aside or take such other steps with respect to such Contracts on such terms as may be agreed between each such EquityClear Clearing Member and the Clearing House, if any such EquityClear Clearing Member considers that a Contract has been entered into in error or certain terms of the Contract have been agreed in error.

(n) In the event of a dispute:

(i) arising out of, or in respect of, the existence of an EquityClear (Equities) ATP Match or, where applicable, whether it was identified to the ATP by the relevant EquityClear Participants as an EquityClear (Equities) ATP Match to be registered by the Clearing House as an EquityClear (Equities) Contract such dispute shall be settled as provided for in the ATP Market Rules without recourse to the Clearing House;

(ii) in respect of registered EquityClear (Equities) Contracts a dispute arising out of, or in respect of, such registered EquityClear (Equities) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (Equities) Contracts, other than a dispute referred to in (i) above, shall be referred to arbitration and settled as provided in Regulation 23 where the relevant ATP Market Rules provide for arbitration. Where the relevant ATP Market Rules do not include relevant arbitration provisions, or the application of such arbitration provisions to EquityClear (Equities) Contracts is disapplied in these Regulations or the Procedures, a dispute arising out of, or in respect of, such registered

EquityClear (Equities) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (Equities) Contracts, shall be settled in accordance with the Regulations and the Procedures, as applicable.

(o) Without prejudice to the generality of Regulation 39 or any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, any liability of the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) to a Member or to any other person (including, without limitation, any client of a Member) which might otherwise arise in connection with the EquityClear service shall, if and to the extent such liability arises out of any act or omission of any third party upon whom the Clearing House is reliant in any material respect in its provision of the EquityClear service (including, without limitation, an Approved EquityClear Trading Platform, Approved EquityClear Settlement Provider, a Co-operating Clearing House or any provider of transaction routing functionality), be limited to such amounts as the Clearing House is entitled to recover and is successful in recovering from that third party in respect of that party's acts and/or omissions.

Regulation 62B EquityClear Novation Transactions

(a) Details of any EquityClear Novation Transaction in respect of an ATP which is to be submitted for registration must be submitted in accordance with the Procedures by or on behalf of the EquityClear Clearing Member (including by an EquityClear NCM on their behalf under the provisions of the relevant Approved EquityClear Clearing Agreement or by any person acting on behalf of such an EquityClear NCM) who is party to, or is providing clearing services to a party to, such EquityClear Novation Transaction. For the avoidance of doubt, where the particulars of an EquityClear Novation Transaction submitted by or on behalf of an EquityClear Clearing Member and received by the Clearing House identify, in accordance with the relevant ATP Market Rules or the Procedures, that EquityClear Clearing Member as buyer or seller, or as acting as clearing member for the buyer or seller, in respect of the EquityClear Novation Transaction, the Clearing House will enter into an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable with that EquityClear Clearing Member in accordance with and subject to the following provisions of this Regulation 62B.

(b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation 62B, an EquityClear Clearing Member shall be bound by an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract registered in its name pursuant to the presentation of details of an EquityClear Novation Transaction by it or on its behalf (including on its behalf by an EquityClear NCM or any person acting on behalf of an EquityClear NCM in respect of an EquityClear (Equities) Contract only).

(c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation 62B, an EquityClear Novation Transaction, particulars of which are submitted for registration as an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract by or on behalf of an EquityClear Clearing Member, must meet the following eligibility criteria at the time when the particulars of such EquityClear Novation Transaction are presented to the Clearing House and must continue to meet such criteria at all times thereafter up to and including the Registration Time (each such time, for the purposes of this Regulation 62B, the "relevant times") in order to be registered as an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract , as applicable:

(i) without prejudice to the other provisions of this Regulation 62B, in the case of particulars of any EquityClear Novation Transaction submitted by an EquityClear NCM (or by any person acting on behalf of an EquityClear NCM) on behalf of an EquityClear Clearing Member:

(1) there is in place at the relevant times an Approved EquityClear Clearing Agreement in a form approved in writing by the Clearing House to which that EquityClear NCM and the EquityClear Clearing Member are party; and

(2) such Approved EquityClear Clearing Agreement has not been terminated or suspended at the relevant times;

(3) at the relevant times the EquityClear Clearing Member was party to a valid and subsisting Clearing Membership Agreement;

(4) at the relevant times, the EquityClear Clearing Member has not been declared a defaulter, by default notice or otherwise, by the Clearing House or the ATP, where applicable;

(ii) either (x) the securities the subject of the EquityClear Novation Transaction are, at the relevant times, EquityClear Eligible Equities or (y) the financial instruments the subject of the EquityClear Novation Transaction are, at the relevant times, EquityClear Eligible ccCFD Underlying Instruments, as applicable;

(iii) all necessary details as required by the Clearing House from time to time in respect of the EquityClear Novation Transaction shall have been provided to the Clearing House or its approved agent in the form, and by the times, prescribed by the Clearing House from time to time. Such information must be complete, must not be corrupted and must be legible at the time of receipt by the Clearing House, or its relevant approved agent, as applicable;

(iv) the EquityClear Eligible Equities, which are the subject of the EquityClear Novation Transaction, are not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by or on behalf of the ATP;

(v) at the relevant times, the EquityClear services for the relevant ATP has not been suspended or withdrawn, generally or in relation to the relevant EquityClear Eligible Equities or EquityClear Clearing Member;

(vi) the EquityClear Clearing Member has executed such other agreements or documents as may be required by the Clearing House from time to time in connection with the EquityClear service;

(vii) there are in place appropriate arrangements (as prescribed from time to time by the Clearing House) between the EquityClear Clearing Member (or its nominated agent, who may be an EquityClear NCM or any person acting on behalf of an EquityClear NCM, where applicable) and an ASP for the delivery, or receipt, as applicable, of the EquityClear Eligible Equities which are the subject of the EquityClear Novation Transaction; and

(viii) in the case of an EquityClear Novation Transaction which is an EquityClear Mixed Member Match:

(1) the eligibility criteria (howsoever defined) of the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction have been satisfied and the relevant Co-operating Clearing House has not declined to register, rejected, cancelled, avoided or terminated such EquityClear Novation Transaction or any contract between the Co-operating Clearing House and its member arising out of it; and

(2) a balancing contract is deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction pursuant to the agreement in place between them in relation to the co-clearing of the relevant ATP and such balancing contract has not been rejected, cancelled, avoided or terminated for any reason; and

(3) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-paragraph (v) of this paragraph (c), neither of the Clearing House or the relevant Co-operating Clearing House has been declared a defaulter by the other, by default notice or otherwise.

(d) The Clearing House shall be deemed to register an EquityClear (Equities) Contract and/or EquityClear (ccCFD) Contract, as the case may be, in accordance with Regulation 62B, in the name of an EquityClear Clearing Member at the time prescribed in the Procedures ("Registration Time").

(e) For the avoidance of doubt, any transaction of which details have been presented by or on behalf of EquityClear Clearing Members (including on their behalf by an EquityClear NCM or any person acting on behalf of an EquityClear NCM) for registration as an EquityClear (Equities) Contract and/or EquityClear (ccCFD) Contract, as the case may be which is not so registered will remain in effect between the original parties to that transaction or be terminated, as the case may be, according to any terms agreed between the parties thereto (directly or by virtue of the application of the relevant ATP Market Rules), and the Clearing House shall have no obligations or liability in relation thereto.

(f) If at any time after registration of an EquityClear (Equities) Contract and EquityClear (ccCFD) Contract, as the case may be the Clearing House determines that the EquityClear Novation Transaction did not, at the Registration Time, meet the eligibility criteria for registration as an EquityClear (Equities) Contract or an EquityClear (ccCFD) Contract, as the case may be, the Clearing House shall, as soon as practicable thereafter, set aside such EquityClear (Equities) Contract or EquityClear (ccCFD) Contract. Upon an EquityClear (Equities) Contract or EquityClear (ccCFD) Contractbeing set aside under this Regulation 62B, 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 between the original parties to that transaction or be terminated, as the case may be, in accordance with any terms agreed between the parties thereto (directly or by virtue of the application of the relevant ATP Market Rules). Any payment made under, or in respect of, an EquityClear (Equities) Contract or EquityClear (ccCFD) Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 62B, the Clearing House (and each other 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 EquityClear (Equities) Contract or EquityClear (ccCFD) 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 EquityClear (Equities) Contract or EquityClear (ccCFD) Contract .

(g) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), particulars of an EquityClear Novation Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House in accordance with the Procedures as two EquityClear (Equities) Contracts or two EquityClear (ccCFD) Contracts, as the case may be, in each case, one between the First EquityClear Clearing Member being the seller and the Clearing House as the buyer as principals to such contract, and the other between the Clearing House as the seller and the Second EquityClear Clearing Member being the buyer as principals to such contract. For the purposes of this Regulation 62B(g):

(i) "First EquityClear Clearing Member" is an EquityClear Clearing Member who was, before registration of the EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable, identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the seller;

(ii) "Second EquityClear Clearing Member" is an EquityClear Clearing Member who was, before registration of the EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable, identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the buyer.

In the case of an EquityClear Novation Transaction which is an EquityClear Mixed Member Match.

The Clearing House shall, on receipt of details of such EquityClear Novation Transaction and subject to Regulation 62B(c) having been met with respect to such EquityClear Novation Transaction and the relevant Co-operating Clearing House being party to a valid and subsisting agreement with the Clearing House for the co-clearing of EquityClear Mixed Member Matches, register Contracts in the name of the EquityClear Clearing Member and in the name of the relevant Co-operating Clearing House as follows:

(1) where the EquityClear Clearing Member is identified in the EquityClear Novation Transaction as the buyer, (A) the Clearing House shall be the seller under an EquityClear (Equities) Contract with the EquityClear Clearing Member as buyer; and (B) the Clearing House shall be the buyer under a Contract with the Co-operating Clearing House as seller; and

(2) where the EquityClear Clearing Member is identified in the EquityClear Novation Transaction as the seller, (A) the Clearing House shall be the buyer under an EquityClear (Equities) Contract with the EquityClear Clearing Member as seller; and (B) the Clearing House shall be the seller under a Contract with the Co-operating Clearing House as buyer.

(h) With effect from registration of an EquityClear Novation Transaction as two EquityClear (Equities) Contracts or EquityClear (ccCFD) Contracts, as the case may be under paragraph (g) of this Regulation:

(i) the parties to the corresponding EquityClear Novation 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 EquityClear (Equities) Contract or EquityClear (ccCFD) Contract registered under paragraph (g) of this Regulation 62B shall be governed by the relevant EquityClear (Equities) Contract Terms or EquityClear (ccCFD) Contract Terms as applicable to that Contract and the General Regulations and Procedures.

(iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First EquityClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the respective EquityClear (Equities) Contract or EquityClear (ccCFD) Contract Terms to which it is a party as the party which is identified in the particulars of the corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the seller; and

(iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second EquityClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the respective EquityClear (Equities) Contract or EquityClear (ccCFD) Contract, as applicable to which it is a party as the party which is identified in the particulars of the

corresponding EquityClear Novation Transaction as, or as acting as clearing member for, the buyer.

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 EquityClear Novation Transaction (it being assumed, for this purpose, that such EquityClear Novation 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 EquityClear (Equities) Contract Terms or EquityClear (ccCFD) Contract Terms, as applicable.

If an EquityClear Novation 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 EquityClear (Equities) Contract arising under this Regulation or Regulation 3(b).

In the case of an EquityClear (Equities) 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 Regulation 62B shall take effect.

Regulation 62C EquityClear Open Offer for EquityClear (ccCFD) ATP Matches ("EquityClear (ccCFD) Open Offer")

(a) This Regulation 62C applies to EquityClear (ccCFD) ATP Matches arising pursuant to Trading Platform Particulars submitted by or on behalf of an EquityClear Clearing Member.

(b) If an EquityClear Clearing Member has been given approval by the Clearing House to clear eligible EquityClear (ccCFD) ATP Matches in respect of the ATP specified in such approval and such approval has not been withdrawn by the Clearing House, the Clearing House will enter into EquityClear (ccCFD) Contracts with that EquityClear Clearing Member pursuant to such approval in accordance with and subject to the following provisions of this Regulation. The terms of a registered EquityClear (ccCFD) Contract shall be as received by the Clearing House, or its relevant approved agent, from the relevant EquityClear Clearing Member and otherwise subject to the Regulations (and the Clearing House, and the EquityClear Clearing Members party to the registered EquityClear (ccCFD) Contract shall be obliged to perform their obligations thereunder in accordance with such terms and the Regulations).

(c) The Clearing House makes an open offer to EquityClear Clearing Members to enter into an EquityClear (ccCFD) Contract in respect of an EquityClear (ccCFD) ATP Match in accordance with paragraph (e) or (f) of this Regulation 62C, as applicable, pursuant to the submission of Trading Platform Particulars by or on behalf of those EquityClear Clearing Members (including by an EquityClear NCM on behalf of EquityClear Clearing Member under the provisions of the relevant Approved EquityClear Clearing Agreement) provided that the following requirements ("the EquityClear (ccCFD) Open Offer Eligibility Criteria") shall have been satisfied:

(i) where the EquityClear (ccCFD) ATP Match arises pursuant to Trading Platform Particulars submitted by an EquityClear NCM on behalf of an EquityClear Clearing Member, and without prejudice to the other provisions of Regulation 62C;

(1) there was in place at the time that the Trading Platform Particulars were submitted and up to and including the time the EquityClear (ccCFD) ATP Match was made (the "relevant times"), an Approved EquityClear Clearing Agreement relating to such ATP to which that EquityClear Clearing Member and that EquityClear NCM are party:

(2) such Approved EquityClear Clearing Agreement had not be terminated or suspended at the relevant times;

(3) the EquityClear NCM had not been suspended or removed from the Register of EquityClear NCMs at the relevant times; and

(4) the EquityClear (ccCFD) Open Offer had not, at the relevant times, been suspended by the Clearing House in respect of EquityClear (ccCFD) ATP Matches made pursuant to the relevant Approved EquityClear Clearing Agreement;

(ii) at the relevant times the EquityClear Clearing Member was party to a valid and subsisting Clearing Membership Agreement;

(iii) at the relevant times and up to and including the time at which the Clearing House or its relevant approved agent receives the details referred to under sub-

paragraph (v) of this paragraph (c) the EquityClear Clearing Member has not been declared a defaulter, by default notice or otherwise, by the Clearing House or the ATP, where applicable;

(iv) the financial instruments the subject of the EquityClear (ccCFD) ATP Matches satisfy, at the relevant times, the EquityClear Eligible ccCFD criteria;

(v) all necessary details as required by the Clearing House from time to time in respect of the EquityClear (ccCFD) ATP Matches shall have been provided to the Clearing House or its approved agent in the form, and by the times, prescribed by the Clearing House from time to time. Such information must be complete, must not be corrupted and must be legible at the time of receipt by the Clearing House, or its relevant approved agent, as applicable;

(vi) the EquityClear Eligible ccCFD, which is the subject of the EquityClear (ccCFD) ATP Match, is not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by the relevant ATP;

(vii) at the relevant times, the EquityClear service or any relevant part of it or the EquityClear (ccCFD) Open Offer in respect of EquityClear (ccCFD) ATP Matches made on such ATP had not been suspended or withdrawn; and

(viii) the EquityClear Clearing Member has executed such other agreements or documents as may be required by the Clearing House from time to time in connection with the EquityClear service.

(d) For the avoidance of doubt, Trading Platform Particulars are deemed to have been submitted by or on behalf of the EquityClear Clearing Member if the details of the EquityClear (ccCFD) ATP Matches received by the Clearing House identify, in accordance with the relevant Regulations or the Procedures, the EquityClear (ccCFD) ATP Matches as having been made by or on behalf of that EquityClear Clearing Member.

(e) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as seller (the "selling EquityClear Clearing Member) and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member (including on its behalf by an EquityClear NCM), as buyer (the "buying EquityClear Clearing Member"), and the resulting EquityClear (ccCFD) ATP Match satisfies the EquityClear (ccCFD) Open Offer Eligibility Criteria, two EquityClear (ccCFD) Contracts shall arise immediately on the EquityClear (ccCFD) ATP Match being made, as follows:

(i) the Clearing House shall be the buyer under one EquityClear (ccCFD) Contract to the selling EquityClear Clearing Member; and

(ii) the Clearing House shall be the seller under one EquityClear (ccCFD) Contract to the buying EquityClear Clearing Member.

(f) If Trading Platform Particulars have been input into the relevant ATP by or on behalf of an EquityClear Clearing Member (including on its behalf by an EquityClear NCM) as buyer (the "buying EquityClear Clearing Member") and have been matched by, or in accordance with the ATP Market Rules with Trading Platform Particulars input into such ATP by or on behalf of another EquityClear Clearing Member, (including on its behalf by its EquityClear NCM), as seller (the "selling EquityClear Clearing Member"), and the

resulting EquityClear (ccCFD) ATP Match satisfies the EquityClear (ccCFD) Open Offer Eligibility Criteria, two EquityClear (ccCFD) Contracts shall arise immediately on the EquityClear (ccCFD) ATP Match being made, as follows:

(i) the Clearing House shall be the seller under one EquityClear (ccCFD) Contract to the buying EquityClear Clearing Member; and

(ii) the Clearing House shall be the buyer under one EquityClear (ccCFD) Contract to the selling EquityClear Clearing Member.

(g) EquityClear (ccCFD) Contracts entered into by the Clearing House under paragraphs (e) or (f), as applicable, with EquityClear Clearing Members, shall be registered in the name of each respective EquityClear Clearing Member following receipt by the Clearing House of the details required by the Clearing House of such Contracts, such details to be made available to the Clearing House by the operator of the ATP or the relevant approved agent, as applicable, in accordance with the arrangements made between the Clearing House and such ATP or approved agent from time to time.

(h) If the details of EquityClear (ccCFD) Contracts arising under paragraphs (e) or (f) required by the Clearing House are not made available to the Clearing House by the operator of the relevant ATP or the relevant approved agent, as applicable, as required by the Clearing House in accordance with the Clearing House's requirements, by the time prescribed by the Clearing House from time to time, or the Clearing House is not able to access such details the Clearing House may decree that neither the Clearing House nor the EquityClear Clearing Member party thereto shall be obliged to perform their respective obligations under the EquityClear (ccCFD) Contracts arising under paragraphs (e) or (f), as applicable. If the Clearing House so decrees, the Clearing House shall issue directions to the affected EquityClear Clearing Members and such EquityClear (ccCFD) Contracts shall be performed in accordance with any such directions given by the Clearing House which may, without limitation, impose a change to the terms of an affected EquityClear (ccCFD) Contract. Any directions given by the Clearing House under this paragraph (h) shall be binding on all affected EquityClear Clearing Members.

(i) Subject to its rights to suspend the EquityClear (ccCFD) Open Offer and/or the EquityClear service generally or in respect of one or more ATPs and/or one or more EquityClear NCMs, or to withdraw the EquityClear service in whole or in part, as set out in an Approved EquityClear Clearing Agreement, these Regulations or the Procedures, the Clearing House undertakes to keep open the offer made by it in this Regulation 62C until such EquityClear Clearing Member is no longer eligible to have EquityClear (ccCFD) Contracts registered in its name or has withdrawn from trading through each ATP notified to the Clearing House under paragraph (b). Any such intended withdrawal from trading through an ATP must be notified to the Clearing House in accordance with the Procedures.

(j) Without prejudice to Regulation 39A, the Clearing House shall not be liable to any EquityClear Clearing Member (or anyone else, including but not limited to any EquityClear NCM), for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them in respect of any EquityClear (ccCFD) Contract arising under paragraphs (e) or (f) if the Clearing House does not receive the relevant details referred to in paragraph (h) by the time referred to in such paragraph (h) in respect of such EquityClear (ccCFD) Contract and has not pursuant to paragraph (h) performed its obligations under any such contract.

(k) Notwithstanding the provisions of paragraph (c), if the Clearing House or its approved agent receives details of an EquityClear (ccCFD) ATP Match, and the details of the EquityClear (ccCFD) ATP Match purportedly meet the relevant EquityClear (ccCFD) Open Offer Eligibility Criteria in paragraph (c), the EquityClear Clearing Members shall each be bound by any EquityClear (ccCFD) Contract registered in his name in respect of such EquityClear (ccCFD) ATP Match and the terms of such registered EquityClear (ccCFD) Contract shall be as set out in paragraph (b).

(l) Without prejudice to paragraph (k), the Clearing House may with the agreement of an EquityClear Clearing Member party to an EquityClear (ccCFD) Contract and the relevant ATP, set aside or take such other steps with respect to such Contracts on such terms as may be agreed between each such EquityClear Clearing Member and the Clearing House, if any such EquityClear Clearing Member considers that a Contract has been entered into in error or certain terms of the Contract have been agreed in error.

(m) In the event of a dispute:

(i) arising out of, or in respect of, the existence of an EquityClear (ccCFD) ATP Match or, where applicable, whether it was identified to the ATP by the relevant EquityClear Trading Participants as an EquityClear (ccCFD) ATP Match to be registered by the Clearing House as an EquityClear (ccCFD) Contract such dispute shall be settled as provided for in the ATP Market Rules without recourse to the Clearing House;

(ii) in respect of registered EquityClear (ccCFD) Contracts, arising out of, or in respect of, such registered EquityClear (ccCFD) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (ccCFD) Contracts, other than a dispute referred to in (i) above, shall be referred to arbitration and settled as provided in Regulation 23 where the relevant ATP Market Rules provide for arbitration. Where the relevant ATP Market Rules do not include relevant arbitration provisions, or the application of such arbitration provisions to EquityClear (ccCFD) Contracts is disapplied in these Regulations or the Procedures, a dispute arising out of, or in respect of, such registered EquityClear (ccCFD) Contracts, or in relation to these Regulations relating to the clearing of such EquityClear (ccCFD) Contracts, shall be settled in accordance with the Regulations and the Procedures, as applicable.

(n) Without prejudice to the generality of Regulation 39 or any other provision of the Regulations or Procedures concerning liability of the Clearing House or a Member, any liability of the Clearing House (and each other member of the LCH.Clearnet Group and their respective officers, employees and agents) to a Member or to any other person (including, without limitation, any client of a Member) which might otherwise arise in connection with the EquityClear service shall, if and to the extent such liability arises out of any act or omission of any third party upon whom the Clearing House is reliant in any material respect in its provision of the EquityClear service (including, without limitation, an Approved EquityClear Trading Platform, or any provider of transaction routing functionality), be limited to such amounts as the Clearing House is entitled to recover and is successful in recovering from that third party in respect of that party's acts and/or omissions.

Regulation 63 **EquityClear NCMs**

(a) A person who is not a Member but who is party to an Approved EquityClear Clearing Agreement shall be admitted by the Clearing House to the Register of EquityClear NCMs and shall remain on the Register for so long as that Approved EquityClear Clearing Agreement subsists.

(b) The Clearing House shall suspend from the Register of EquityClear NCMs any EquityClear NCM who is party to an Approved EquityClear Clearing Agreement with an EquityClear Clearing Member whose Clearing Membership Agreement has been terminated or who is no longer eligible to have EquityClear Contracts registered in its name, for such period as the Clearing House may determine.

Regulation 64 **Delivery (or Other) Failures**

(a) Without prejudice to the Default Rules and the Procedures, if an EquityClear Clearing Member as seller fails to deliver financial instruments to the Clearing House under an EquityClear Contract by the due time therefor, the Clearing House may issue directions, in accordance with the Procedures, to the seller and to an EquityClear Clearing Member as buyer under a corresponding EquityClear Contract regarding the performance of such contracts and such directions shall be binding on such members.

(b) The Clearing House shall be entitled to call for cover for margin in such amounts and in such form as it may require in accordance with the Procedures from the selling EquityClear Clearing Member who has failed to deliver securities under an EquityClear Contract by the due time therefor and from the buying EquityClear Clearing Member under the corresponding EquityClear Contract.

(c) Without prejudice to the Default Rules, if a selling EquityClear Clearing Member acts in such a manner (which could, without limit, include persistent failure to deliver securities to the Clearing House under EquityClear Contracts (other than in circumstances where Regulations 26 and/or 27 apply)), and the Clearing House in its reasonable opinion determines that the reputation of the EquityClear Service is being, or has been, undermined, the Clearing House shall be entitled to terminate, on written notice, either summarily or at the expiry of the period specified in the notice, the EquityClear Clearing Member's ability to have EquityClear Contracts registered in his name and to require him to liquidate or transfer under Regulation 11 open contracts, being EquityClear Contracts registered in his name.

Regulation 65 Suspension of the EquityClear service or the EquityClear Open Offer

The Clearing House may, from time to time, in its absolute discretion suspend the EquityClear service or the EquityClear Open Offer in respect of ATP Matches or the EquityClear (ccCFD) Open Offer in respect of EquityClear (ccCFD) ATP Matches or its service in respect of any EquityClear Novation Transaction on one or more ATPs for such period of time as it may determine.

Regulation 66 **Withdrawal of EquityClear Service by the Clearing House**

(a) If at any time the Clearing House decides to withdraw part or the whole of the EquityClear service it shall give not less than six months' notice to all affected EquityClear Clearing Members of the date on which the service will be withdrawn ("the EquityClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation 66 by, one or more affected EquityClear Clearing Members shall not invalidate the EquityClear Withdrawal Date.

(b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) shall specify the nature of the service which the Clearing House will provide until the EquityClear Withdrawal Date.

(c) If, at the EquityClear Withdrawal Date, an EquityClear Clearing Member has open Contracts, being affected EquityClear Contracts, registered in its name, the Clearing House shall, at its sole discretion, be entitled to liquidate any such EquityClear Contracts and effect cash settlement in respect of them with the EquityClear Clearing Member.

(d) The Clearing House shall have the right to postpone the EquityClear Withdrawal Date until such time as the Clearing House determines.

Regulation 67 **Rejection of ATP Matches and of EquityClear Novation Transactions**

(a) Any EquityClear (Equities) ATP Match, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear Contract, which does not meet the EquityClear (Equities) Open Offer Eligibility Criteria as set out in Regulation 62A (or any EquityClear (Equities) ATP Match which is an EquityClear Mixed Member Match where the relevant Co-operating Clearing House subsequently declines to register, rejects, cancels, avoids or terminates such EquityClear (Equities) ATP Match or any contract between the Co-operating Clearing House and its member arising out of it and any balancing contract deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear (Equities) ATP Match), or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (c), be rejected by the Clearing House and no EquityClear Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, 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 Member or any other person (including but not limited to any EquityClear NCM) with regard to the rejection by it of any such EquityClear (Equities) ATP Match.

(b) Any EquityClear Novation Transaction, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear Contract, which does not meet the applicable eligibility criteria as set out in Regulation 62B (or any EquityClear Novation Transaction which is an EquityClear Mixed Member Match where the relevant Co-operating Clearing House subsequently declines to register, rejects, cancels, avoids or terminates such EquityClear Novation Transaction or any contract between the Co-operating Clearing House and its member arising out of it and any balancing contract deemed to arise between the Clearing House and the relevant Co-operating Clearing House in respect of such EquityClear Novation Transaction), or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (c), be rejected by the Clearing House and no EquityClear Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, 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 Member or any other person (including but not limited to any EquityClear NCM) with regard to the rejection by it of any such EquityClear Novation Transaction.

(c) The Clearing House may, in its absolute discretion, agree to register an EquityClear Contract, notwithstanding that it does not meet the EquityClear (Equities) Open Offer Eligibility Criteria or the eligibility criteria set out in Regulation 62B(c) (as applicable) or it contains invalid or incomplete message data, in accordance with provisions prescribed by the Clearing House from time to time in the Procedures.

Regulation 67A Rejection of EquityClear (ccCFD) ATP Matches

(a) Any EquityClear (ccCFD) ATP Match, particulars of which are submitted to the Clearing House, or its relevant approved agent, for registration by the Clearing House as an EquityClear (ccCFD) Contract, which does not meet the EquityClear (ccCFD) Open Offer Eligibility Criteria (as set out in Regulation 62C) as the case may be, or which the Clearing House declines to register under any other provision within these Regulations will, subject to paragraph (b), be rejected by the Clearing House and no EquityClear (ccCFD) Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, or any other provision of the Regulation or Procedures concerning liability of the Clearing House or a Member, 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 Member or any other person (including but not limited to any EquityClear NCM) with regard to the rejection by it of any such EquityClear (ccCFD) ATP Match.

(b) The Clearing House may, in its absolute discretion, agree to register an EquityClear (ccCFD) Contract, notwithstanding that it does not meet the EquityClear (ccCFD) Eligibility Criteria or it contains invalid or incomplete message data, in accordance with provisions prescribed by the Clearing House from time to time in the Procedures.

SCHEDULE TO THE EQUITYCLEAR REGULATIONS

Part A

EquityClear (Equities) Contract Terms

The terms of an EquityClear Contract shall comprise the Economic Terms and the General Terms.

1. The Economic Terms of an EquityClear (Equities) Contract shall comprise:

   (a) Buyer;

   (b) Seller;

   (c) Security (type and number);

   (d) Price;

   (e) Settlement date.

2. The General Terms shall comprise such further and other provisions as may be set out in this Part A and the Procedures.

3. Obligations regarding taxes and corporate events shall be as set out in the Procedures.

4. Economic Terms will be as set out in the information received by the Clearing House from the relevant ATP in respect of the EquityClear (Equities) ATP Match or EquityClear Novation Transaction giving rise to the EquityClear (Equities) Contract except that :

(c) in respect of an EquityClear (Equities) ATP Match or EquityClear Novation Transaction under Regulation 62A or 62B respectively, where such information specifies the EquityClear Clearing Members as the

   (i) Buyer under the EquityClear (Equities) ATP Match or EquityClear Novation Transaction, with the other party as Seller, the Clearing House will be Seller under the EquityClear (Equities) Contract; or

   (ii) Seller under the EquityClear (Equities) ATP Match or EquityClear Novation Transaction, with the other party as Buyer, the Clearing House will be the Buyer under the EquityClear (Equities) Contract.

5. **Third Party Rights**

   A person who is not a party to an EquityClear (Equities) Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of an EquityClear (Equities) Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

6. **Regulations**

   Each EquityClear (Equities) Contract shall be subject to the Regulations, which shall form a part of its terms.

7. **Governing Law**

Each EquityClear (Equities) Contract shall be governed by, and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

8. **EquityClear (Equities) ATP Matches and EquityClear Novation Transactions**

Without prejudice to these Regulations or the Procedures, the relevant ATP Market Rules shall apply in respect of EquityClear (Equities) Contracts, and such EquityClear (Equities) Contracts shall be settled in accordance with the ATP Market Rules, the settlement rules of the relevant Approved EquityClear Settlement Provider, and these Regulations and Procedures, including but not limited to the relevant provisions in respect of suspension of settlement, for instance on the insolvency of the issuer of the relevant securities, or otherwise. Where there is any conflict between any term of any ATP Market Rule or any term of the settlement rules of any Approved EquityClear Settlement Provider, and the Regulations and Procedures of the Clearing House, the latter shall prevail.

SCHEDULE TO THE EQUITYCLEAR REGULATIONS

Part B

EquityClear Eligible (Equities)

Such securities, as are prescribed, for these purposes from time to time by the Clearing House, and published by the Clearing House, in accordance with the Procedures.

SCHEDULE TO THE EQUITYCLEAR REGULATIONS

Part C

EquityClear (ccCFD) Contract Terms

The terms of an EquityClear (ccCFD) Contract shall include these EquityClear (ccCFD) Contract Terms which shall comprise:

(1) Interpretation section;

(2) Economic Terms; and

(3) Standard Terms – (i) Specific Standard Terms and (ii) General Standard Terms.

1. Interpretation Section

1.1 Save as otherwise specified herein, words and phrases defined elsewhere in the General Regulations, Procedures and Default Rules of the Clearing House (together, and as amended from time to time, the "**Rulebook**") shall have the same meanings in these EquityClear (ccCFD) Contract Terms.

1.2 In the event of any inconsistency between these LCH EquityClear (ccCFD) Contract Terms and the Rulebook, the Rulebook will prevail, unless expressly otherwise specified.

1.3 In these EquityClear (ccCFD) Contract Terms, the following terms have the following meanings:

"**Benchmark Interest Rate**" means the relevant interbank cash interest rate applicable to the Relevant Currency;

"**Contract Date**" means the date on which the EquityClear (ccCFD) Contract is first entered into by the Clearing House;

"**Contract Quantity**" means the number of Units bought or sold under the EquityClear (ccCFD) Contract;

"**Relevant ATP**" means the ATP on which the EquityClear ATP Match underlying this EquityClear (ccCFD) arises;

"**Relevant Currency**" means the currency in which an EquityClear (ccCFD) Contract is traded and will be settled, as identified in the Economic Terms;

"**Spread Charge**" means the daily cost charged by LCH for holding an open position in an EquityClear (ccCFD) Contracts;

"**Underlying Exchange**" means the exchange on which an Underlying Security is listed;

"**Underlying Instrument**" means the Underlying Security, index, commodity, currency pair or other asset or product that is the subject matter of an EquityClear (ccCFD) Contract;

"Underlying Security" Means the equity security listed by the Underlying Exchange and identified as the Underlying Instrument in the Economic Terms

"**Unit**" means the minimum quantity of the relevant Underlying Instrument may be bought or sold under an EquityClear (ccCFD) Contract.

2. Economic Terms

2.1 The Economic Terms of a EquityClear (ccCFD) Contract shall comprise details of:

(a) Buyer

(b) Seller

(c) Price

(d) Contract Quantity

(e) Relevant Currency

(f) Underlying Instrument

(g) Unit

2.2 The Economic Terms of an EquityClear (ccCFD) Contract will be as set out in the information received by the Clearing House from the relevant ATP in respect of an EquityClear ATP Match except that (a) where such information specifies an EquityClear Clearing Member as the buyer, the Clearing House shall be the seller; and (b) where such information specifies an EquityClear Clearing Member as the seller, the Clearing House shall be the buyer.

3. Specific Standard Terms

3.1 **Contracts for Difference on Equities**

Type of Contract	Equity Contract for Difference
Description	Contract for Difference on the Underlying Security
Unit	One Unit represents 1 share of the Underlying Security. Follows Underlying Exchange electronic order book price format
Minimum contract size	One Unit
Relevant Currency	The currency in which the Underlying Security is denominated
Trading hours	7.30 am to 5.30pm GMT
Daily settlement price	The price is equal to that of the closing price as determined by Clearing House
Contract Standard	Daily margining based on Daily Settlement Price Closure of the contract is performed by an equal and opposite transaction.
Benchmark Interest Rate	Seller: Receives Benchmark Interest Rate (or Relevant Currency equivalent) Buyer: Pays Benchmark Interest Rate (or Relevant Currency equivalent)

Spread Charge	Seller: Pays or receives daily Spread Charge Buyer: Pays or receives daily Spread Charge
Financing Amount	The net amount of the Benchmark Interest Rate and the Spread Charge paid or received daily
Expiry	N/A
Cash Equivalent Dividend Payment	If a dividend is declared in respect of the Underlying Security of an EquityClear (ccCFD) Contract, then the Seller must pay to the Buyer an amount calculated in accordance with the Rulebook and payable at the time specified in the Rulebook. UK Equities Seller: Net cash equivalent paid at the applicable rate . Buyer: Net cash equivalent received at the applicable rate.

4. General Standard Terms

The following General Standard Terms apply to all EquityClear (ccCFD) Contracts:

4.1 Term

This EquityClear (ccCFD) Contract shall be of indefinite duration, subject to termination in accordance with the Rulebook.

4.2 Daily Settlement

This EquityClear (ccCFD) Contract shall be subject to daily settlement in accordance with the Rulebook.

4.3 Lack of Daily Settlement Price

If no Daily Settlement Price is available, for whatsoever reason, the Clearing House may, in consultation with the Relevant ATP, fix an alternative at a price determined by them, in their absolute discretion, as being consistent with cash market values of the Underlying Instrument.

4.4 Financing Amount

A daily Financing Amount will be calculated and payable daily by reference to the net number of those open EquityClear (ccCFD) Contracts held by the Buyer and Seller in its House account and Client account. The Financing Amount will be calculated in arrears commencing 3 days from the trade date.

The daily Financing Amount is based on two components: (i) the Benchmark Interest Rate; and (ii) the Spread Charge. Holders of long positions pay the daily Benchmark Interest Rate and pay or receive the Spread Charge. Holders of short positions receive the daily Benchmark Interest Rate and pay or receive the Spread Charge. At the end of each day, the daily Financing Amount of each position is calculated, using the following formula:

Long CFD (adjustable by trade source and currency)

F = n x p x (L +/- CMls) x (d / b)

Short CFD (adjustable by trade source and currency)

F = n x p x (L +/– CMss) x (d / b)

Where:

F	is the daily Financing Amount per ISIN paid to or received from the Buyer or Seller.
n	is the end of day position quantity per ISIN.
p	is the end of day daily price
L	is the applicable Benchmark Rate (or Relevant Currency equivalent).
CMls or CMss	is the applicable long (or short) Spread Charge charged or paid by the Buyer or Seller. Note, the short Spread Charge also includes the stock borrow rate for equities. Can be positive or negative.
d	is the number of days position is financed for, (between current business day and next cost of carry run) using a currency calendar. For example, one for overnight calculations and 3 days for standard weekends.
b	is the standard days basis for the settlement currency. For UK 365 days is used.

4.5 Third Party Rights

A person who is not a party to an EquityClear (ccCFD) Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of an EquityClear (ccCFD) Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

4.6 Regulations

Each EquityClear (ccCFD) Contract shall be subject to the Regulations, which shall form a part of its terms.

4.7 Governing Law

Each EquityClear (ccCFD) Contract shall be governed by, and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the English courts

LCH ENCLEAR OTC REGULATIONS

Regulation 68 Application of LCH EnClear OTC Regulations

(a) The LCH EnClear OTC Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b) apply to LCH EnClear OTC Contracts and LCH EnClear OTC Clearing Members.

(b) The Default Rules, Default Fund Rules, the definitions and Regulations 1, 2, 3(b), 4, 5, 8, 9(b) and (c), 10, 11, 12, 14, 16, 23, 24, 26 to 39B inclusive (other than Regulation 35(a) and Regulation 37(b)) of the General Regulations apply to LCH EnClear OTC Contracts and LCH EnClear OTC Clearing Members.

Regulation 69 Registration of LCH EnClear Contracts

[Regulations 69-73 (inclusive) are no longer in force.]

Regulation 70 LCH EnClear Contracts

[Regulations 69-73 (inclusive) are no longer in force.]

Regulation 71 LCH EnClear Third Party Clearing Participants

[Regulations 69-73 (inclusive) are no longer in force.]

Regulation 72 **Daily Settlement**

[Regulations 69-73 (inclusive) are no longer in force.]

Regulation 73 Withdrawal of the LCH EnClear Service by the Clearing House

[Regulations 69-73 (inclusive) are no longer in force.]

Regulation 73A Registration of LCH EnClear OTC Contracts

(a) An LCH EnClear OTC Clearing Member must submit particulars of an Eligible OTC Trade for registration as an LCH EnClear OTC Contract, through such means as shall be prescribed by the Procedures.

(b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, an LCH EnClear OTC Clearing Member shall be bound by an LCH EnClear OTC Contract registered in its name pursuant to the presentation of particulars of an Eligible OTC Trade by it or on its behalf, or by an Approved Broker or presented by another LCH EnClear OTC Clearing Member provided that the particulars of such Eligible OTC Trade are submitted to the Clearing House through such means as shall be prescribed by the Procedures.

(c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, an Eligible OTC Trade, particulars of which are submitted for registration as an LCH EnClear OTC Contract, must meet the eligibility criteria prescribed in these Regulations and the Procedures at the time the particulars of such Eligible OTC Trade are presented to the Clearing House and must continue to meet such criteria at the Registration Time in order to be registered as an LCH EnClear OTC Contract.

(d) The Clearing House shall be deemed to register an LCH EnClear OTC Contract, in accordance with Regulation 73A in the name of an LCH EnClear OTC Clearing Member at the time prescribed in the LCH EnClear Procedures ("Registration Time").

(e) For the avoidance of doubt, any transaction of which details have been submitted by or on behalf of, a LCH EnClear OTC Clearing Member or by an Approved Broker for registration as an LCH EnClear OTC 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 LCH EnClear OTC Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration was not an Eligible OTC Trade or did not, at the Registration Time, meet the eligibility criteria for registration as an LCH EnClear OTC Contract, the Clearing House shall, as soon as practicable thereafter, set aside such LCH EnClear OTC Contract. Upon the LCH EnClear OTC Contract being set aside under this Regulation 73A(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 LCH EnClear OTC Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 73A(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 LCH EnClear OTC 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 LCH EnClear OTC Contract.

Regulation 73B LCH EnClear OTC Contracts

(a) Without prejudice to the Clearing House's rights to effect further novation under Regulation 3(b), an Eligible OTC Trade presented for registration to, and accepted by the Clearing House, shall be registered by the Clearing House as two LCH EnClear OTC Contracts, one between the First LCH EnClear OTC 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) as principals to such contract, and the other between the Clearing House as the seller or party paying a Fixed Price (as the case may be) and the Second LCH EnClear OTC Clearing Member being the buyer or the party paying a Floating Price (as the case may be) as principals to such contract. For the purposes of this Regulation:

(i) "First LCH EnClear OTC Clearing Member" is an LCH EnClear OTC Clearing Member who was, before registration of the LCH EnClear OTC Contract, party to the corresponding Eligible OTC Trade as the seller, or party paying a Fixed Price (as the case may be), or, if appropriate, who has Accepted such Eligible OTC Trade in accordance with the relevant Procedures; and

(ii) "Second LCH EnClear OTC Clearing Member" is an LCH EnClear OTC Clearing Member who was, before registration of the LCH EnClear OTC Contract, party to the corresponding Eligible OTC Trade as the buyer, or the party paying a Floating Price (as the case may be), or, if appropriate, who has accepted such Eligible OTC Trade in accordance with the relevant Procedures.

For the purposes of this Regulation 73B, "Accepted" shall mean that the relevant LCH EnClear OTC Clearing Member has agreed, by such means as may be prescribed from time to time by the Procedures, to become counterparty with the Clearing House to such LCH EnClear OTC Contract.

(b) With effect from registration of an Eligible OTC Trade as two LCH EnClear OTC Contracts under paragraph (a) of this Regulation:

(i) the parties to the corresponding Eligible OTC Trade, to the extent that they are bound by these 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 OTC Eligible Trade are not bound by these Regulations, such trade shall be dealt with according to the terms agreed by the parties to that trade;

(ii) each LCH EnClear OTC Contract registered under paragraph (a) of this Regulation shall be governed by the relevant LCH EnClear OTC Contract Terms as applicable to that Contract;

(iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First LCH EnClear OTC Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the LCH EnClear OTC Contract to which it is party as the seller had and owed in respect of its counterparty under the corresponding Eligible OTC Trade; and

(iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second LCH EnClear OTC Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the LCH EnClear OTC Contract to which it is party as the buyer, had and owed in respect of its counterparty under the corresponding Eligible OTC Trade.

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 Eligible OTC Trade (it being assumed, for this purpose, that such Eligible OTC Trade 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 Eligible OTC Trade 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 LCH EnClear OTC Contract arising under this Regulation, Regulation 3(b) or Regulation 11.

(d) In the case of a LCH EnClear OTC 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 Regulation 73B shall take effect.

Regulation 73C Daily Settlement

(a) Where the LCH EnClear OTC Procedures so provide, in respect of any Eligible OTC Trade, and any LCH EnClear OTC Contract arising therefrom the Clearing House may affect the daily settlement to market, of such open LCH EnClear OTC Contracts in accordance with the Procedures.

(b) The Clearing House may, in accordance with the Procedures, in respect of each such open LCH EnClear OTC Contract in an LCH EnClear OTC 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 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 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 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 Procedures.

(c) Upon completion of the procedure set out in paragraph (b) above, the Clearing House may, if the Procedures so provide, calculate the daily settlement amounts in accordance with the Procedures and may thereafter make up the LCH EnClear OTC Clearing Member's account and upon the Clearing House so doing, that 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 Procedures in respect of the relevant LCH EnClear OTC 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 Procedures, in respect of those open LCH EnClear OTC Contracts in an LCH EnClear OTC 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 Clearing Member's name as open LCH EnClear OTC 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 Clearing Member's name.

(e) [This provision has been left blank intentionally]

(f) [This provision has been left blank intentionally]

(g) [This provision has been left blank intentionally]

(h) [This provision has been left blank intentionally]

(i) [This provision has been left blank intentionally]

(j) [This provision has been left blank intentionally]

Regulation 73D [This provision has been left blank intentionally]

Regulation 73E Withdrawal of the LCH EnClear OTC Services by the Clearing House

(a) If at any time the Clearing House decides to withdraw its LCH EnClear OTC Services (or any part of it) it shall give not less than six months' notice in accordance with the Procedures to all LCH EnClear OTC Clearing Members of the date on which the service will be withdrawn ("the LCH EnClear OTC Services Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by a LCH EnClear OTC Clearing Member shall not invalidate the LCH EnClear OTC Services Withdrawal Date. Where only a part of the LCH EnClear OTC Services is being withdrawn, notice shall only be given to those LCH EnClear OTC Clearing Members authorised or approved to participate in that part of the Services.

(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 LCH EnClear OTC Contract, other than a closing-out contract after notice to withdraw the service has been given under Regulation 73E(a).

(c) If, at the LCH EnClear OTC Services Withdrawal Date, an LCH EnClear OTC Clearing Member has not closed out all open LCH EnClear OTC Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to:

(i) liquidate any or all of such LCH EnClear OTC Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and

(ii) postpone the LCH EnClear OTC Services Withdrawal Date until such time as the Clearing House determines.

SCHEDULE TO THE LCH ENCLEAR OTC REGULATIONS

Part A

LCH EnClear OTC Contract Terms

Where an LCH EnClear OTC Contract arises between the Clearing House and an LCH EnClear OTC Clearing Member pursuant to the Regulations and the terms of any agreement between them, the terms of a registered LCH EnClear OTC Contract shall include these LCH EnClear OTC Contracts 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 LCH OTC EnClear OTC Contract Terms shall have the same meaning as in the General Regulations, Default Rules and Procedures of the Clearing House (together, and as amended from time to time, the "Regulations").

1.3 The accidental omission to give any notice which may be required under the Regulations or Procedures for the amendment of these Contract Terms, or the non-receipt of any such notice by any LCH EnClear OTC 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 Regulations and the Procedures, the Clearing House will use the relevant LCH EnClear OTC Contract Terms applicable to an LCH EnClear OTC Contract to calculate the amounts due under the LCH EnClear OTC Contract to, or from, the Clearing House in accordance with the Procedures.

1.6 Subject to the Regulations and the Procedures, the Clearing House will use the relevant LCH EnClear OTC Contract Terms applicable to an LCH EnClear OTC Contract to calculate the amounts due under the LCH EnClear OTC Contract to, or from, the Clearing House in accordance with the 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 LCH EnClear OTC Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding Eligible OTC Trade 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 LCH EnClear OTC Contract that the particulars of an Eligible OTC Trade 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 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 Regulation 73B where the Eligible OTC Trade specifies an LCH EnClear OTC Clearing Member as the party paying the Fixed Price or being the seller ("the First LCH EnClear OTC Clearing Member") with the other LCH EnClear OTC Clearing Member as the party paying the Floating Price or being the buyer ("the Second LCH EnClear OTC Clearing Member") the Clearing House, in respect of each LCH EnClear OTC Contract it is party to pursuant to the corresponding Eligible OTC Trade, shall be (i) the party paying the Floating Price or the buyer to the First LCH EnClear OTC Clearing Member under the LCH EnClear OTC Contract; and (ii) the party paying the Fixed Price or seller to the Second LCH EnClear OTC Clearing Member under the LCH EnClear OTC Contract.

Section 3 Specific Standard Terms For LCH EnClear OTC Contracts

[Sections 3.1 and 3.2 no longer in force]

3.3 LCH EnClear OTC Services: Energy Division

The following sets of terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contract arising from an Eligible OTC Trade in the Energy Division of the LCH EnClear OTC Services.

Section	Contract
3.3A	No longer in force
3.3B	No longer in force
3.3C and 3.3D	OTC Emissions – EUAs
3.3C and 3.3E	OTC Emissions – CERs
3.3F	OTC Emissions – EUA Spot
3.3G	OTC Emissions – CER Spot
3.3H	OTC Emissions – EUA Options
3.3I	OTC Emissions – CER Options

3.3A No longer in force

3.3B **No longer in force**

3.3C **LCH EnClear OTC Services: Energy**

3.3C.1 **Standard Terms: Additional Definitions**

The following additional definitions shall apply to any LCH EnClear OTC Contract within the LCH EnClear OTC Services: Energy Division.

Defined Term	Definition
CER	A certified emissions reduction, as defined in the Directive, that may be used for determining compliance with emissions limitation commitments pursuant to and in accordance with the Scheme, excluding allowances generated by hydroelectric projects with a generating capacity exceeding 20MW.
CITL	The independent transaction log provided for in Article 20(1) of the Directive.
Commitment Period Reserve	The commitment period reserve requirements set out in paragraphs 6 and 7 of the Annex to Decision 11 of the Meeting of the Parties to the UNFCCC (modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol), as amended from time to time.
Compliance Period	The first five-year period referred to in Article 11(2) of the Directive, namely 2008 to 2012 inclusive.
Delivery Period	The period beginning at 09.30 hours on the first business day following the last trading day and ending at 19.30 hours on the third business day following the last trading day.
Directive	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended from time to time.
EUA	An allowance to permit the emission of one tonne of carbon dioxide equivalent during the relevant period that has been issued by a competent authority pursuant to the Directive for the purposes of the Scheme.
Holding Account	A holding account maintained pursuant to the Registry Regulation.
ITL	The international transaction log established pursuant to paragraph 38 of the Annex to Decision 13 of the Conference of the Parties to the UNFCCC.
ITL Operation	The establishment and continuing functioning of the link between the ITL, the CITL, the relevant Registry or Registries and, where applicable, the UNFCCC Clean Delivery Mechanism Registry.
LEBA Index	The index as published daily by the London Energy Brokers Association.
Registry Regulation	The EU Commission Regulation (EC) No 2216/2004 for a standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision 280/2004/EC of the European Parliament and of the Council, as amended from time to time.
Scheme	The scheme for transferring emissions allowances, including EUAs and CERS, established pursuant to the Directive and the

Defined Term	Definition
	Registry Regulation and as implemented by the national laws of EU member states.
Suspension Event	(i) The absence of ITL Operation; (ii) the suspension of the Scheme; or (iii) the inability of a party to perform its obligations under an LCH EnClear OTC Contract as a result of a breach or breaches of the Commitment Period Reserve in each of the member states in which that party maintains a Holding Account.
UNFCCC	The United Nations Framework Convention on Climate Change.

3.3C.2 **Standard Terms: Additional Provisions**

(a) Suspension Event

If and to the extent that the performance of any LCH EnClear OTC Contract is frustrated by a Suspension Event, that event shall be deemed to be an event beyond the reasonable control of the parties for the purposes of Regulation 27 of the General Regulations and the Clearing House may act accordingly. In such circumstances, the Clearing House may, without limitation and acting in its sole discretion, issue directions such that the obligations of the Clearing Members under any affected LCH EnClear OTC Contract shall be fulfilled at such future time and by such means as the Clearing House may acting in its sole discretion determine.

(b) Abandonment of ITL Operation

Without prejudice to or limitation of any powers that the Clearing House may have under the General Regulations, if by official announcement of the European Commission or the UNFCCC or by joint announcement of those bodies it is established that ITL Operation will not be achieved during the Compliance Period, the Clearing House may invoice back such LCH EnClear OTC Contracts as are open at the relevant time. If and when LCH EnClear OTC Contracts are invoiced back in such circumstances, opposite contracts shall be effected and registered at the LEBA Index price published on the business day immediately preceding the day on which the official announcement referred to above is made. If such price is not available for whatever reason, or if in all the circumstances it would be unreasonable to use such price in the opinion of the Clearing House, opposite contracts shall be effected and registered at such other price as the Clearing House shall, acting in its sole discretion, reasonably determine.

(c) Exclusion of Liability

Without prejudice to the General Regulations, including without limitation those provisions of the General Regulations concerning liability, the Clearing House excludes all liability of any kind to the fullest extent possible in respect of any performance of or failure to perform an LCH EnClear OTC Contract that may be attributable to:

(i) the lack of availability, failure and/or malfunction of any system, device, software or hardware which forms part of the Scheme or which has been designed for use in connection with it;

(ii) any act or omission by any third party in connection with the Scheme.

3.3D **Standard Terms: Basic Provisions – EUAs**

Description	Physically settled contracts for the forward delivery of EUAs.
Unit of Trading	One lot of 1000 EUAs.
Minimum Contract Size	One lot.
Currency	Euros.
Tick Size	One euro cent (ten euros per lot).
Reference Price for Daily Settlement	LEBA EUA closing price or such other price as may be prescribed by the Clearing House from time to time.
Final Settlement	LEBA EUA closing price or such other price as may be prescribed by the Clearing House from time to time.
Minimum Price Fluctuation	One euro cent.
Maximum Price Fluctuation	Unlimited.
Contract Series	Annual December contract months beginning December 2008 and ending December 2015.
Business Days	UK Business days plus the UK Bank Holiday at the end of May and the UK Bank Holiday in August.
Expiry/Last Trading Date	Contracts will expire at 18:00 on the last Monday of the contract month. Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be the third last Monday of the contract month.
Settlement	Physical delivery by the transfer of EUAs in accordance with the Procedures.
Final Payment Date	The business day following the last trading day.

3.3E Standard Terms: Basic Provisions – CERs

Description	Physically settled contracts for the forward delivery of CERs.
Nature of	A contract for the transfer of CERs as specified for

Contract	that contract.
Unit of Trading	One lot of 1000 CERs.
Minimum Contract Size	One lot.
Currency	Euros.
Tick Size	One euro cent (ten euros per lot).
Reference Price for Daily Settlement	LEBA CER closing price or such other price as may be prescribed by the Clearing House from time to time.
Final Settlement	LEBA CER closing price or such other price as may be prescribed by the Clearing House from time to time.
Minimum Price Fluctuation	One euro cent.
Maximum Price Fluctuation	Unlimited.
Contract Series	Annual December contract months beginning December 2008 and ending December 2015.
Business Days	UK Business days plus the UK Bank Holiday at the end of May and the UK Bank Holiday in August.
Expiry/Last Trading Date	Contracts will expire at 18:00 on the last Monday of the contract month. Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be the third last Monday of the contract month.
Settlement	Physical delivery by the transfer of CERs in accordance with the Procedures.
Final Payment Date	The business day following the last trading day.

3.3F Standard Terms: Basic Provisions EUA Spot Contract

Description	Physically settled day ahead spot contract for the delivery of EU Allowances issued in accordance with the terms of Directive 1003/87/EC.

Lot Size	One lot is equal to 1000 EU Allowance units. A unit being the right to emit 1 tonne of CO2 equivalent.
Minimum Contract Size	One Lot
Currency	Euros (€)
Minimum Tick Size	One Euro cent per tonne, €0.01/tonne
Settlement Price	LEBA EUA closing price or such or other price as may be prescribed by LCH.Clearnet from time to time.
Contract Series	Rolling day ahead spot contract for business days only. Contracts for Monday delivery are made available for trading on the Friday prior to delivery.
Expiry Day	Contracts will expire at 18:00 on the trading day.
Delivery	Delivery is fulfilled by the transfer of EU Allowances from the Holding Account at a designated Registry of the Seller to the Holding Account of LCH.Clearnet Ltd at the UK Emissions Trading Registry and from there to the Holding Account at the designated Registry of the Buyer.

3.3G **Standard Terms: Basic Provisions CER Spot Contract**

Description	Physically settled day ahead spot contract for the delivery of Certified Emissions Reductions issued pursuant to Article 12 of the Kyoto Protocol that may be used for determining compliance with emissions limitation commitments in accordance with the EU Emissions Trading Scheme. Excluding allowances generated by hydroelectric projects with a generating capacity exceeding 20MW.
Lot Size	One lot is equal to 1000 Certified Emission Reductions units. A unit being the right to emit 1 tonne of CO2 equivalent.
Minimum Contract Size	One lot
Currency	Euros (€)
Minimum Tick Size	One Euro cent per tonne, €0.01/tonne
Settlement Price	LEBA CER closing price or such or other price as may be prescribed by LCH.Clearnet from time to

time.

Contract Series	Rolling day ahead spot contract for business days only. Contracts for Monday delivery are made available for trading on the Friday prior to delivery.
Expiry Day	Contracts will expire at 18:00 on the trading day.
Delivery	Delivery is fulfilled by the transfer of Certified Emissions Reductions from the Holding Account at a designated Registry of the Seller to the Holding Account of LCH.Clearnet Ltd at the UK Emissions Trading Registry and from there to the Holding Account at the designated Registry of the Buyer.

3.3H **Standard Terms: Basic Provisions – EUA Options Contract**

Description	Physically settled Premium Paid Option on the underlying EUA Forward contract for the corresponding December expiry. These contracts, if "in the money" expire into their underlying EUA Forward contracts with a traded price equal to the Strike Price (see below)
Lot size	1000 tonnes
Currency	Euro
Pricing	Euro and Euro cents per metric tonne
Minimum tick	€0.01 per tonne
Option Type	Options are European style and will be automatically exercised on the expiry day if they are "in the money". If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last trading day	Contracts will expire at 18:00 hours UK time 3 business days prior to the last Monday of the options contract month. Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be 3 days prior to the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be 3 days prior to the

	third last Monday of the contract month.
Expiry	18:00 hours UK time on the last trading day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price. **Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.** The reference price will be a price in Euros and Euro cents, equal to the daily settlement price for the December EUA Forward contract of the corresponding year. For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying EUA forward contract.
Contract series	Four rolling month contracts (March, June, September and December) plus an additional two December contracts All option contracts expire into the underlying December contract of the corresponding year.
Strike Price	Fifty strike prices in increments of €0.50 above and below the “at-the-money” strike price in all contract series. Where the “at the money” strike price of the underlying commodity moves, additional strikes will be added each business day
Margin	Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.
Business Days	UK business days

3.3l **Standard Terms: Basic Provisions – CER Options Contract**

Description	Physically settled Premium Paid Option on the underlying CER Forward contract for the corresponding December expiry. These contracts, if “in the money” expire into their underlying CER Forward contracts with a traded price equal to the Strike Price (see below)
Lot size	1000 tonnes
Currency	Euro

Pricing	Euro and Euro cents per metric tonne
Minimum tick	€0.01 per tonne
Option Type	Options are European style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last trading day	Contracts will expire at 18:00 hours UK time 3 business days prior to the last Monday of the options contract month. Where the last Monday of the contract month is not a business day, or there is a non-business day in the four days following the last Monday of the contract month, then the expiry day will be 3 days prior to the second last Monday of the contract month. In cases where there is a non-business day in the four days following the second last Monday of the contract month, then the expiry day will be 3 days prior to the third last Monday of the contract month.
Expiry	18:00 hours UK time on the last trading day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price. **Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.** The reference price will be a price in Euros and Euro cents, equal to the daily settlement price for the December EUA Forward contract of the corresponding year For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying EUA forward contract.
Contract series	Four rolling month contracts (March, June, September and December) plus an additional two December contracts. All option contracts expire into the underlying December contract of the corresponding year.

Strike Price	Fifty strike prices in increments of €0.50 above and below the "at-the-money" strike price in all contract series. Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day
Margin	Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.
Business Days	UK business days

3.4 **LCH EnClear OTC Services: Freight Division**

The following terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contract arising from an Eligible OTC Trade in the Freight Division of the LCH EnClear OTC Service.

3.4.1 **Standard Terms: Additional Definitions**

"Baltic Exchange" means The Baltic Exchange Limited of St Mary Axe, London EC3A 8BH, UK.

"FIS" means Freight Investor Services Pte Ltd of 16 Collyer Quay, 10-01 Hitachi Tower, Singapore.

"Flat Rate" means an amount in respect of each pricing date expressed in US$/mt for that route for that pricing date as published by the Worldscale Association (London) Ltd, and the Worldscale Association (NYC) Inc.

"LEBA" means The London Energy Brokers Association

"mt" means metric tonnes.

"Reference Price" means the daily or final settlement price, as the case may be, for that route, as set out herein below.

"Shanghai Shipping Exchange" means Shanghai Shipping Exchange of 88 Yang Shu Pu Road, Shanghai 200082, PRC.

"TSI" means The Steel Index Limited of Palladium House, 1-4 Argyll Street, London W1F 7LD.

"Worldscale Point" or *"WS Point"* means a point of the pricing index operated by the Worldscale Association.

"Worldscale Rate" or *"WS Rate"* means the number of Worldscale Points.

Tanker Voyage Routes, Dry Voyage Routes, Dry Timecharter Basket Routes, Dry Trip Timecharter Routes and Timecharter Voyage Routes are those defined by the Baltic Exchange.

3.4.2 The following sets of terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contract arising from an Eligible OTC Trade (Freight Division).

The table below shows which set of terms (identified by the individual sub-section number of this section 3) applies to the relevant type of freight forward contract or option contract and route:

Name of freight contract and route	**Section**
Tanker Voyage Routes	Section 3.4A
$ Per Tonne Tanker Voyage Routes	Section 3.4B
Dry Voyage Routes	Section 3.4C
Dry Timecharter Basket Routes - Forwards	Section 3.4D
Dry Trip Timecharter Routes	Section 3.4E
Timecharter Voyage Route	Section 3.4F
Dry Timecharter Basket Routes - Options	Section 3.4G
Baltic Exchange Dry Index	Section 3.4H
Iron Ore Swap	Section 3.4I
Fertilizer Swaps	Section 3.4J
Container Swaps	Section 3.4K
API 2 cif ARA (Argus/McCloskey) Coal Swap Contract	Section 3.4L
API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contract	Section 3.4M
European Hot Rolled Coil Steel Swaps	Section 3.4N
Chinese Hot Rolled Coil Steel Swap	Section 3.4O
Turkish Import Scrap Steel Swap	Section 3.4P
Chinese Domestic Hot Rolled Ribbed Bar Steel Swap	Section 3.4Q
API 2 of ARA (Argus/McCloskey) Coal Option Contract	Section 3.4R
API 4 fob Richard Bay (Argus McCloskey) Coal Option Contract	Section 3.4S

3.4A Cash Settled Freight Forward Contracts: Tanker Voyage Routes

Description: Cash settled freight forward contracts on any of the following Tanker Voyage Routes:

Baltic TD3 (260,000 mt ME Gulf – Japan)

Baltic TD5 (130,000 mt W Africa – USAC)

Baltic TD7 (80,000 mt North Sea – Cont)

Baltic TC2 (37,000 mt Continent – USAC)

Baltic TC4 (30,000 mt Singapore – Japan)

Baltic TC5 (55,000 mt ME – Japan)

Baltic TC6 (30,000 mt Algeria/Euromed)

Lot Size	1,000 mt
Currency	US Dollars
Minimum Tick	US$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price, calculated as Flatrate x WS Rate /100
Floating Price	In respect of daily revaluation, the floating price will be calculated as Flat Rate x WS Rate/100, where the WS rate is the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be a price in US$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flat Rate divided by 100 for each pricing date in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day.
Contract Series	Front 6 Months, Front 5 Quarters (TC2, TC6, TD3, TD5, TD7), Front 4 Quarters (TC4, TC5), Front 2 Whole Calendar years. Out to a maximum of 36 months
Final Payment Date	The first business day following the expiry day
Business Days	UK business days

3.4B Cash Settled Freight Forward Contracts: $ Per Tonne Tanker Voyage Routes

Description	Cash settled $ per tonne freight forward contracts on the following Tanker Voyage Routes: Baltic TC2 (DC2) (37,000 mt Continent – USAC) Baltic TD3 (DD3) (260,000 mt ME Gulf – Japan)

	Batlic TD5 (DD5) (130,000 mt W Africa – USAC) Baltic TD7 (DD7) (80,000 mt North Sea – Cont)
Lot Size	1,000 mt
Currency	US Dollars
Pricing	US $/tonne
Minimum Tick	US $ 0.0001 to account for final settlement
Fixed Price	The traded price (in $/t) or the previous day's settlement price, as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price is the end of day price (in $/t) as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be a price in US$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flate Rate divided by 100 for each pricing date in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non-working day.
Contract Series	Front 6 Months, Front 5 Quarters, Front 2 Whole Calendar Years. Out to a maximum of 35 months
Final Payment	The first business day following the expiry day.
Business Days	UK business days.

3.4C Cash Settled Freight Forward Contracts: Dry Voyage Routes

Description	Cash settled freight forward contracts on any of the following Dry Voyage Routes: C3E (Tubarao – Beilun/Baoshan) C4E (Capesize Richards Bay – Rotterdam) C5E (W Australia – Beilun/Baoshan) C7E (Capesize Bolivar – Rotterdam)
Lot Size	1,000 mt
Currency	US Dollars

Pricing	US $/mt, $0.01
Minimum Tick	US $ 0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
Contract Series	C4E and C7E – out to a time horizon of 3 whole Calendar Years (max 47 months), traded as either monthly contracts, quarters or Calendar Years. C3E and C5E - Front 3 months, 4 whole quarters
Final Payment Date	The first business day following the expiry day
Business Days	UK Business Days

3.4D **Cash Settled Freight Forward Contracts: Dry Timecharter Basket Routes**

Description	Cash settled freight forward contracts on any of the following Dry Timecharter Basket Routes: CTC (Capesize TC Avg 4 routes) PTC (Panamax TC Avg 4 routes) STC (Supramax TC Avg 6 routes) HTC (Handysize TC Avg 6 routes)
Lot Size	1 day
Currency	US Dollars
Pricing	US $ per day
Minimum Tick	US $ 0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange

Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
Contract Series	CTC, PTC – Front 1 or 2 months (remaining from expired front quarter) Front 4 Quarters, Front 2 Half Years, Front 7 Calendar Years. STC, HTC – Front 1 or 2 months (remaining from expired front quarter) Front 4 Quarters, Front 2 Half Years, Front 5 Calendar Years.
Final Payment Date	The first business day following the expiry day
Business Days	UK Business Days

3.4E **Cash Settled Freight Forward Contracts: Dry Trip Timecharter Routes**

Description	Cash settled freight forward contracts on any of the following Dry Trip Timecharter routes: P1A, P1E (Panamax Transatlantic RV) P2A (Panamax Cont Trip Far East) P3A (Panamax trans Pacific round voyage)
Lot Size	1 day
Currency	US Dollars
Pricing	US$ per/day
Minimum Tick	US$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be the mean of the last 7 Baltic Exchange spot price assessments in the expiry month.

Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
Contract Series	P1A, P1E – Front 6 Months, front 4 whole quarters P2A, P3A – Front 6 Months, front 3 whole quarters
Final Payment Date	The first business day following the expiry day
Business Days	UK Business Days

3.4F **Timecharter Voyager Route**

Description	Cash settled freight forward contract on the following Timecharter Voyage Route: S7 (East coast India – China)
Lot Size	1 day
Currency	US Dollars
Pricing	US $ per day
Minimum tick	US $ 0.0001 to account for final settlement
Fixed price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange spot price assessments for every trading day in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non-working day.
Contract series	Current quarter and following 4 quarters
Final payment	The first business day following the last trading day
Business days	UK business days

3.4G **Cash Settled Premium Paid Options: Dry Timecharter Basket Routes**

Description	Cash settled Premium Paid Options on any of the following Dry Timecharter Basket Routes: - CTO (Capesize TC Avg 4 routes) PTO (Panamax TC Avg 4 routes) STO (Supramax TC Avg 6 routes) HTO (Handysize TC Avg 6 routes) These contracts, if "in the money" expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)
Lot Size	1 day
Currency	US Dollars
Pricing	US$ per day
Minimum Tick	US$1 per day
Option Type	Options are European style and will be automatically exercised on the expiry day if they are "in the money". If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	At 17:00 hours UK time on last Business Day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous Business Day, where the 24th December is a non working day
Expiry	17:00 hours UK time on the Last Trading Day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater in-the-money when compared to the relevant reference price. Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract. The reference price will be a price in US dollars, cents and hundredths of a cent ($0.0001), per day equal to the final settlement price for the underlying freight forward

	contracts. For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying freight forward contracts.
Contract Series	Front 1 or 2 months (remaining from expired front quarter) Front 4 Quarters, Front 3 Calendar Years.
Strike Price	CTO – Sixty strike prices in increments of $250 per day both above and below the "at-the-money" strike price in all contract series. STO - Thirty strike prices in increments of $250 per day both above and below the "at-the-money" strike price in all contract series. PTO - Thirty strike prices in increments of $250 per day both above and below the "at-the-money" strike price in all contract series. HTO - Thirty strike prices in increments of $100 per day both above and below the "at-the-money" strike price in all contract series. Where the "at the money" strike price of the underlying commodity moves additional strikes will be added each Business Day.
Business Days	UK Business Days

3.4H **Cash Settled Freight Index Contract: Baltic Exchange Dry Index**

Description	Cash settled freight swap on the Baltic Exchange Dry Index (BDI)
Lot Size	1 BDI tick
Currency	US Dollars
Pricing	1 BDI tick = US $1
Minimum Tick	US $ 0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by the Baltic Exchange. In respect of final settlement, the floating price will be the mean of the daily Baltic Exchange BDI assessments for every trading day in the expiry month.

Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day.
Contract Series	Front 4 Months, Front 4 Quarters, One Whole Calendar
Final Payment Date	The first business day following the expiry day
Business Days	UK Business days

3.4I **Iron Ore Swap**

Description	Iron ore swap contract – settled against the daily TSI index (The Steel Index) 62% fe
Contract Code	TSI
Lot Size	1,000mt
Currency	US Dollars
Minimum Tick	$0.01/mt
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by IOSDA or such other price as may be prescribed by the Clearing House from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by IOSDA or such other price as may be prescribed by the Clearing House from time to time. In respect of final settlement, the floating price will be the mean of the daily TSI spot indices for that month.
Contract Series	Front 3 months, 4 quarters, 2 calendar years.
Expiry/Settlement	Last business day of the contract month.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month.
Final Payment	The first business day following expiry.
Business Days	UK Business Days

3.4J **Fertilizer Swaps**

Description	Fertilizer swap contracts cash settled against: UREA – New Orleans (UNO)

UREA – Yuzhnyy (UYZ)

UREA – Egypt (UNE)

DAP – Tampa (DTA)

DAP – New Orleans (DNO)

UAN – NOLA (UAN)

Lot Size	500mt – UYZ, DTA, UNE 500st – UNO, DNO, UAN
Currency	US Dollars
Minimum Tick	US$0.0001
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS. In respect of final settlement, the floating price will be the arithmetic average of the relevant weekly indices for that contract as supplied by FIS for that month.
Contract Series	Front 6 months, 4 quarters
Expiry	Last publication day of the relevant index in the contract month (i.e. the last business Thursday of every month). Exception – December contracts will expire on the penultimate Thursday, as there is no publication of an index in the week prior to New Year. Where the last Thursday of the month is a non-business day, the expiry day will be the first business day preceding that Thursday
Settlement	The first business day following the expiry day
Delivery	Cash settled monthly against the average of all the relevant indices for that contract during the month.
Business Days	UK Business Days

3.4K **Container Freight Swap Agreement**

Description	SCFI cash settled container freight swap agreements on the following routes:

CNW (Shanghai – North West Europe)

	CMD (Shanghai – Mediterranean) CSW (Shanghai – US West Coast) CSE (Shanghai – US East Coast)
Lot Size	1 TEU 20ft container (CMD and CNW) 1 FEU 40ft container (CSE and CSW)
Currency	US Dollars
Pricing	US $ per TEU (CMD and CNW) US $ per FEU (CSE and CSW)
Minimum Tick	US $ 0.01 to account for final settlement.
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by Approved OTC brokers, or such other price as may be prescribed by the Clearing House from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by Approved OTC brokers, or such other price as may be prescribed by the Clearing House from time to time. In respect of final settlement, the floating price will be the mean of the all the SCFI weekly spot assessments for the contract route as published by the Shanghai Shipping Exchange each Friday during the contract month.
Contract Series	Front 3 months, front quarter + following 3 quarters, 1 whole calendar year (out to a maximum of 23 months).
Last Trading Day	Last publication day of the relevant index in the contract month (i.e. the last Chinese business Friday of every month). Where the last Friday of the month is a UK business day but a Chinese holiday, the last trading day will be the previous publication day. Where the last Friday of the month is a Chinese business day but a UK holiday, the last trading day will be the previous UK business day.
Delivery	Cash settled monthly against the arithmetic average of all the SCFI indices in the contract month.
Final payment	The first UK Business Day following the Last Trading Day.

Business days	Chinese business days for the purpose of Index publication. UK Business Days for the purpose of trade registration, confirmation and final payment.

3.4L **API 2 (cif ARA) Coal Swap Contract**

Description	Cash settled API 2 cif ARA (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots
Currency	US Dollars
Minimum Tick	$0.05/tonne
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by LEBA, or such other price as may be prescribed by the Clearing house from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by LEBA, or such other price as may be prescribed by the Clearing house from time to time. In respect of final settlement, the floating price will be the average of weekly Argus/McCloskey API 2 (cif ARA) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.
Expiry / Last Trading Day	Month contracts will cease trading at the close of business on the last Friday of the contract month. Quarters, seasons and calendar years cease trading as a quarter/season/calendar year at the close of business on the last Friday of the first month contract in that quarter/season/calendar year. Where the last Friday of the month is a non-business day, the expiry day will be the first business day preceding that Friday.
Delivery	Cash settled at the average of weekly Argus/McCloskey API 2 (cif ARA) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.
Business Days	UK Business Days

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under license. LCH.Clearnet Ltd is solely responsible for the API 2 cif ARA (Argus/McCloskey) Coal Swap Contracts. Argus and IHS take no position on the purchase or sale of such API 2 cif ARA (Argus/McCloskey) Coal Swap Contracts.

3.4M API 4 (fob Richards Bay) Coal Swap Contract

Description	Cash settled API 4 fob Richards Bay (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots
Currency	US Dollars
Minimum Tick	$0.05/tonne
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by LEBA, or such other price as may be prescribed by the Clearing house from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by LEBA, or such other price as may be prescribed by the Clearing house from time to time. In respect of final settlement, the floating price will be the average of weekly Argus/McCloskey API 4 (fob Richards Bay) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.
Expiry / Last Trading Day	Month contracts will cease trading at the close of business on the last Friday of the contract month. Quarters, seasons and calendar years cease trading as a quarter/season/calendar year at the close of business on the last Friday of the first month contract in that quarter/season/calendar year. Where the last Friday of the month is a non-business day, the expiry day will be the first business day preceding that Friday.
Delivery	Cash settled at the average of weekly Argus/McCloskey API 4 (fob Richards Bay) index prices for the contract month as published in Argus/McCloskey's Coal Price Index Report.
Business Days	UK Business Days

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Swap Contracts.

3.4N European Hot Rolled Coil Steel Swaps

Description	European Hot Rolled Coil Steel swaps, cash settled against The Steel Index: Hot Rolled Coil – Northern Europe, domestic (SCN) Hot Rolled Coil – Southern Europe, domestic (SCS)
Lot Size	20 mt
Currency	Euros
Pricing	€ per metric tonne
Minimum Tick	€0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine. In respect of final settlement, the floating price will be the mean of the daily prices for the contract route as published by The Steel Index during the contract month.
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
Expiry / Last Trading Day	Last UK business day of the contract month.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
Final Payment Date	The first business day following the expiry day
Business Days	UK Business days

3.4O Chinese Hot Rolled Coil Steel Swaps

Description	Chinese Hot Rolled Coil Steel swap, cash settled against the Cleartrade China Steel Index (provided by Umetal): Hot Rolled Coil (SCC)
Lot Size	20 mt
Currency	US Dollars
Pricing	US $ per metric tonne

Minimum Tick	US $0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine. In respect of final settlement, the floating price will be the arithmetic average of all the daily Cleartrade China Steel Index (provided by Umetal) indices for that month, including indices published at weekends which are Chinese business days*
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
Expiry / Last Trading Day	Last Chinese business day of the contract month. Where the last Chinese business day is a UK holiday, last trading day will be the previous UK business day.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
Final Payment Date	The first UK business day following the expiry day
Business Days	Chinese business days for the purpose of Index publication UK business days for the purpose of trade registration, confirmation and final payment

*subject to the following currency exchange:
The Cleartrade China Steel Index is published in CNY and Cleartrade will use the daily Bloomberg USD CNY fixing rate, as published at 4pm China Standard Time, to convert the prices to USD. Where an index price is published at a weekend, the next published Bloomberg fixing rate at 4pm China Standard Time will be used to convert it.

3.4P Turkish Import Scrap Steel Swap

Description	Cash settled steel swap – settled against The Steel Index: Turkish Import Scrap (SST)
Lot Size	20 mt
Currency	US Dollars
Pricing	US $ per metric tonne
Minimum Tick	$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as

	LCH.Clearnet may determine
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine. In respect of final settlement, the floating price will be the mean of the relevant prices for the contract route as published by The Steel Index each Monday during the contract month
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
Expiry / Last Trading Day	Last publication day of the relevant index in the contract month Where the last business day of the month is a Monday, this will be the last publication day. Where the last business day of the month is not a Monday, the last publication day will be the following Monday. Where the last Monday of the month / first of the next is a non-business day, last publication will be the following business day.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
Final Payment Date	The first business day following the expiry day
Business Days	UK Business days

3.4Q **Chinese Domestic Hot Rolled Ribbed Bar Steel Swap**

Description	Cash settled steel swap – settled against the Cleartrade China Steel Index (provided by Umetal): China Domestic Hot Rolled Ribbed Bar (SBC)
Lot Size	20 mt
Currency	US Dollars
Pricing	US $ per metric tonne
Minimum Tick	US $0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by FIS, or any other such source as LCH.Clearnet may determine
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by FIS, or any other such source as LCH.Clearnet may determine.

	In respect of final settlement, the floating price will be the arithmetic average of all the daily Cleartrade China Steel Index (provided by Umetal) indices for that month,including indices published at weekends which are Chinese business days*
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years
Expiry / Last Trading Day	Last Chinese business day of the contract month. Where the last Chinese business day is a UK holiday, last trading day will be the previous UK business day.
Delivery	Cash settled monthly against the arithmetic average of all the indices in the contract month
Final Payment Date	The first UK business day following the expiry day
Business Days	Chinese business days for the purpose of Index publication UK business days for the purpose of trade registration, confirmation and final payment

*subject to the following currency exchange:
The Cleartrade China Steel Index is published in CNY and Cleartrade will use the daily Bloomberg USD CNY fixing rate, as published at 4pm China Standard Time, to convert the prices to USD. Where an index price is published at a weekend, the next published Bloomberg fixing rate at 4pm China Standard Time will be used to convert it.

3.4R API 2 if ARA (Argus/McCloskey) coal options contract

Description	Single expiry, cash settled, premium paid, option on the underlying API 2 if ARA (Argus McCloskey) Coal Swap contract for the corresponding expiry.
Lot Size	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
Minimum lot size	5 lots per month. A quarter contract will comprise 15 lots, a calendar contract will comprise 60 lots.
Currency	US Dollars
Pricing	USD and cents per metric tonne
Minimum Tick	$0.01 per tonne
Option Type	Options are single expiry European style options and will be automatically exercised on the expiry day if they are “in the money” unless set to expire manually. If an option is “out of the money” it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day.
Option Premium	The Premium is paid at the time of purchase.

Last Trading Day	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
Expiry	17:00 hours UK time on the Last Trading Day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price. Contracts are single expiry options. A quarter contract will expire into the underlying monthly swap contracts that comprise the quarter on Last Trading Day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day. Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract. The reference price will be a price in USD and cents, equal to the final settlement price for the underlying API 2 Swap contract. For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying API 2 cif ARA (Argus/McCloskey) Swap contract.
Contract Series	3 to 6 quarter contracts and 3 whole calendar contracts. All option contracts expire into the underlying months of the corresponding contract series.
Strike Price	50 strike prices in increments of $1.00 above and below the “at-the-money” strike price in all contract series. Where the “at the money” strike price of the underlying commodity moves, additional strikes will be added each business day.
Margin	Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.
Business Days	UK Business Days

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Swap Contracts.

3.4S **API 4 fob Richards Bay (Argus/McCloskey) Coal Options Contract**

Description	Single expiry, cash settled, premium paid, option on the underlying API 4 fob Richards Bay (Argus McCloskey) Coal Swap contract for the corresponding expiry.
Lot Size	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
Minimum lot size	5 lots per month. A quarter contract will comprise 15 lots, a calendar contract will comprise 60 lots.
Currency	US Dollars
Pricing	USD and cents per metric tonne
Minimum Tick	$0.01 per tonne
Option Type	Options are single expiry European style options and will be automatically exercised on the expiry day if they are “in the money” unless set to expire manually. If an option is “out of the money” it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day, expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
Expiry	17:00 hours UK time on the Last Trading Day

Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price.

Contracts are single expiry options. A quarter contract will expire in to the underlying monthly swap contracts that comprise the quarter on last trading day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day.

Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.

The reference price will be a price in USD and cents, equal

	to the final settlement price for the underlying API 4 Swap contract. For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 4 fob Richards Bay (Argus/McCloskey) Swap contract.
Contract series	3 to 6 quarter contracts and 3 whole calendar contracts. All option contracts expire into the underlying months of the corresponding contract series
Strike Price	50 strike prices in increments of $1.00 above and below the "at-the-money" strike price in all contract series. Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day.
Margin	Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis..
Business Days	UK business days

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3.5 LCH EnClear OTC Services: Precious Metals Division

The following terms are designated as Specific Standard Terms of a registered LCH EnClear OTC Contracts arising from an Eligible OTC Trade in the Precious Metals Division of the LCH EnClear OTC Services.

3.5.1 Standard Terms: Additional Definitions

The following additional definitions shall apply to any LCH EnClear OTC Contract within the LCH EnClear OTC Services: Precious Metals Division.

Defined Term	Definition
Gold	Unallocated gold complying with the rules of The London Bullion Market Association relating to good delivery and fineness in effect from time to time.
LBMA	means The London Bullion Market Association or its successors

LPMCL	means London Precious Metals Clearing Limited or its successors
Precious Metals	means Gold, silver and any other metal(s) as may be defined from time to time.
Unallocated Accounts	means the accounts maintained by members of LPMCL to and from which fine troy ounces of Gold are credited and debited for the purposes of transferring Gold between two parties.

3.5.2 **Standard Terms: Basic Provisions - Gold**

Description	Physically settled contracts for the forward delivery of Gold.
Unit of Trading	One lot of 100 Fine Troy Ounces of Gold
Minimum Contract Size	One lot.
Currency	US Dollars.
Tick Size	US$ 0.001 Per Fine Troy Ounce Of Gold.
Reference Price for Daily Settlement	LBMA Gold Forward Curve or such other price as may be prescribed by the Clearing House from time to time.
Final Settlement	PM London Gold Fixing or such other price as may be prescribed by the Clearing House from time to time.
Minimum Price Fluctuation	US$0.001 per fine troy ounce of Gold.
Maximum Price Fluctuation	Unlimited.
Contract Series	Every Business day from Spot out to ten years.
Business Days	Means any day (other than Saturday or Sunday) on which banks are open for business in the UK and USA.
Settlement	Physical delivery by crediting or debiting of Gold to or from Unallocated Accounts held with one of the commercial bank members of LPMCL in accordance with the Procedures.

Section 4 General Standard Terms

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

4A.1 Payment of Stamp Tax and Other Taxes

(a) All payments due under an LCH EnClear OTC Contract shall be made by the LCH EnClear OTC 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 LCH EnClear OTC 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 LCH EnClear OTC 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 LCH EnClear OTC Contract.

4A.2 Payment of Stamp Tax

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

(b) The LCH EnClear OTC Clearing Member shall indemnify the Clearing House against any Stamp Tax or other duty levied or imposed upon the Clearing House by any such Stamp Tax Jurisdiction or by any other jurisdiction in respect of any LCH EnClear OTC Contract registered by the Clearing House and to which that Clearing Member is a party.

4A.3 Payments under an LCH EnClear OTC Contract

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

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

4A.4 Regulations

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

4A.5 **Governing Law**

This LCH EnClear OTC Contract shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The LCH EnClear OTC Clearing Member party to this LCH EnClear OTC Contract irrevocably submits to such jurisdiction and to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of 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.

4A.6 **Third Party Rights**

A person who is not a party to this LCH EnClear OTC Contract shall have no rights under or in respect of this LCH EnClear OTC Contract. Rights of third parties to enforce any terms of this LCH EnClear OTC Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

4B. The following Standard Terms apply only in respect of LCH EnClear OTC Contracts arising from Eligible OTC Trades (Precious Metals Division):

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, in respect of the Daily Settlement Price, by one or more LBMA market makers, or, in respect of the Final Settlement Price, by one or more Members of the London Gold Market Fixing Ltd.

4C. The following Standard Terms apply only in respect of LCH EnClear OTC Contracts arising from Eligible OTC Trades (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.

4C.2 **Calculation Agent**

The Calculation Agent is the Clearing House.

4C.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.

SCHEDULE TO THE LCH ENCLEAR OTC REGULATIONS

Part B

Product Eligibility Criteria for Registration of a LCH EnClear OTC Contract

1. **Eligible OTC Trades**

(a)

1.2 **Product Eligibility Criteria for Eligible OTC Trades**

1.2.1 [This section has been removed]

1.2.2 [This section has been removed]

1.2.3 Product Eligibility Criteria for Eligible OTC Trades in Energy Division and in the Freight Division

The following contracts are Eligible Products for the LCH EnClear OTC Services (Energy Division), LCH EnClear OTC Services (Freight Division) and LCH EnClear OTC Services (Precious Metals Division).

Energy Division:

OTC Emissions – EUAs

Description	Physically settled contracts for the forward delivery of EUAs
Unit of Trading	One lot of 1000 EUAs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Annual December contract months beginning December 2008 and ending December 2015

OTC Emissions – CERs

Description	Physically settled contracts for the forward delivery of CERs
Unit of Trading	One lot of 1000 CERs
Minimum Contract Size	One lot
Currency	Euros

Tick Size	One euro cent (ten euros per lot)
Contract Series	Annual December contract months beginning December 2008 and ending December 2012

OTC Emissions – Spot EUAs

Description	Physically settled contracts for the next day delivery of EUAs.
Unit of Trading	One lot of 1000 EUAs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Rolling day ahead spot contract for business days only

OTC Emissions – Spot CERs

Description	Physically settled contracts for the next day delivery of CERs
Unit of Trading	One lot of 1000 CERs
Minimum Contract Size	One lot
Currency	Euros
Tick Size	One euro cent (ten euros per lot)
Contract Series	Rolling day ahead spot contract for business days only

OTC Emissions – EUA Options

Description	Physically settled Premium Paid Option on the underlying EUA Forward contract for the corresponding December expiry. These contracts, if “in the money” expire into their underlying EUA Forward contracts with a traded price equal to the Strike Price
Lot size	1000 tonnes
Currency	Euro
Minimum tick	€0.01 per tonne

Contract Series	Four rolling month contracts (March, June, September and December) plus an additional two December contracts All option contracts expire into the underlying December contract of the corresponding year.

OTC Emissions – CER Options

Description	Physically settled Premium Paid Option on the underlying CER Forward contract for the corresponding December expiry. These contracts, if "in the money" expire into their underlying CER Forward contracts with a traded price equal to the Strike Price
Lot size	1000 tonnes
Currency	Euro
Minimum tick	€0.01 per tonne
Contract series	Four rolling month contracts (March, June, September and December) plus an additional two December contracts. All option contracts expire into the underlying December contract of the corresponding year.

Freight Division:

Contract: Freight Forward, Cash Settled only: Tanker Voyage Routes

Description	Cash settled freight forward contracts on any of the following Tanker Voyage Routes: Baltic TD3 (260,000 mt ME Gulf –Japan) Baltic TD5 (130,000 mt W Africa – USAC) Baltic TD7 (80,000 mt North Sea – Continent) Baltic TD11 (80,000 mt Cross Med) Baltic TC2 (37,000 mt Continent – USAC) Baltic TC4 (30,000 mt Singapore – Japan) Baltic TC5 (55,000 mt ME – Japan) Baltic TC6 (30,000 mt Algeria/Euromed)

Lot Size	1,000 mt
Minimum Tick	US$0.0001/mt
Currency	US Dollars
Contract Series	Front 6 Months, Front 5 Quarters (TC2, TC6, TD3, TD5, TD7,TD11), Front 4 Quarters (TC4, TC5), Front 2 Whole Calendar years. Out to a maximum of 36 months

Contract: Cash Settled Freight Forward Contracts: $ Per Tonne Tanker Voyage Routes

Description	Cash settled $ per tonne freight forward contracts on the following Tanker Voyage Routes: Baltic TC2 (DC2) (37,000 mt Continent – USAC) Baltic TD3 (DD3) (260,000 mt ME Gulf – Japan) Baltic TD5 (DD5) (130,000 mt W Africa – USAC) Baltic TD7 (DD7) (80,000 mt North Sea – Cont)
Lot Size	1,000 mt
Minimum Tick	US $ 0.0001/mt
Currency	US Dollars
Contract Series	Front 6 Months, Front 5 Quarters, Front 2 Whole Calendar Years. Out to a maximum of 35 months

Contract: Freight Forward, Cash Settled only: Dry Voyage Routes

Description	Cash settled freight forward contracts on any of the following Dry Voyage Routes: C3E (Tubarao – Beilun/Baoshan) C4E (Capesize Richards Bay – Rotterdam) C5E (W Australia – Beilun/Baoshan) C7E (Capesize Bolivar – Rotterdam)
Lot Size	1,000 mt

Minimum Tick	US$0.0001/mt
Currency	US Dollars
Contract Series	C4E and C7E - out to a time horizon of 3 whole Calendar Years (max 47 months), traded as either monthly contracts, quarters or calendar years. C3E and C5E - Front 3 months, 4 whole quarters

Contract: Freight Forward, Cash Settled only: Dry Timecharter Basket Routes

Description	Cash settled freight forward contracts on any of the following Dry Timecharter Basket Routes: CTC (Capesize TC Avg 4 routes) PTC (Panamax TC Avg 4 routes) STC (Supramax TC Avg 6 routes) HTC (Handysize TC Avg 6 routes)
Lot Size	1 day
Minimum Tick	US$0.0001/day
Currency	US Dollars
Contract Series	CTC, PTC - Front 1 or 2 months (remaining from expired front quarter), Front 4 Quarters, Front 2 Half Years, Front 7 Calendar Years. STC, HTC – Front 1 or 2 months (remaining from expired front quarter), Front 4 Quarters, Front 2 Half Years, Front 5 Calendar Years.

Contract: Freight Forward, Cash Settled only: Dry Trip Timecharter routes

Description	Cash settled freight forward contracts on any of the following Dry Trip Timecharter Routes: P1A, P1E (Panamax Transatlantic RV) P2A (Panamax Cont Trip Far East) P3A (Panamax trans Pacific round voyage)

Lot Size	1 day
Minimum Tick	US$0.0001/day
Currency	US Dollars
Contract Series	P1A, P1E – Front 6 Months, front 4 whole quarters P2A, P3A – Front 6 Months, front 3 whole quarters

Contract: Freight Forward, Cash Settled only: Timecharter Voyager Route

Description	Cash settled freight forward contract on the following Timecharter Voyage Route: S7 (East coast India – China)
Lot Size	1 day
Minimum Tick	US$0.0001/day
Currency	US Dollars
Contract Series	Current quarter and following 4 quarters

Contract: Cash Settled Premium Paid Options: Dry Timecharter Basket Routes

Description	Cash settled Premium Paid Option on any of the following Dry Timecharter Basket Routes: - CTO (Capesize TC Avg 4 routes) PTO (Panamax TC Avg 4 routes) STO (Supramax TC Avg 6 routes) HTO (Handysize TC Avg 6 routes) These contracts, if “in the money” expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)
Lot Size	1 day
Currency	US Dollars
Pricing	US$ per day
Minimum Tick	US$1 per day

Option Type	Options are European style and will be automatically exercised on the expiry day if they are "in the money". If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	At 18:00 hours UK time on last Business Day of each month within the contract series. Exception – December contracts will expire on the 24th December, or previous Business Day, where the 24th December is a non working day
Expiry	18:00 hours UK time on the Last Trading Day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation ($0.0001) or greater in-the-money when compared to the relevant reference price. Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract. The reference price will be a price in US dollars, cents and hundredths of a cent ($0.0001), per day equal to the final settlement price for the underlying freight forward contracts. For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying freight forward contracts.
Contract Series	Front 1 or 2 months (remaining from expired front quarter) Front 4 Quarters, Front 3 Calendar Years.
Strike Price	CTO – Sixty strike prices in increments of $250 per day both above and below the "at-the-money" strike price in all contract series.

STO - Thirty strike prices in increments of $250 per day both above and below the "at-the-money" strike price in all contract series.

PTO - Thirty strike prices in increments of $250 per day both above and below the "at-the-money" strike price in all contract series

HTO - Thirty strike prices in increments of $100 per day both above and below the "at-the-money" strike price in all contract series.

Where the "at the money" strike price of the underlying commodity moves additional strikes will be added each Business Day.

Business Days	UK Business Days

Contract: Freight Index, Cash Settled only: Baltic Exchange Dry Index

Description	Cash settled freight swap on the Baltic Exchange Dry Index (BDI)
Lot Size	1 BDI tick
Minimum Tick	US$0.0001 to account for final settlement
Currency	US Dollars
Contract Series	Front 4 Months, Front 4 Quarters, One Whole Quarter

Contract: Iron Ore Swap

Description	Iron ore swap contract – settled against the daily TSI index (The Steel Index) 62% fe
Lot Size	1,000mt
Currency	US Dollars
Minimum Tick	$0.01/mt
Contract Series	Front 3 months, 4 quarters, 2 calendar years

Contract: Fertilizer Swaps

Description	Fertilizer swap contracts cash settled against:

UREA – New Orleans (UNO)

UREA – Yuzhnyy (UYZ)

	UREA – Egypt (UNE)
	DAP – Tampa (DTA)
	DAP – New Orleans (DNO)
	UAN – NOLA (UAN)
Lot Size	500mt – UYZ, DTA, UNE 500st – UNO, DNO, UAN
Currency	US Dollars
Minimum Tick	US $0.0001
Contract Series	Front 6 months, 4 Quarters

Contract: Container Freight Swap Agreement

Description	SCFI cash settled container freight swap agreements on the following routes:
	CNW (Shanghai – North West Europe)
	CMD (Shanghai – Mediterranean)
	CSW (Shanghai – US West Coast)
	CSE (Shanghai – US East Coast)
Lot Size	1 TEU 20ft container (CMD and CNW)
	1 FEU 40ft container (CSE and CSW)
Currency	US Dollars
Pricing	US $ per TEU (CMD and CNW)
	US $ per FEU (CSE and CSW)
Minimum Tick	US $ 0.01 to account for final settlement.
Contract Series	Front 3 months, front quarter + following 3 quarters, 1 whole calendar year (out to a maximum of 23 months).

Contract: API 2 (cif) coal swap contract

Description	Cash settled API 2 cif ARA (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots

Currency	US Dollars
Minimum Tick	$0.05/tonne
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.

Contract: API 4 (fob Richard Bay) coal swap contract

Description	Cash settled API 4 fob Richards Bay (Argus/McCloskey) coal swap contract.
Lot Size	1000 tonnes
Minimum Contract Size	Five Lots
Currency	US Dollars
Minimum Tick	$0.05/tonne
Contract Series	Front 4 contract months, the front 4 to 7 quarter contracts (i.e. quarter contracts up to the end of the front calendar year), 5 whole season contracts and up to 4 calendar years.

Precious Metals Division:

Gold

Description	Physically settled contracts for the forward delivery of Unallocated Gold
Unit of Trading	One lot of 100 fine troy ounces
Minimum Contract Size	One lot
Currency	US Dollars
Tick Size	US$ 0.001 per fine troy ounce of gold
Contract Series	Daily out to 10 years from the spot date

Contract: European Hot Rolled Steel Swaps

Description	European Hot Rolled Coil Steel swaps, cash settled against The Steel Index: Hot Rolled Coil – Northern Europe, domestic (SCN)

	Hot Rolled Coil – Southern Europe, domestic (SCS)
Lot Size	20 mt
Currency	Euros
Minimum Tick	€0.0001 to account for final settlement
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

Contract: Chinese Hot Rolled Steel Swap

Description	Chinese Hot Rolled Coil Steel swap, cash settled against the Cleartrade China Steel Index (provided by Umetal): (SCC)
Lot Size	20 mt
Currency	US Dollars
Minimum Tick	$0.0001 to account for final settlement
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

Contract: Turkish Import Scrap Steel Swap

Description	Turkish Import Scrap Steel swap, cash settled against The Steel Index: (SST)
Lot Size	20 mt
Currency	US Dollars
Minimum Tick	$0.0001 to account for final settlement
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

Contract: Chinese Domestic Hot Rolled Ribbed Bar Steel Swap

Description	Chinese Domestic Hot Rolled Ribbed Bar Steel swap, cash settled against the Cleartrade China Steel Index (provided by Umetal): (SBC)
Lot Size	20 mt
Currency	US Dollars
Minimum Tick	€0.0001 to account for final settlement
Contract Series	Front 1 or 2 months (remaining from front quarter), 5 whole quarters, 2 whole calendar years

Contract: API 2 cif ARA (Argus/McCloskey) coal options contract

Description	Single expiry, cash settled, premium paid, option on the underlying API 2 cif ARA (Argus McCloskey) Coal Swap contract for the corresponding expiry.
Lot size	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
Currency	US Dollars
Pricing	USD and cents per metric tonne
Minimum tick	$0.01 per tonne
Option Type	Options are single expiry European style options and will be automatically exercised on the expiry day if they are "in the money" unless set to expire manually. If an option is "out of the money" it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
Expiry	17:00 hours UK time on the last trading day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price. Contracts are single expiry options. A quarter contract will expire into the underlying monthly swap contracts that comprise the quarter on Last Trading Day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day. **Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.** The reference price will be a price in USD and cents, equal to the final settlement price for the underlying API 2 Swap contract. For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 2 cif ARA (Argus/McCloskey) Swap contract.

Contract series	3 to 6 quarter contracts and 3 whole calendar contracts. All option contracts expire into the underlying months of the corresponding contract series.
Strike Price	50 strike prices in increments of $1.00 above and below the "at-the-money" strike price in all contract series. Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day.
Business Days	UK Business Days

Contract: API 4 Richards Bay (Argus/McCloskey) Options Contract

Description	Single expiry, cash settled, premium paid, option on the underlying API 4 Richards Bay (Argus McCloskey) Coal Swap contract for the corresponding expiry.
Lot size	1,000 tonnes per month. A quarter contract will comprise 3,000 tonnes, a calendar contract will comprise 12,000 tonnes.
Currency	US Dollars
Pricing	USD and cents per metric tonne
Minimum tick	$0.01 per tonne
Option Type	Options are single expiry European style options and will be automatically exercised on the expiry day if they are "in the money" unless set to expire manually. If an option is "out of the money" it will expire automatically unless exercised manually. Manual exercise is only permitted on expiry day.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	30 days prior to commencement of the underlying Coal swap contract. Where this is a non Business Day expiry will be on the Business Day immediately prior e.g. the Calendar 2012 and Q1 2012 contracts will expire on 02/12/2011.
Expiry	17:00 hours UK time on the Last Trading Day Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price. Contracts are single expiry options. A quarter contract will expire in to the underlying monthly swap

	contracts that comprise the quarter on last trading day. A calendar contract will expire into the underlying monthly swap contracts comprising January through December on last trading day. **Members are permitted to override automatic exercise settings or manually enter exercise instructions for this contract.** The reference price will be a price in USD and cents, equal to the final settlement price for the underlying API 4 Swap contract. For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying API 4 Richards Bay (Argus/McCloskey) Swap contract.
Contract series	3 to 6 quarter contracts and 3 whole calendar contracts. All option contracts expire into the underlying months of the corresponding contract series.
Strike Price	50 strike prices in increments of $1.00 above and below the "at-the-money" strike price in all contract series. Where the "at the money" strike price of the underlying commodity moves, additional strikes will be added each business day.
Business Days	UK business days

TURQUOISE DERIVATIVES REGULATIONS

Regulation 74 Application of Regulations for TGHL market

(a) These Turquoise Derivatives Regulations, which form part of the Regulations, together with the Regulations referred to in paragraph (b), apply to:

(i) Turquoise Derivatives Cleared Exchange Contracts arising from Turquoise Derivatives Transactions;

(ii) Clearing Members and, insofar as relevant, Turquoise Derivatives NCMs in their dealings in relation to the TGHL market; and

(iii) any relevant Co-operating Clearing House to the extent provided in any Link Agreement between the Clearing House and such Co-operating Clearing House.

(b) The Regulations referred to in paragraph (a) are the Default Rules, Default Fund Rules, the Definitions and Regulations 1, 2, 3(b), 3(c), 4, 5, 8, 9(b), 9(c), save that the first sentence of Regulation 9(c) shall be subject to Regulation 81(c), 9(d), 10, 11, 12, 13, 14, 16, 17, 18, 19A, 21(a), (b) [and (c)], 22, [23,] 24, 26 to 39B inclusive.

Regulation 75 **Turquoise Derivatives Orderbook Matches made on TGHL Market**

(a) This Regulation 75 applies to Turquoise Derivatives Orderbook Matches made in accordance with the Exchange Rules pursuant to the matching of Turquoise Derivatives Trade Particulars submitted to the Turquoise Derivatives Orderbook by or on behalf of Members. This Regulation 75 also applies to Turquoise Derivatives Orderbook Matches made on the Combined Turquoise Derivatives Orderbook. As between the Clearing House and a Clearing Member, in the event of any inconsistency between the Regulations (including the terms of any agreement entered into between a Clearing Member and the Clearing House) and the Exchange Rules, the Regulations shall prevail.

(b) The Clearing House will enter into Turquoise Derivatives Cleared Exchange Contracts with Clearing Members pursuant to Turquoise Derivatives Orderbook Matches made in the Turquoise Derivatives Orderbook in accordance with and subject to the following provisions of this Regulation 75.

(c) This paragraph (c) shall be without prejudice to paragraph (o). The Clearing House makes an open offer to a Clearing Member to enter into a Turquoise Derivatives Cleared Exchange Contract in accordance with paragraph (f) of this Regulation 75 in respect of a Turquoise Derivatives Orderbook Match made in the Turquoise Derivatives Orderbook in accordance with the Exchange Rules pursuant to the submission of Turquoise Derivatives Trade Particulars by or on behalf of that Clearing Member, provided that the following requirements shall have been satisfied:

(i) in the case of any Turquoise Derivatives Trade Particulars submitted to the Turquoise Derivatives Orderbook by a Turquoise Derivatives NCM on behalf of the Clearing Member, there is in place at the time that the Turquoise Derivatives Trade Particulars were submitted and up to and including the time the Turquoise Derivatives Orderbook Match was made (for the purposes of this Regulation 75 (the "relevant times"), a Turquoise Derivatives NCM-GCM Agreement to which that Turquoise Derivatives NCM and the Clearing Member are party, in a form approved in writing by the Clearing House, and such Turquoise Derivatives NCM-GCM Agreement has not been terminated or suspended at the relevant times in accordance with the Turquoise Derivatives NCM-GCM Agreement by notice in writing given by one party to such Agreement to the other parties thereto and to TGHL;

(ii) at the relevant times the Clearing Member was party to a valid and subsisting Clearing Membership Agreement;

(iii) at the relevant times, the Clearing Member has not been declared a defaulter, by default notice or otherwise, by the Clearing House or TGHL;

(iv) the product the subject of the Turquoise Derivatives Orderbook Match is, at the relevant times, a Turquoise Derivatives Eligible Product;

(v) all necessary details as required by the Clearing House from time to time in respect of the Turquoise Derivatives Orderbook Match shall have been received by the Clearing House, through TGHL, in accordance with procedures established by the Clearing House with TGHL from time to time or otherwise. Such information must be complete, must not be corrupted and must be legible at the time such details were received;

(vi) at the time at which any Turquoise Derivatives Orderbook Match is effected, the Turquoise Derivatives Eligible Product which is the subject of the Turquoise Derivatives Orderbook Match is not subject to any trading halts, suspension of dealings or any other action having equivalent effect published by or on behalf of TGHL; and

(vii) at the relevant times, the Open Offer for Turquoise Derivatives in respect of Turquoise Derivatives Orderbook Matches made on TGHL has not been suspended or withdrawn generally or with respect to such Clearing Member.

(d) It is a requirement of the Exchange Rules and the Procedures that, in order for a Clearing Member to be eligible to have Turquoise Derivatives Cleared Exchange Contracts registered in its name with the Clearing House:

(i) the Clearing Member shall have executed such agreements or documents as may be required by the Clearing House from time to time in connection with the Clearing House Turquoise Derivatives Services;

(ii) there are in place appropriate arrangements (as prescribed from time to time by the Clearing House) between the Clearing Member (or its nominated agent) and an Approved Turquoise Derivatives Settlement Provider for the delivery, or receipt, as applicable, of any securities or other instruments which may be or become deliverable under the terms of a Turquoise Derivatives Cleared Exchange Contract.

The Clearing House shall be entitled to take such steps as are set out in the Procedures in respect of any Clearing Member who does not satisfy any of these requirements.

(e) For the purposes of this Regulation 75, Turquoise Derivatives Trade Particulars giving rise to a Turquoise Derivatives Orderbook Match in the EDX Orderbook are deemed to have been submitted by or on behalf of a Clearing Member if the details of a Turquoise Derivatives Orderbook Match, received by the Clearing House pursuant to Regulation 75(c) (v) identify, in accordance with the Exchange Rules or the Procedures, that Turquoise Derivatives Orderbook Match as having been made by or on behalf of that Clearing Member.

(f) If Turquoise Derivatives Trade Particulars have been submitted to the Turquoise Derivatives Orderbook by or on behalf of a Clearing Member as seller (for the purposes of this paragraph (f), the "selling Clearing Member") and have been matched by, or in accordance with, the Exchange Rules with Turquoise Derivatives Trade Particulars which have been submitted to the Turquoise Derivatives Orderbook by or on behalf of another Clearing Member as buyer (for the purposes of this paragraph (f), the "buying Clearing Member"), and the requirements stated in paragraph (c) have been satisfied in respect of the selling Clearing Member and the buying Clearing Member, two Turquoise Derivatives Cleared Exchange Contracts shall arise immediately on registration by the Clearing House, as follows:

(i) the Clearing House shall be the buyer under one Turquoise Derivatives Cleared Exchange Contract with the selling Clearing Member as the seller; and

(ii) the Clearing House shall be the seller under one Turquoise Derivatives Cleared Exchange Contract with the buying Clearing Member as the buyer.

(g) This paragraph (g) shall be without prejudice to paragraph (o). Where pursuant to arrangements entered into between TGHL and one or more Co-operating Exchanges, Turquoise Derivatives Trade Particulars submitted by or on behalf of a Clearing Member to the Turquoise Derivatives Orderbook have been matched in the Combined Turquoise Derivatives Orderbook with Turquoise Derivatives Trade Particulars submitted by or on behalf of a Linked Member, the Clearing House shall, on receipt of details of such Turquoise Derivatives Orderbook Match through TGHL (or by such other means) and subject to the requirements of Regulation 7(c) having been met with respect to such Clearing Member and the relevant Co operating Clearing House being party to a valid and subsisting Link Agreement, register a Turquoise Derivatives Cleared Exchange Contract in the name of the Clearing Member and in the name of the relevant Co-operating Clearing House. The Clearing House shall be party:

(i) as seller to a Turquoise Derivatives Cleared Exchange Contract with the Clearing Member, where the Clearing Member is identified in the details received by TGHL as the buying Clearing Member and party as buyer to a Turquoise Derivatives Cleared Exchange Contract with such Co-operating Clearing House as seller; and

(ii) as buyer to a Turquoise Derivatives Cleared Exchange Contract with the Clearing Member, where the Clearing Member is identified in the details received by TGHL as the selling Clearing ember and party as seller to a Turquoise Derivatives Cleared Exchange Contract with such Co-operating Clearing House as buyer.

(h) Turquoise Derivatives Cleared Exchange Contracts registered in respect of a Turquoise Derivatives Orderbook Match shall be in the terms received by the Clearing House pursuant to Regulation 75(c)(v) and otherwise on the terms of the relevant Turquoise Derivatives Contract Specification contained in the Exchange Rules and any other terms specified in these Regulations and the Procedures. The Clearing House and the Clearing Member party to a Turquoise Derivatives Cleared Exchange Contract shall be obliged to perform their obligations thereunder in accordance with such terms and the Regulations.

(i) Subject to its rights to suspend the Open Offer for Turquoise Derivatives generally under Regulation 6 or to withdraw the Clearing House Turquoise Derivatives Services in whole or in part as set out in these Regulations or the Procedures, the Clearing House undertakes to keep open the Open Offer for Turquoise Derivatives to a Clearing Member until the Member is no longer eligible under the Exchange Rules or these Turquoise Derivatives Regulations to have Turquoise Derivatives Cleared Exchange Contracts registered in its name or has given notice to the Clearing House, in accordance with the Procedures, stating that it no longer wishes to participate in the Clearing House Turquoise Derivatives Services.

(j) Without prejudice to the generality of Regulation 39, any other provision of these Regulations, the Procedures or the Exchange Rules concerning the liability of the Clearing House, the Clearing House shall not be liable to any Clearing Member (or any other person, including but not limited to any Turquoise Derivatives NCM, Co operating Clearing House or Linked Member), for any loss, cost, damage or expense of whatsoever nature suffered or incurred by it or them if the Clearing House does not receive the details of a Turquoise Derivatives Orderbook Match pursuant to Regulation 75(c)(v) or does not receive accurate, complete or legible details of such Turquoise Derivatives Orderbook Match in accordance with such Regulation. The Clearing House shall be under no duty or obligation to verify the accuracy or completeness of details of

Turquoise Derivatives Orderbook Matches received by the Clearing House through TGHL.

(k) Without prejudice to Regulation 80 or Regulation 81 a Clearing Member shall be bound by a Turquoise Derivatives Cleared Exchange Contract registered in its name in respect of a Turquoise Derivatives Orderbook Match under these Regulations and notwithstanding that the requirements of paragraph (c) may not have been satisfied in respect of the Clearing Member.

(l) For the purposes of this Regulation 75, a Turquoise Derivatives NCM party to a Turquoise Derivatives NCM-GCM Agreement with a Clearing Member shall, in submitting Turquoise Derivatives Trade Particulars to the Turquoise Derivatives Orderbook, be deemed to act as the agent of that Clearing Member and accordingly to submit such Turquoise Derivatives Trade Particulars to the Turquoise Derivatives Orderbook on behalf of the Clearing Member. The Clearing Member shall be bound by all acts of such Turquoise Derivatives NCM as its agent under this paragraph (l), any other provision of these Regulations or any provision of the Procedures, a Turquoise Derivatives NCM-GCM Agreement or the Exchange Rules, notwithstanding any lapse of authority of such Turquoise Derivatives NCM so to act.

(m) In the event of a dispute arising out of, or in respect of, the existence or terms of a Turquoise Derivatives Orderbook Match or, where applicable, whether Turquoise Derivatives Trade Particulars giving rise to a Turquoise Derivatives Orderbook Match were submitted by or on behalf of the Clearing Members in whose names Turquoise Derivatives Cleared Exchange Contracts have been (or are to be) registered by the Clearing House, such dispute shall be settled as provided for in the Exchange Rules relating to cancellation of incorrect transactions and Protests and, in connection with this, in accordance with Regulation 80.

(n) The Clearing House shall be deemed to register a Turquoise Derivatives Cleared Exchange Contract in accordance with this Regulation 75 in the name of a Clearing Member at the time prescribed in the Procedures or, if such registration is effected pursuant to the paragraph 6(a) of the Default Rules, at the time chosen by the Clearing House.

(o) If a Clearing Member fails to satisfy the criteria referred to in Regulation 75(c)(i), (ii), (iii) or the Open Offer for Turquoise Derivatives has been withdrawn with respect to such Clearing Member (as opposed to generally), the Clearing House may, in respect of any Turquoise Derivatives Orderbook Match which has been submitted by or on behalf of such Clearing Member to the Turquoise Derivatives Orderbook, register a Turquoise Derivatives Cleared Exchange Contract in the Turquoise Derivatives Account where required by, and in accordance with, arrangements agreed from time to time with TGHL. This paragraph shall not apply where both Clearing Members (or a Clearing Member and a Linked Member) party to a Turquoise Derivatives Orderbook Match fails to satisfy the criteria referred to in Regulation 75(c).

Regulation 76 **Reported Trades and Turquoise Derivatives OTC Trades Reported to TGHL for Registration**

(a) Regulations 76 and 77 and the Procedures apply to Reported Trades and Turquoise Derivatives OTC Trades made by or on behalf of Clearing Members or by or on behalf of a Clearing Member and a Member of a Linked Exchange. Reported Trades and Turquoise Derivatives OTC Trades will not be registered by the Clearing House unless the Clearing House accepts such trades for registration. Acceptance by the Clearing House of Reported Trades and Turquoise Derivatives OTC Trades for registration shall be at the discretion of the Clearing House.

(b) Details of Reported Trades and Turquoise Derivatives OTC Trades made by or on behalf of Turquoise Derivatives Members which are reported to TGHL in accordance with Exchange Rules for registration with the Clearing House may only be submitted to the Clearing House by TGHL, who shall submit such details on behalf of the Clearing Members party thereto in accordance with arrangements made between the Clearing House and TGHL from time to time.

(c) Details of Reported Trades and Turquoise Derivatives OTC Trades made by or on behalf of a Clearing Member and a Linked Member may only be submitted to the Clearing House by TGHL, who shall submit such details on behalf of the Clearing Member and the relevant Co-operating Clearing House in accordance with arrangements made between the Clearing House and TGHL from time to time.

(d) If the Clearing House determines to accept a Reported Trade or Turquoise Derivatives OTC Trade for registration, the Clearing House shall arrange for TGHL to confirm the Clearing House's acceptance to the relevant Turquoise Derivatives Members or to the relevant Turquoise Derivatives Member and the relevant Co-operating Clearing House.

(e) Subject to paragraph (f), the Clearing House shall register Turquoise Derivatives Cleared Exchange Contracts which it has accepted for registration pursuant to Regulation 76(d), at the time referred to in the Procedures and in accordance with Regulation 77.

(f) The Clearing House shall not register a Reported Trade or Turquoise Derivatives OTC Trade, of which details have been reported to the Clearing House under paragraph (c), if the relevant Co operating Clearing House declines to enter into a Turquoise Derivatives Cleared Exchange Contract with respect to such Reported Trade.

(g) Without prejudice to Regulation 80 or Regulation 81, a Clearing Member shall be bound by a Turquoise Derivatives Cleared Exchange Contract registered under Regulation 77 in its name pursuant to the presentation to the Clearing House by TGHL under paragraph (b) or (c) of details of a Reported Trade or Turquoise Derivatives OTC Trade to which it (or a Turquoise Derivatives NCM with whom it is party to a Turquoise Derivatives NCM-GCM Agreement) is party.

For the purposes of this Regulation 76, a Turquoise Derivatives NCM party to a Turquoise Derivatives NCM-GCM Agreement with a Clearing Member shall, in submitting details of Reported Trades to TGHL, be deemed to act as the agent of that Clearing Member. The Member shall be bound by all acts of such Turquoise Derivatives NCM as his agent under this paragraph 0, any other provision of these Regulations or any provision of the Procedures, a Turquoise Derivatives NCM-GCM Agreement or the Exchange Rules, notwithstanding any lapse of authority of such Turquoise Derivatives NCM to so act.

Regulation 77 **Registration of Turquoise Derivatives Cleared Exchange Contracts following Submission of Details of a Reported Trade or Turquoise Derivatives OTC Trade**

(a) Details of a Reported Trade or Turquoise Derivatives OTC Trade accepted for registration by the Clearing House under Regulation 76(d) shall, subject to Regulation 76(f), be registered by the Clearing House as two Turquoise Derivatives Cleared Exchange Contracts between:

(i) as seller, the Clearing Member, or the Clearing Member party to a Turquoise Derivatives NCM-GCM Agreement with a Turquoise Derivatives NCM, who was named in the Reported Trade or Turquoise Derivatives OTC Trade as the seller (or, where a Linked Member was named as the seller, the Member which is the relevant Co-operating Clearing House) and the Clearing House as buyer; and

(ii) as buyer, the Clearing Member, or the Clearing Member party to a Turquoise Derivatives NCM-GCM Agreement with a Turquoise Derivatives NCM who was named in the Reported Trade or Turquoise Derivatives OTC Trade as the buyer (or, where a Linked Member was named as the buyer, the Member which is the relevant Co-operating Clearing House) and the Clearing House as seller.

(b) Where a Reported Trade is accepted for registration by the Clearing House, each Turquoise Derivatives Cleared Exchange Contract registered under paragraph (a) of this Regulation 77 shall be on the terms received by the Clearing House from TGHL and otherwise on the terms of the relevant Turquoise Derivatives Contract Specification contained in the Exchange Rules and any other terms specified in these Regulations and the Procedures. Where a Turquoise Derivatives OTC Trade is accepted for registration, each Turquoise Derivatives Cleared Exchange Contract registered under paragraph (a) of this Regulation 77 shall be on the terms set out in Part A to the Schedule to these Turquoise Derivatives Regulations.

(c) Without prejudice to Regulation 80, if a Reported Trade is revoked, avoided or otherwise declared invalid for any reason by a person other than the Clearing House or TGHL after particulars of it have been accepted by the Clearing House for registration that revocation, avoidance or invalidity shall not affect any Turquoise Derivatives Cleared Exchange Contract arising under this Regulation or Regulation 76(b) and the Clearing Member party thereto shall be bound by such Turquoise Derivatives Cleared Exchange Contract.

(d) The Clearing House shall be deemed to register a Turquoise Derivatives Cleared Exchange Contract in respect of a Reported Trade or Turquoise Derivatives OTC Trade in accordance with this Regulation 77 in the name of a Clearing Member at the time prescribed in the Procedures or, if registered by the Clearing House pursuant to rule 6(a) of the Default Rules, at the time chosen by the Clearing House.

Regulation 78 **Delivery (or Other) Failures**

(a) Without prejudice to the Default Rules and the Procedures, if a Clearing Member as seller fails to deliver securities or other instruments to the Clearing House under a Turquoise Derivatives Cleared Exchange Contract by the due time therefor, the Clearing House may issue directions, in accordance with the Procedures, to that Clearing Member and to a Clearing Member as buyer under a corresponding Turquoise Derivatives Cleared Exchange Contract regarding the performance of such Contracts and take such steps, as it may determine, in accordance with the Procedures and any such steps or directions shall be binding on the Clearing Members.

(b) The Clearing House shall be entitled to call for cover for margin in such amounts and in such form as it may require in accordance with the Procedures from a Clearing Member where it has failed to deliver securities or other instruments or pay the Price under a Turquoise Derivatives Cleared Exchange Contract by the due time therefor.

(c) A Clearing Member who has failed to deliver securities or other instruments to the Clearing House under a Turquoise Derivatives Cleared Exchange Contract or to pay the Price shall indemnify the Clearing House in respect of all losses, costs, taxes and expenses suffered or incurred by the Clearing House in taking any steps under paragraph (a) of this Regulation 78.

(d) Without prejudice to the Default Rules, if a Clearing Member acts in such a manner (which could, without limitation, include persistent failure to deliver securities or other instruments to the Clearing House under Turquoise Derivatives Cleared Exchange Contracts in respect of which it is the seller (other than in circumstances where Regulations 26 and/or 27 apply)) and the Clearing House in its reasonable opinion and after consultation with TGHL determines that the reputation of the Clearing House Turquoise Derivatives Services is being, or has been, undermined, the Clearing House shall be entitled to terminate, on written notice, either summarily or at the expiry of the period specified in the notice, the Clearing Member's ability to have Turquoise Derivatives Cleared Exchange Contracts registered in its name and to require it to liquidate or transfer under Regulation 11 open Turquoise Derivatives Cleared Exchange Contracts registered in its name.

Regulation 79 Suspension of the Open Offer for Turquoise Derivatives

The Clearing House may, from time to time, in its absolute discretion suspend the Clearing House Turquoise Derivatives Services for such period of time as it may determine in the circumstances referred to in this Regulation 79 or with the agreement of TGHL.

The Clearing House Turquoise Derivatives Services may be suspended:

(a) as a result of a malfunction, breakdown or other failure in the electronic communication link between TGHL London and the Clearing House (including any linkage via a third party system) or in the Clearing House's computer systems or any other relevant communication link or computer system such that the Clearing House is not able to receive or otherwise access all such particulars as it may require in order to exercise adequate risk management controls over contracts registered under the Clearing House Turquoise Derivatives Services;

(b) as a result of a significant banking crisis or an extended disruption to any relevant bank payment system or any other event the occurrence of which in the Clearing House's reasonable opinion may jeopardise the solvency or the integrity of the Clearing House, and in any such case in the Clearing House's reasonable opinion there is a need to suspend the Clearing House Turquoise Derivatives Services in order to protect the solvency or the integrity of the Clearing House;

(c) where a market emergency affecting TGHL London and/or the Clearing House has a material effect on the provision of the Clearing House Turquoise Derivatives Services and/or the TGHL market;

(d) in order to comply with any requirements to which it is subject under applicable laws or regulations or with any order or direction given by, or a requirement of, a relevant regulation or pursuant to the rules of any such regulator.

Regulation 80 **Withdrawal of Clearing House Turquoise Derivatives Services by the Clearing House**

(a) If, at any time, the Clearing House decides in its absolute discretion to withdraw all or any part of the Clearing House Turquoise Derivatives Services it shall give not less than six months' notice to all affected Clearing Members of the date on which the Clearing House Turquoise Derivatives Services will be withdrawn (the "Service Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation 80 to, or the non-receipt of notice under this Regulation 80 by, one or more affected Members shall not invalidate the Service Withdrawal Date.

(b) Without prejudice to its rights under the Default Rules, any notice given under paragraph (a) shall specify the nature of the service which the Clearing House will provide until the Service Withdrawal Date.

(c) If, at the Service Withdrawal Date, a Clearing Member has open Turquoise Derivatives Cleared Exchange Contracts registered in its name, the Clearing House shall, at its sole discretion, be entitled to liquidate any such Turquoise Derivatives Cleared Exchange Contracts and effect cash settlement in respect thereto with that Clearing Member.

(d) The Clearing House shall have the right to postpone the Service Withdrawal Date until such time as the Clearing House determines in its absolute discretion.

Regulation 81 **Cancellation, variation etc of Turquoise Derivatives Cleared Exchange Contracts**

(a) The Clearing House shall, in accordance with procedures agreed with TGHL, cancel, or vary the terms of, a Turquoise Derivatives Cleared Exchange Contract and the corresponding Turquoise Derivatives Cleared Exchange Contract pursuant to a determination to this effect made by TGHL under the Exchange Rules that such Contracts have been entered into in error or certain terms have been agreed in error or in such other circumstances as may be set out in the Exchange Rules.

(b) If following receipt of a statement from TGHL recording the details of Turquoise Derivatives Cleared Exchange Contracts which have been registered on a business day in the name of a Clearing Member under the Regulations, the Clearing Member considers that there has been an error or omission in such statement, it shall submit a Protest to TGHL in accordance with, and by the time required, by the Exchange Rules. On receipt of such Protest, TGHL will consult with the Clearing House with a view to determining whether the Protest is valid and, if valid, what step or steps (if any) should be taken in respect of such Clearing Member or any other affected Clearing Member, which may include registering, re-registering, cancelling or varying a Turquoise Derivatives Cleared Exchange Contract. The Clearing House shall take such steps as TGHL and the Clearing House determine to be appropriate and any other step or steps as may be required by the Procedures, which may include requiring cover to be furnished to the Clearing House as required by the Clearing House. If the Clearing House does not take any steps under this paragraph (b) in respect of a Turquoise Derivatives Cleared Exchange Contract, the Clearing Member shall remain bound by the terms of each such Turquoise Derivatives Cleared Exchange Contract registered in his name with the Clearing House. This paragraph shall not apply in the circumstances contemplated by paragraph (a) of this Regulation.

(c) Turquoise Derivatives Cleared Exchange Contracts may be registered in the Turquoise Derivatives Account in connection with any step taken by the Clearing House under paragraph (b) of this Regulation 81 or in such other circumstances as may be agreed between TGHL and the Clearing House from time to time.

(d) A Clearing Member whose Turquoise Derivatives Cleared Exchange Contracts have been varied under this Regulation 81 shall be bound by the terms of such Contracts as varied and any relevant provisions of the Procedures.

(e) Upon a Turquoise Derivatives Cleared Exchange Contract being cancelled under this Regulation 80, the particulars of the transaction in question shall be deemed never to have been submitted to the Clearing House for registration. Any payment (other than fees) made to the Clearing House under, or in respect of, a Turquoise Derivatives Cleared Exchange Contract which has been cancelled under this Regulation 81 shall be repayable to the person who made the payment, subject to LCH's rights under Regulation 12 and the Default Rules.

(f) Without prejudice to Regulation 39 and its rights and obligations set out in this Regulation 81, the Clearing House shall have no liability whatsoever to any person in respect of any step taken under paragraph (a) or (b) of this Regulation 80.

Regulation 82 **Rejection of Orderbook Matches**

(a) Subject to paragraphs (b) and (c) of this Regulation 81 and to Regulation 75 (o), any Turquoise Derivatives Orderbook Match, which does not meet the requirements set out in Regulation 75(c), or in respect of which the Clearing House declines to register Turquoise Derivatives Cleared Exchange Contracts under Regulation 9(c), will be rejected by the Clearing House and no Turquoise Derivatives Cleared Exchange Contracts shall be deemed to have arisen. Without prejudice to the generality of Regulation 39, any other provision of these Regulations, the Procedures, or the Exchange Rules concerning the liability of the Clearing House, the Clearing House shall have no liability whatsoever to any Clearing Member or any other person (including but not limited to any Turquoise Derivatives NCM or Linked Member) with regard to the rejection by it of any such Turquoise Derivatives Orderbook Match or any Reported Trade.

(b) The Clearing House may, in its absolute discretion, agree to register a Turquoise Derivatives Cleared Exchange Contract in the account of a Clearing Member in respect of a Turquoise Derivatives Orderbook Match in accordance with any provisions in this regard set out in the Procedures, notwithstanding that the Clearing Member does not meet the requirements set out in Regulation 75(c) in respect of the Turquoise Derivatives Orderbook Match or the Clearing House receives invalid or incomplete message data in respect of a Turquoise Derivatives Orderbook Match.

(c) The Clearing House shall only exercise its rights to decline to register Turquoise Derivatives Cleared Exchange Contracts under Regulation 9(c) if:

(i) the Clearing House is required by an order or direction issued by, or a requirement of, a Regulatory Body pursuant to its rules or otherwise, or in order to comply with any applicable laws, regulations or court order, to cancel, decline to enter into or reject a Turquoise Derivatives Cleared Exchange Contract or to take other similar measures in relation to a Turquoise Derivatives Cleared Exchange Contract; or

(ii) a Turquoise Derivatives Orderbook Match exceeds a size specified in the Exchange Rules or the Procedures from time to time.

(d) If any of the circumstances referred to in paragraph (c)(i) apply in respect of an affected Clearing Member, the Clearing House shall take such action is it may determine in order that the Clearing House does not have (or to minimise the effect of) an unbalanced position. Any such action may, without limit, include entering into contracts with a Clearing Member or a third party in order to balance its position, or to vary or cancel Turquoise Derivatives Cleared Exchange Contracts entered into with a Co-operating Clearing House, as appropriate and the affected Clearing Member shall indemnify the Clearing House against all losses, costs, taxes or expenses suffered or incurred by the Clearing House in taking such action.

Regulation 83 **Cross-Border Transfers to the Clearing House of Contracts Executed by a Member of a Co-operating Exchange - Automatic Transfers**

(a) Where, pursuant to arrangements set forth in the Exchange Rules, a Clearing Member wishes automatically to accept transfers of contracts executed by a Linked Member on or under the Rules of a Co-operating Exchange for registration with the Clearing House, the Clearing Member shall enter into such agreements as may be required for this purpose by the Exchange Rules and shall notify to the Clearing House, in accordance with the Procedures, the account of the Linked Member (the "**Linked Account**") from which such contracts shall be transferred and the Clearing Member's account with the Clearing House in which such contracts shall be registered. The Clearing House shall register such transferred contracts as Turquoise Derivatives Cleared Exchange Contracts in such account of the Clearing Member in accordance with this Regulation 83 and the Exchange Rules.

(b) Cross-Border Transfers shall be effected at the time or times and in accordance with procedures agreed between the Clearing House and the relevant Co-operating Clearing House from time to time and otherwise subject to these Regulations and the Exchange Rules.

(c) Cross-Border Transfers shall not be made in the circumstances set out in Regulation 84 or 85 or if TGHL notifies the Clearing House that the Clearing Member is no longer party to the applicable agreements required by Exchange Rules with respect to Cross-Border Transfers to be made under this Regulation 83.

(d) The Clearing House shall be entitled to rely on the details notified to it by TGHL of the contracts to be transferred from a Linked Account to the account of a Clearing Member and shall be under no obligation to verify such details with TGHL or the Clearing Member.

(e) Cross-Border Transfers of Contracts to the account of a Clearing Member with the Clearing House shall be automatically made in accordance with this Regulation 82 without further instructions from the Clearing Member.

(f) The Clearing House shall not be liable to a Clearing Member, a Linked Member or any person whatsoever in accepting a transfer of contracts for registration in a Clearing Member's account in accordance with this Regulation 83 or if the Clearing House does not accept any such transfer pursuant to Regulation 84 or 85.

(g) If the Clearing House would have an unbalanced position on registering Turquoise Derivatives Cleared Exchange Contracts in an account of a Member in respect of a Cross-Border Transfer made in accordance with this Regulation 83, the Clearing House shall register an equal number of corresponding Turquoise Derivatives Cleared Exchange Contracts in the name of the relevant Co-operating Clearing House.

(h) Turquoise Derivatives Cleared Exchange Contracts registered under this Regulation 82 in a Clearing Member's account shall have the same economic terms as the contracts executed by the Linked Member on a Co-operating Exchange, but otherwise shall be subject to the Regulations and the Exchange Rules.

The Clearing House shall have the same rights to decline to register or accept a contract for registration under this Regulation 83 as it has under these Regulations in respect of a Turquoise Derivatives Orderbook Match or a Reported Trade or Turquoise Derivatives OTC Trade.

Regulation 84 Default affecting a Cross-Border Transfer

If, prior to effecting a Cross-Border Transfer under these Regulations, a Clearing Member or a Linked Member party to such proposed Cross-Border Transfer is a defaulter or in default under the rules of the relevant Co-operating Exchange the Cross-Border Transfer shall not occur, unless the Clearing House and the relevant Co-operating Clearing House decide otherwise or it is not practicable to prevent any such Cross-Border Transfer.

Regulation 85 Impossibility of Transfer

(a) Cross-Border Transfers shall not occur on any day under Regulation 80 if it is impossible, for any technological or other reason, for any such transfer to take place. Any affected Cross-Border Transfer shall take place as soon as it is possible for such transfer to be effected.

(b) Cross Border Transfers shall not occur if it would contravene any applicable law or regulation or requirement of a regulator for any such transfer to take place.

Regulation 86 Options

An Turquoise Derivatives Cleared Exchange Contract, being an option, shall be exercised by a Member in accordance with the applicable Exchange Rules and these Regulations and the Procedures. Where there is any conflict between the terms of the applicable Exchange Rules and these Regulations and Procedures, the terms of the Regulations and Procedures shall prevail. References in Regulation 17 to a notice in writing shall be construed to mean an instruction given, or to be given to TGHL, in accordance with the Exchange Rules, as agent for the Clearing House.

Regulation 87 Re-registration of Contracts

(a) A Clearing Member may arrange for a Turquoise Derivatives Cleared Exchange Contract to be transferred to another Clearing Member or to a member of a Co-operating Clearing House in the circumstances prescribed in Turquoise Derivatives Rules 2.14 and 3.4 or as contemplated by this Regulation 87. Any such transfer to an account of another Clearing Member shall be effected by the Clearing House in accordance with Regulation 11.

(b) Where a Clearing Member submits a Request for Re-Registration to TGHL in accordance with Turquoise Derivatives Rule 3.4, TGHL shall notify the Clearing House, in accordance with the Procedures, that it has received such Request for Re-Registration.

(c) Transfers of Turquoise Derivatives Cleared Exchange Contracts pursuant to a Request for Re-Registration submitted by a Clearing Member to TGHL and notified to the Clearing House under paragraph (a) shall be effected only if TGHL and the Clearing House have determined to accept such Request for Re-Registration. The Clearing House shall effect such transfer in accordance with Regulation 11 and the Procedures.

(d) Where a Clearing Member has submitted a Request for Re-Registration to TGHL requesting that one or more Turquoise Derivatives Cleared Exchange Contracts be transferred to an account maintained by a Linked Member with a Co-operating Clearing House, Co-operating Exchange or its Associated Clearing House, the Clearing Member shall notify the Clearing House, in accordance with the Procedures, that such request has been made to TGHL. No such transfers shall be made, unless such conditions set forth in the Exchange Rules have been satisfied and the Clearing House, TGHL and the relevant Co-operating Clearing House, Co-operating Exchange or Associated Clearing House, as the case may be, have given their approval to the transfer. Any such transfer shall be on such terms as the Clearing House may stipulate.

A Clearing Member may in accordance with the Procedures and with the approval of the Clearing House accept for registration in his name contracts executed by a Linked Member and registered with the relevant Co-operating Clearing House or Associated Clearing House which the Linked Member wishes to transfer to an account of the Clearing Member with the Clearing House.

SCHEDULE TO THE TURQUOISE DERIVATIVES REGULATIONS

Part A

Turquoise Derivatives Cleared Exchange Contract Terms arising from Turquoise Derivatives OTC Trades

The terms of a registered Turquoise Derivatives Cleared Exchange Contract arising from a Turquoise Derivatives OTC Trade shall include these 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 Regulations and the Procedures, the Clearing House will use these Contract Terms to calculate the amounts due under this Turquoise Derivatives Cleared Exchange Contract to, or from, the Clearing House in accordance with the Procedures.

For the purposes of this Schedule any reference to a Turquoise Derivatives Cleared Exchange Contract shall be a reference to a Turquoise Derivatives Cleared Exchange Contract arising from a Turquoise Derivatives OTC Trade in accordance with the Regulations.

1. **Interpretation**

1.1. "ISDA Definitions" means the 2002 ISDA Equity Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and the same are incorporated by reference herein.

1.2. Words and expressions used in these Contract Terms which are not defined in the Regulations and the Procedures but which are defined in the "ISDA Definitions" shall the same meaning herein as the ISDA Definitions, unless expressly provided otherwise.

1.3. In the event of an inconsistency between the Regulations and the Procedures and the ISDA Definitions, the Regulations and Procedures will prevail.

1.4. References in the ISDA Definitions to an "Option Transaction", "Forward Transaction", or "Futures Transaction" shall be deemed to be references to a "Turquoise Derivatives OTC Trade".

1.5. Except where expressly stated otherwise, all reference to "Articles" means Articles in the ISDA Definitions" as published by ISDA.

1.6. In relation to any amendments to the ISDA Definitions, the Clearing House may from time to time, by notice delivered to Clearing Members, give directions as to whether such amendment shall apply to EDX Cleared Exchange Contracts with immediate effect or with such deferred effect as the Clearing House shall determine.

1.7. Any such notice may provide that the amendment to the ISDA Definitions may take effect so as to apply to Turquoise Derivatives Cleared Exchange Contracts registered in a Clearing Member's name at the time such amendment comes into effect if the Clearing House so determines.

1.8. The accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by any Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. **Economic Terms**

2.1. The Economic Terms of a Turquoise Derivatives Cleared Exchange Contract shall be derived from the information presented to the Clearing House by TGHL in respect of the terms designated as Economic Terms in this Schedule.

2.2. It is part of the eligibility criteria for registration as a Turquoise Derivatives Cleared Exchange Contract that the particulars of a Turquoise Derivatives OTC Trade presented to the Clearing House must include matched information in respect all such designated Economic Terms.

2.3. The Economic Terms comprise:

(i) Trade Date (see Article 1.17 for definition);

(ii) Buyer (see Article 1.18 for definition);

(iii) Seller (see Article 1.19 for definition);

(iv) Settlement Currency (see Article 1.33 for definition);

(v) Cash-settled (see Article 1.38 for definition) or Physically-settled (see Article 1.39 for definition);

(vi) if Cash-settled, Cash Settlement Payment Date (see Article 8.8 for definition)

(vii) if Physically-settled, Settlement Date (see Article 9.4 for definition);

(viii) Where an Option transaction:

(a) Commencement Date (see Article 2.1 (a) for definition);

(b) Number of Options (see Article 2.1 (b) for definition);

(c) Option Entitlement (see Article 2.1 (c) for definition);

(d) American Option (see Article 2.2 (a) for definition) or European Option (see Article 2.2 (b) for definition);

(e) Call (see Article 2.3 (a) for definition) or Put (see Article 2.3 (b) for definition);

(f) Payment of Premium (see Article 2.4 (a) for definition);

(g) Premium (see Article 2.4 (b) for definition);

(h) Premium Payment Date (see Article 2.4 (c) for definition);

(i) Exercise Period (see Article 3.1 (a) for definition);

(j) Exercise Date (see Article 3.1 (b) for definition);

(k) Expiration Date (see Article 3.1 (a) for definition);

(ix) Where a Forward Transaction:

(a) Forward Price (see Article 4.1 (a) for definition);

(b) Expiration Date.

(x) Where a Futures Transaction:

(a) Futures Price;

(b) Expiration Date.

(xi) Where Share Option, Share Forward or Share Future Transaction:

(a) Number of Shares (see Article 1.20 for definition);

(b) Number of Shares to be Delivered (see Article 9.5 for definition).

PROVIDED, however, that, where in the "Option Transaction", "Forward Transaction", or "Future Transaction" a Clearing Member is party as the Seller ("the First Member") with the other Clearing Member as the party being the buyer ("the Second Member") the Clearing House, in respect of each Turquoise Derivatives Cleared Exchange Contract to which it is party shall be (i) the Buyer to the First Member and (ii) the Seller to the Second Member.

3. Standard Terms

The following terms are designated as Standard Terms of a registered Turquoise Derivatives Cleared Exchange Contract:

3.1. Other Relevant Definitions

"Exchange" is defined in Article 1.25.

"Settlement price" is defined in Article 7.3.

3.2. Calculation Agent

The Calculation Agent is the Clearing House.

3.3. Withholding Tax Provisions

All payments due under a Turquoise Derivatives Cleared Exchange Contract shall be made by the 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 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 a 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 Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any Turquoise Derivatives Cleared Exchange Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") 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 Stamp Tax Jurisdiction or by any other jurisdiction in respect of any Turquoise Derivatives Cleared Exchange Contract registered by the Clearing House and to which that Clearing Member is a party.

3.5. Payments under a Turquoise Derivatives Cleared Exchange Contract

Payments under, and in respect of, a Turquoise Derivatives Cleared Exchange Contract shall be calculated by the Clearing House and shall be made by, or to, the Clearing Member in accordance with the provisions of the Procedures.

3.6. Regulations

This Turquoise Derivatives Cleared Exchange Contract shall be subject to the Regulations and the Procedures, which shall form a part of its terms. In the event of any inconsistency between these Contract Terms and the Regulations and the Procedures, the Regulations and the Procedures will prevail.

3.7. Governing Law

This Turquoise Derivatives Cleared Exchange Contract shall be governed by and construed in accordance with the laws of England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The Clearing Member party to this Turquoise Derivatives Cleared Exchange Contract irrevocably submits to such jurisdiction and to waive any objection it might otherwise have to such jurisdiction, save that this submission to the jurisdiction of 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 Turquoise Derivatives Cleared Exchange Contract shall have no rights under or in respect of this Contract. Rights of third parties to enforce any terms of this Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

SCHEDULE TO THE Turquoise Derivatives REGULATIONS

Part B

Product Eligibility Criteria for Registration of an Turquoise Derivatives OTC Trade

1. Turquoise Derivatives OTC Trades

1.1 Without prejudice to the Regulations and the Procedures, the Clearing House may decline to register to register a Turquoise Derivatives OTC Trade unless at the time that the required particulars of that Turquoise Derivatives OTC Trade are presented:

(a) the Turquoise Derivatives OTC Trade meets the eligibility criteria, set out in section 2 below for an eligible Turquoise Derivatives OTC Trade, and all other requirements of the Clearing House from time to time including the requirements set out in these Regulations and Procedures; and

(b) details of the Turquoise Derivatives OTC Trade are submitted for registration in accordance with the Regulations, the Procedures and all other requirements from time to time of the Clearing House; and

(c) the parties to the Turquoise Derivatives OTC Trade are Clearing Members approved by the Clearing House as persons eligible to submit such trades for registration by the Clearing House or Turquoise Derivatives Non-Clearing Members, so approved,

and the requirements of (a) to (c) inclusive and Section 2 continue to be satisfied at Registration Time.

2. Product Eligibility Criteria for a Turquoise Derivatives OTC Trade

"*Eurozone*" means either a share listed on a French, German, Dutch, Finnish, Spanish or Italian market

Contract	Expiration Date	Option Type	Contract Size	Currency	Option Premium	Settlement Type	Settlement Date
Eurozone Share Option	Less than 5 Years	American/ European	1	Euro	Payable Trade Date +1	Physical Cash Settlement	or ED+2/3
Eurozone Share Future/ Forward	Less than 5 Years	N/A	1	Euro	N/A	Physical Cash Settlement	or ED+2/3
Swiss Share Option	Less than 5 Years	American/ European	1	CHF	Payable Trade Date +1	Physical Cash Settlement	or ED+3
Swiss Share Future/ Forward	Less than 5 Years	N/A	1	CHF	N/A	Physical Cash Settlement	or ED+3
UK Share Option	Less than 5 Years	American/ European	1	GBP	Payable Trade Date +1	Physical Cash Settlement	or ED+3
UK Share Future/	Less than	N/A	1	GBP	N/A	Physical Cash	or ED+3

Contract	Expiration Date	Option Type	Contract Size	Currency	Option Premium	Settlement Type	Settlement Date
Forward	5 years					Settlement	
Eurozone Index Options	Less than 5 Years	European	1	Euro	Payable Trade Date +1	Cash Settlement	ED+1
Eurozone Index Future/ Forward	Less than 5 Years	N/A	1	Euro	N/A	Cash Settlement	ED+1
Swiss Index Option	Less than 5 Years	European	1	CHF	Payable Trade Date +1	Cash Settlement	ED+1
Swiss Index Future/ Forward	Less than 5 Years	N/A	1	CHF	N/A	Cash Settlement	ED+1
UK Index Option	Less than 5 Years	European	1	GBP	Payable Trade Date +1	Cash Settlement	ED+1
UK Index Future/ Forward	Less than 5 Years	N/A	1	GBP	N/A	Cash Settlement	ED+1

HKMEX REGULATIONS

Regulation 88 Introduction and Application

General

(a) The Clearing House shall provide the HKMEx Service subject to and in accordance with the terms of these HKMEx Regulations and the Procedures.

(b) Clearing Members which are HKMEx Service Clearing Members, and applicants to become HKMEx Service Clearing Members, shall be bound by these HKMEx Regulations. Other than as specified in the Regulations, the remainder of the Regulations shall not apply to the HKMEx Service.

(c) Regulations 1 and 2 of the Regulations apply to the HKMEx Service.

HKMEx Service Clearing Membership

(d) A Clearing Member may apply to become a HKMEx Service Clearing Member in accordance with the Procedures.

(e) Regulations 4(a) to 4(c) (inclusive) apply to HKMEx Service Clearing Membership and applications therefor as it applies to clearing membership.

(f) In the event of any inconsistency between HKMEx's Rules and the HKMEx Regulations, the HKMEx Regulations shall prevail.

Accounts

(g) Regulation 5 applies to the opening and operation of accounts with respect to a HKMEx Service Clearing Member. Such accounts shall be designated in accordance with Regulation 8.

Formation, registration and transfers of HKMEx Contracts

(h) HKMEx's Rules govern the formation of a HKMEx Transaction.

(i) Regulations 89 and 90 govern the registration and formation of a HKMEx Contract.

(j) A HKMEx Service Clearing Member may clear HKMEx Transactions for a HKMEx Non-Clearing Member in accordance with the Procedures and HKMEx's Rules.

(k) Regulation 11 (and, insofar as relevant, Regulation 3(b)) apply to a HKMEx Contract which is an open contract.

Margin and cover for margin

(l) Regulation 12 applies to a HKMEx Service Clearing Member.

Daily settlement

(m) Regulations 13, 14, 91 and 16 apply to the daily settlement to market of open HKMEx Contracts.

Options

(n) Regulations 17 and 18 apply to HKMEx Contracts which are options.

Physical settlement

(o) Regulations 19 to 22 (inclusive) and 25 apply to HKMEx Contracts.

Arbitration

(p) Regulations 23 and 24 apply to HKMEx Contracts.

Market disorders; force majeure; invoicing back; currency conversion; disclosure; fees and other charges; records; Procedures; alteration of Regulations and Procedures; interpretation; waiver; validity; governing law and jurisdiction; exclusion of liability; netting

(q) Regulations 25 to 39B (inclusive) apply to HKMEx Service Clearing Members and HKMEx Contracts.

Default Rules and Default Fund Rules

(r) The Default Rules and the Default Fund Rules apply to HKMEx Service Clearing Members and HKMEx Contracts.

Clearing House Settlement Finality Regulations

(s) The Clearing House Settlement Finality Regulations apply in relation to HKMEx Service Clearing Members and HKMEx Contracts.

Regulation 89 **Presentation, allocation of HKMEx Transactions and registration of HKMEx Contracts**

(a) In order to utilise the HKMEx Service a HKMEx Service Clearing Member must cause particulars of a HKMEx Transaction to which it is party to be submitted for registration as a HKMEx Contract, through such means as shall be prescribed by the Procedures.

(b) A HKMEx Transaction submitted for registration must meet the eligibility criteria prescribed in the Procedures at the time the particulars of such HKMEx Transaction are presented to the Clearing House and must continue to meet such criteria at the time prescribed in the Procedures ("Registration Time") in order to be registered as HKMEx Contracts. A HKMEx Service Clearing Member may not revoke, cancel or transfer a HKMEx Transaction unless permitted by HKMEx's Rules, the Regulations or the Procedures or with the consent of the Clearing House.

(c) A HKMEx Service Clearing Member shall not allow the submission for registration of a transaction which is not a HKMEx Transaction.

(d) The Clearing House may require HKMEx Transactions presented for registration in the name of a HKMEx Service Clearing Member to be confirmed by or on behalf of such Member, in which case it shall specify the manner, form and time of such confirmation in the Procedures.

(e) A HKMEx Transaction may, subject to the Procedures or HKMEx's Rules (as may be the case), be allocated (or reallocated) by or on behalf of a HKMEx Service Clearing Member to another HKMEx Service Clearing Member in such manner and form and by such time as may be prescribed by the Procedures.

(f) Where a HKMEx Transaction is allocated (or reallocated) to a HKMEx Service Clearing Member, then unless the Clearing House receives confirmation of the acceptance of the allocation of such contract from the HKMEx Service Clearing Member to whom such contract is being allocated (or reallocated) within the relevant time prescribed by the Procedures, the Clearing House shall register such HKMEx Transaction in the name of the HKMEx Service Clearing Member who sought to allocate the HKMEx Transaction.

(g) Notwithstanding paragraph (f) of this Regulation, a HKMEx Service Clearing Member may from time to time agree in writing with the Clearing House that he shall accept for registration in his name any HKMEx Transaction allocated to him.

(h) The Clearing House may decline to register a HKMEx Transaction in the name of a HKMEx Service 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 HKMEx Transaction subject to any conditions stipulated by the Clearing House including, without limitation, the furnishing of cover for margin by both HKMEx Service Clearing Members in whose name any such HKMEx Transaction is to be registered.

(i) Without prejudice to the Clearing House's rights under paragraph (k) of this Regulation, a HKMEx Service Clearing Member shall be bound by a HKMEx Contract registered in its name pursuant to the presentation of particulars of a HKMEx Transaction.

(j) The Clearing House shall be deemed to register a HKMEx Contract in relation to a HKMEx Transaction in the name of a HKMEx Service Clearing Member at the Registration Time for that type of HKMEx Contract in accordance with Regulation 90.

(k) For the avoidance of doubt, any transaction of which details have been submitted by HKMEx Participants for registration as HKMEx 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 or membership of the HKMEx Trading System through or on which the transaction was executed or by which it was registered), 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.

(l) If at any time after registration of a HKMEx Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration was not a HKMEx Transaction or did not, at the Registration Time, meet the eligibility criteria for registration as a HKMEx Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such HKMEx Contract. Upon the purported HKMEx Contract being set aside under this Regulation 89(l), the particulars of the transaction in question shall be deemed never to have been registered. Any payment made under, or in respect of, a HKMEx Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 89(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 a HKMEx Contract in respect of a transaction which did not meet the eligibility criteria at the Registration Time to enable it to be registered as a HKMEx Contract.

Regulation 90 **HKMEx Contracts**

(a) A HKMEx Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two HKMEx Contracts, one between the First HKMEx Service Clearing Member as the seller and the Clearing House as the buyer as principals to such contract, and the other between the Clearing House as the seller and the Second HKMEx Service Clearing Member as the buyer (as the case may be) as principals to such contract. For the purposes of this Regulation:

(i) "First HKMEx Service Clearing Member" is a HKMEx Service Clearing Member who was, before registration of the HKMEx Contract, party to the corresponding HKMEx Transaction as the seller;

(ii) "Second HKMEx Service Clearing Member" is a HKMEx Service Clearing Member who was, before registration of the HKMEx Contract, party to the corresponding HKMEx Transaction as the buyer.

(b) With effect from registration of a HKMEx Transaction as two HKMEx Contracts under paragraph (a) of this Regulation:

(i) the parties to the corresponding HKMEx 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 HKMEx Contract registered under paragraph (a) of this Regulation shall be governed by the relevant HKMEx Contract Terms applicable to that HKMEx Contract;

(iii) subject always to sub-paragraph (ii) above, the First HKMEx Service Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the HKMEx Contract to which it is a party as the seller had and owed in respect of its counterparty under the corresponding HKMEx Transaction; and

(iv) subject always to sub-paragraph (ii) above, the Second HKMEx Service Clearing Member shall have the same rights against, and owe the same obligations to the Clearing House under the HKMEx Contract to which it is party as the buyer had and owed in respect of its counterparty under the corresponding HKMEx 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 HKMEx Transaction (it being assumed, for this purpose, that such HKMEx 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 a HKMEx 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 HKMEx Contract unless otherwise determined by the Clearing House.

(d) In the case of a HKMEx 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 Regulation 90 shall take effect.

Regulation 91 **Daily Settlement or Marking to Market**

(a) Where the Procedures so provide, the Clearing House may effect the daily settlement to market or daily marking to market of those open HKMEx Contracts in accordance with the Procedures. Daily settlement to market shall not apply to such open HKMEx Contracts which are for the account of a HKMEx Service Clearing Member's client accounts.

(b) The Clearing House shall, in accordance with the Procedures, in respect of each open HKMEx Contract in a HKMEx Service 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 HKMEx Contract, save that where a HKMEx Service Clearing Member is the seller under the terms of the open HKMEx Contract that HKMEx Service 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 Procedures at the relevant HKMEx Reference Price for that day. The Clearing House shall thereupon settle each open HKMEx 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 Procedures and shall thereafter make up the HKMEx Service Clearing Member's account and upon the Clearing House so doing, that HKMEx Service Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:

(i) any profit arising to a HKMEx Service Clearing Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these Regulations, such profit shall be paid to that HKMEx Service Clearing Member on that HKMEx Service Clearing Member's request; and

(ii) any loss arising to a HKMEx Service Clearing Member shall be debited to the applicable account of that HKMEx Service Clearing Member and (subject to these Regulations) that HKMEx Service 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 Procedures:

(i) in respect of those open HKMEx Contracts in a HKMEx Service 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 HKMEx Reference Price referred to in the Procedures, HKMEx Contracts in that HKMEx Service Clearing Member's name as open HKMEx Contracts on the same terms (except as to price or premium) including the strike price where applicable, as the settled open HKMEx Contracts, save that no HKMEx 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 HKMEx Service Clearing Member's name;

(ii) in respect of those open HKMEx Contracts in a HKMEx Service 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 Procedures, register at the relevant HKMEx Reference Price referred to in the Procedures,

HKMEx Contracts in the HKMEx Service Clearing Member's name as open HKMEx Contracts on the same terms (except as to price or premium) including the strike price, where applicable, as the settled open HKMEx Contracts.

(e) A HKMEx Service Clearing Member may, in respect of all open HKMEx Contracts in his name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the Procedures, to settle such HKMEx 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 Member in accordance with the Procedures) make up the HKMEx Service Clearing Member's account.

(f) In respect of those open HKMEx Contracts of which settlement might have been requested by a HKMEx Service 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 HKMEx Contracts, at any time thereafter proceed as if settlement had been requested and make up and render the HKMEx Service Clearing Member's accounts accordingly.

NODAL REGULATIONS

Regulation 92 Introduction and Application

General

(a) The Clearing House shall provide the Nodal Service subject to and in accordance with the terms of these Nodal Regulations and the Procedures.

(b) Clearing Members which are Nodal Service Clearing Members, and applicants to become Nodal Service Clearing Members, shall be bound by these Nodal Regulations. Other than as specified in the Regulations, the remainder of the Regulations shall not apply to the Nodal Service.

(c) Regulations 1 and 2 of the Regulations apply to the Nodal Service.

Nodal Service Clearing Membership

(d) A Clearing Member may apply to become a Nodal Service Clearing Member in accordance with the Procedures.

(e) Regulations 4(a) to 4(c) (inclusive) apply to Nodal Service Clearing Membership and applications therefor as it applies to clearing membership.

Nodal's Rules

(f) In the event of any inconsistency between Nodal's Rules and the Nodal Regulations, the Nodal Regulations shall prevail.

Accounts

(g) Regulation 5 applies to the opening and operation of accounts with respect to a Nodal Service Clearing Member. Such accounts shall be designated in accordance with Regulation 8.

Formation, Registration and Transfers of Nodal Contracts

(h) Nodal's Rules govern the formation of a Nodal Transaction.

(i) Regulations 93 and 94 govern the registration and formation of a Nodal Contract.

(j) A Nodal Service Clearing Member may clear Nodal Transactions for a Nodal Non-Clearing Participant in accordance with the Procedures and Nodal's Rules.

(k) Regulation 11 (and, insofar as relevant, Regulation 3(b)) apply to a Nodal Contract which is an open contract.

Margin and Cover for Margin

(l) Regulation 12 applies to a Nodal Service Clearing Member.

Daily Settlement

(m) Regulations 13, 14, 95 and 16 apply to the daily settlement to market of open Nodal Contracts.

Options

(n) Regulations 17 and 18 apply to Nodal Contracts which are options.

Physical Settlement

(o) Regulations 19 to 22 (inclusive) and 25 apply to Nodal Contracts.

Arbitration

(p) Regulations 23 and 24 apply to Nodal Contracts.

Market disorders; force majeure; invoicing back; currency conversion; disclosure; fees and other charges; records; Procedures; alteration of Regulations and Procedures; interpretation; waiver; validity; governing law and jurisdiction; exclusion of liability; netting

(q) Regulations 25 to 39B (inclusive) apply to Nodal Service Clearing Members and Nodal Contracts.

Default Rules and Default Fund Rules

(r) The Default Rules and the Default Fund Rules apply to Nodal Service Clearing Members and Nodal Contracts.

Clearing House Settlement Finality Regulations

(s) The Clearing House Settlement Finality Regulations apply in relation to Nodal Service Clearing Members and Nodal Contracts.

Regulation 93 **Presentation, Allocation of Nodal Transactions and Registration of Nodal Contracts**

(a) In order to utilise the Nodal Service a Nodal Service Clearing Member must cause particulars of a Nodal Transaction to which it is party to be submitted for registration as a Nodal Contract, through such means as shall be prescribed by the Procedures.

(b) A Nodal Transaction submitted for registration must meet the eligibility criteria prescribed in the Procedures at the time the particulars of such Nodal Transaction are presented to the Clearing House and must continue to meet such criteria at the time prescribed in the Procedures ("**Registration Time**") in order to be registered as Nodal Contracts. A Nodal Service Clearing Member may not revoke, cancel or transfer a Nodal Transaction unless permitted by Nodal's Rules, the Regulations or the Procedures or with the consent of the Clearing House and Nodal.

(c) A Nodal Service Clearing Member shall not allow the submission for registration of a transaction which is not a Nodal Transaction.

(d) The Clearing House may require Nodal Transactions presented for registration in the name of a Nodal Service Clearing Member to be confirmed by or on behalf of such Member, in which case it shall specify the manner, form and time of such confirmation in the Procedures.

(e) The Clearing House may decline to register a Nodal Transaction in the name of a Nodal Service 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 Nodal Transaction subject to any conditions stipulated by the Clearing House including, without limitation, the furnishing of cover for margin by both Nodal Service Clearing Members in whose name any such Nodal Transaction is to be registered.

(f) Without prejudice to the Clearing House's rights under paragraph (h) of this Regulation, a Nodal Service Clearing Member shall be bound by a Nodal Contract registered in its name pursuant to the presentation of particulars of a Nodal Transaction.

(g) The Clearing House shall be deemed to register a Nodal Contract in relation to a Nodal Transaction in the name of a Nodal Service Clearing Member at the Registration Time for that type of Nodal Contract in accordance with Regulation 94.

(h) For the avoidance of doubt, any transaction of which details have been submitted for registration as 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 a Nodal Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration was not a Nodal Transaction or did not, at the Registration Time, meet the eligibility criteria for registration as a Nodal Contract, the Clearing House shall, as soon as practicable thereafter, set aside each such Nodal Contract. Upon the purported Nodal Contract being set aside under this Regulation 92(l), the particulars of the transaction in question shall be deemed never to have been registered. Any payment made under, or in respect

of, a Nodal Contract set aside under this paragraph shall be repayable to the person who made the payment. Without prejudice to Regulation 39 and its obligations under this Regulation 92(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 a 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 a Nodal Contract.

Regulation 94 **Nodal Contracts**

(a) A Nodal Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two Nodal Contracts, one between the First Nodal Service Clearing Member as the seller and the Clearing House as the buyer as principals to such contract, and the other between the Clearing House as the seller and the Second Nodal Service Clearing Member as the buyer (as the case may be) as principals to such contract. For the purposes of this Regulation:

(i) “First Nodal Service Clearing Member" is a Nodal Service Clearing Member who was, before registration of the Nodal Contract, party to the corresponding Nodal Transaction as the seller;

(ii) "Second Nodal Service Clearing Member" is a Nodal Service Clearing Member (who may also be the same as the First Nodal Service Clearing Member) who was, before registration of the Nodal Contract, party to the corresponding Nodal Transaction as the buyer.

(b) With effect from registration of a Nodal Transaction as two Nodal Contracts under paragraph (a) of this Regulation:

(i) the parties to the corresponding 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 Nodal Contract registered under paragraph (a) of this Regulation shall be governed by the relevant Nodal Contract;

Terms applicable to that Nodal Contract;

(iii) subject always to sub-paragraph (ii) above, the First Nodal Service Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the Nodal Contract to which it is a party as the seller had and owed in respect of its counterparty under the corresponding Nodal Transaction; and

(iv) subject always to sub-paragraph (ii) above, the Second Nodal Service Clearing Member shall have the same rights against, and owe the same obligations to the Clearing House under the Nodal Contract to which it is party as the buyer had and owed in respect of its counterparty under the corresponding 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 Nodal Transaction (it being assumed, for this purpose, that such 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 a 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 Nodal Contract unless otherwise determined by the Clearing House.

(d) In the case of a 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 Regulation 94 shall take effect.

Regulation 95 **Daily Settlement or Marking to Market**

(a) Where the Procedures so provide, the Clearing House may effect the daily settlement to market or daily marking to market of those open Nodal Contracts in accordance with the Procedures. Daily settlement to market shall not apply to such open Nodal Contracts which are for the account of a Nodal Service Clearing Member's client accounts.

(b) The Clearing House shall, in accordance with the Procedures, in respect of each open Nodal Contract in a Nodal Service 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 Nodal Contract, save that where a Nodal Service Clearing Member is the seller under the terms of the open Nodal Contract that Nodal Service 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 Procedures at the relevant Nodal Reference Price for that day. The Clearing House shall thereupon settle each open 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 Procedures and shall thereafter make up the Nodal Service Clearing Member's account and upon the Clearing House so doing, that Nodal Service Clearing Member and the Clearing House shall (unless otherwise agreed) settle any daily settlement amounts arising as follows:

(i) any profit arising to a Nodal Service Clearing Member shall be credited to the applicable account and, subject to the Clearing House's right to retain such profit pursuant to these Regulations, such profit shall be paid to that Nodal Service Clearing Member on that Nodal Service Clearing Member's request; and

(ii) any loss arising to a Nodal Service Clearing Member shall be debited to the applicable account of that Nodal Service Clearing Member and (subject to these Regulations) that Nodal Service 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 Procedures:

(i) in respect of those open Nodal Contracts in a Nodal Service 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 Nodal Reference Price referred to in the Procedures, Nodal Contracts in that Nodal Service Clearing Member's name as open Nodal Contracts on the same terms (except as to price or premium) including the strike price where applicable, as the settled open Nodal Contracts, save that no 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 Nodal Service Clearing Member's name;

(ii) in respect of those open Nodal Contracts in a Nodal Service 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 Procedures, register at the relevant Nodal Reference Price referred to in the Procedures, Nodal Contracts in the Nodal Service Clearing Member's name as open Nodal

Contracts on the same terms (except as to price or premium) including the strike price, where applicable, as the settled open Nodal Contracts.

(e) A Nodal Service Clearing Member may, in respect of all open Nodal Contracts in his name which are subject to daily marking to market, request the Clearing House within the time and in the manner prescribed by the Procedures, to settle such 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 Member in accordance with the Procedures) make up the Nodal Service Clearing Member's account.

(f) In respect of those open Nodal Contracts of which settlement might have been requested by a Nodal Service 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 Nodal Contracts, at any time thereafter proceed as if settlement had been requested and make up and render the Nodal Service Clearing Member's accounts accordingly.

NYSE LIFFE CLEARING REGULATIONS

Regulation 96 Introduction and Application

General

(a) The Clearing House shall provide certain services in relation to the NYSE Liffe Clearing Service subject to and in accordance with the terms of these NYSE Liffe Clearing Regulations and the Procedures.

(b) Clearing Members which are NYSE Liffe Clearing Members, and applicants to become NYSE Liffe Clearing Members, shall be bound by these NYSE Liffe Clearing Regulations. Other than as set out in these NYSE Liffe Clearing Regulations, the LIFFE Rules shall apply to NYSE Liffe Clearing Contracts and the NYSE Liffe Clearing Service and the General Regulations shall not apply thereto. As set out in the LIFFE Rules and the relevant NYSE Liffe Clearing Membership Agreement, the Clearing House shall have available to it certain powers of LIFFE under section 13 of the LIFFE Rules in relation to the NYSE Liffe Clearing Service and NYSE Liffe Clearing Contracts.

Regulation 97 **NYSE Liffe Clearing Membership**

(a) In order to use the NYSE Liffe Clearing Service, a person must at all times be a clearing member of the market administered by LIFFE and a Clearing Member of the Clearing House, as further set out in the NYSE LIFFE Clearing Membership Agreement.

(b) Regulations 4(a) and 4(c) apply to NYSE Liffe Clearing Membership and applications for such membership, as they apply to clearing membership.

LIFFE's Rules

(c) In the event of any inconsistency between the LIFFE Rules and these NYSE Liffe Clearing Regulations, these NYSE Liffe Clearing Regulations shall prevail as between the NYSE Liffe Clearing Member and the Clearing House.

Accounts

(d) Regulation 5 applies to the opening and operation of accounts with respect to an NYSE Liffe Clearing Member. Such accounts shall be designated in accordance with the LIFFE Rules.

Margin and Cover for Margin

(e) Regulation 12 and the LIFFE Rules apply to margin and cover for margin with respect to an NYSE Liffe Clearing Member.

Force Majeure; Disclosure; Procedures; Alteration of Regulations and the Procedures; Interpretation of these Regulations; Waiver; Validity of Regulations and Action; Governing Law and Jurisdiction; Exclusion of Liability

(f) Regulations 27, 30, 33, 34, 35, 36, 37, 38, 39, 39A and 39B apply to NYSE Liffe Clearing Members and in respect of the NYSE Liffe Clearing Contracts of such NYSE Liffe Clearing Members in relation to the relationship between such NYSE Liffe Clearing Members and the Clearing House.

Default Rules and Default Fund Rules

(g) Where an NYSE Liffe Clearing Member has been declared a defaulter and its positions have transferred to the Clearing House in accordance with the LIFFE default rules or where the Clearing House has declared a Special Member of the Clearing House to be a defaulter, the Default Rules of the Clearing House shall apply: (i) to such NYSE Liffe Clearing Member; (ii) to such Special Member of the Clearing House; and (iii) in respect of the NYSE Liffe Clearing Contracts of such NYSE Liffe Clearing Member or such Special Member of the Clearing House.

The Default Fund Rules of the Clearing House shall apply to NYSE Liffe Clearing Members and in respect of the NYSE Liffe Clearing Contracts of such NYSE Liffe Clearing Members at all times.

Clearing House Settlement Finality Regulations

(h) The Clearing House Settlement Finality Regulations apply in relation to NYSE Liffe Clearing Members and to instructions relating to NYSE Liffe Clearing Contracts to the extent that such instructions constitute "transfer orders" as defined in the terms of the UK Financial Markets and Insolvency (Settlement Finality) Regulations 1999. Settlement

finality protection for NYSE Liffe Clearing Members and NYSE Liffe Clearing Contracts under the Clearing House Settlement Finality Regulations applies subject to the terms of the SF Regulations including, inter alia, Regulation 20 of the SF Regulations which in certain circumstances would prevent settlement finality protection from applying to transfer orders issued by a NYSE Liffe Clearing Member after certain specified events relating to that NYSE Liffe Clearing Member's insolvency.

Regulation 98 **Default of a NYSE Liffe Clearing Member**

(a) In the event that either the Clearing House or LIFFE declares an NYSE Liffe Clearing Member in default: (i) such NYSE Liffe Clearing Member will continue to be bound by the LIFFE Rules in respect of any open contracts; and (ii) the following provisions shall also apply to such NYSE Liffe Clearing Member:

(i) following the transfer by novation of such NYSE Liffe Clearing Member's open contracts to the Clearing House, (which such contracts shall be deemed, by virtue of this rule, to have been confirmed by LIFFE on behalf of the NYSE Liffe Clearing Member and registered by the Clearing House as exchange contracts) Regulations 1 to 39 of the Clearing House shall apply to all contracts in such NYSE Liffe Clearing Member's name novated to the Clearing House as from the moment of such novation and the Clearing House shall, without limitation, have the relevant powers of LIFFE available to it in relation to such novated contracts; and

(ii) In addition the Clearing House may take any or all of the steps to discharge the rights and liabilities of the NYSE Liffe Clearing Member in respect of such NYSE Liffe Clearing Member's LIFFE business (and only such business unless the Clearing House has declared the NYSE Liffe Clearing Member to be a defaulter) which the Clearing House would be able to take to discharge the rights and liabilities of a Clearing Member under Default Rule 6 of the Default Rules.

(b) If LIFFE has declared an NYSE Liffe Clearing Member to be in default, the Clearing House will use all reasonable endeavours to assist LIFFE in the calculation of the net sum(s), if any, resulting from action taken by the Clearing House pursuant to paragraph a(ii) above, which net sum(s) LIFFE may be under a regulatory requirement to certify.

RESERVED

Regulation 99 **RESERVED**

Regulation 100 **RESERVED**

Regulation 101 **RESERVED**

Regulation 102 **RESERVED**

FOREXCLEAR REGULATIONS

Regulation 103 Application of ForexClear Regulations

(a) The Clearing House shall provide the ForexClear Service subject to and in accordance with the terms of these ForexClear Regulations and the Procedures.

(b) ForexClear Clearing Members shall be bound by these ForexClear Regulations. Applications to become a ForexClear Clearing Member shall be made in accordance with Regulation 103(d) and (e). Other than as expressly specified in this Regulation 103, the remainder of the Regulations shall not apply to the ForexClear Service. A summary table of those Regulations which apply to the ForexClear Service as described in Regulation 103(a) to (o) is provided at Regulation 103(p).

(c) Regulations 1 and 2 of the Regulations apply to the ForexClear Service.

ForexClear Clearing Membership

(d) A Clearing Member may apply to become a ForexClear Clearing Member in accordance with the Procedures.

(e) Regulation 4(a) to 4(c) applies to membership of the ForexClear Service and applications for such membership.

Accounts

(f) Regulation 5 applies to the opening and operation of accounts with respect to a ForexClear Clearing Member. Such accounts shall be designated in accordance with Regulation 8.

Formation, registration and transfers of ForexClear Contracts

(g) Regulations 9(b), 9(c) and 10 apply to the registration of a ForexClear Contract.

(h) Regulation 104 and Regulation 105 (a) govern the registration and formation of a ForexClear Contract.

(i) Regulation 3(b) of the Regulations applies to the ForexClear Service.

(j) Regulation 11 (and, insofar as relevant, Regulation 3(b)) apply to a ForexClear Contract that is an open contract**.**

Margin and cover for margin

(k) Regulation 12 applies to a ForexClear Clearing Member.

Reference prices and Revaluation

(l) Regulations 14 and Regulation 108 apply to open ForexClear Contracts.

Other Applicable Regulations

(m) Regulations 26 to 39B inclusive apply to ForexClear Clearing Members and ForexClear Contracts.

Default Rules and Default Fund Rules

(n) The Default Rules (including the ForexClear DMP Annex) and the Default Fund Rules apply to ForexClear Clearing Members and ForexClear Contracts.

Clearing House Settlement Finality Regulations

(o) The Clearing House Settlement Finality Regulations apply in relation to ForexClear Clearing Members and ForexClear Contracts.

Summary table of Regulations which apply to the ForexClear Service

(p) The Regulations listed in this Regulation 103(p) apply to the ForexClear Service as described under Regulation 103(a) to (o).

Regulation	***Title***
1	Obligation to the Clearing House to each Member
2	Performance by the Clearing House of its Obligations under the Terms of an Open Contract
3(b)	Novation
4(a) to (c)	Clearing Member Status of the Clearing House
5	Accounts
8	Designation
9(b), (c),	Registration
10	Trading Information
11	Transfer
12	Margin and Cover for Margin
14	Official Quotations and Reference Price
26	Mark Disorders, Impossibility of Performance, Trade Emergency
27	Force Majeure
28	Invoicing Back
29	Currency Conversion
30	Disclosure
31	Fees and Other Charges
32	Records

Regulation	***Title***
33	Procedures
34	Alteration of Regulations and the Procedures
35	Interpretation of these Regulations
36	Waiver
37	Validity of Regulations and Action
38	Governing Law and Jurisdiction
39	Exclusion of Liability
39A and 39B	Netting
103 to 109	ForexClear Regulations
Default Rules	Default Rules (including ForexClear DMP Annex)
Default Fund Rules	Default Fund Rules
Settlement Finality Regulations	Settlement Finality Regulations

Regulation 104 **Registration of ForexClear Contracts**

(a) In order to use the ForexClear Service, a ForexClear Participant must submit the particulars of a ForexClear Transaction for registration as a ForexClear Contract in accordance with these ForexClear Regulations and the Procedures.

(b) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a ForexClear Clearing Member shall be bound by a ForexClear Contract registered in its name pursuant to the presentation of particulars of a ForexClear Transaction by it or by a ForexClear Dealer with whom the ForexClear Clearing Member is party to a FDC Agreement.

(c) Without prejudice to the Clearing House's rights under paragraph (f) of this Regulation, a ForexClear Transaction, particulars of which are submitted for registration as a ForexClear Contract, must meet the ForexClear Eligibility Criteria at the time the particulars of the ForexClear Transaction are presented to the Clearing House and must continue to meet such ForexClear Eligibility Criteria at the Registration Time as defined in Regulation 104(d) below in order to be registered as a ForexClear Contract.

(d) The Clearing House shall be deemed to register a ForexClear Contract, in accordance with Regulation 105, in the name of a ForexClear Clearing Member at the time prescribed in the Procedures ("Registration Time")

(e) For the avoidance of doubt, any transaction of which details have been submitted by ForexClear Participants for registration as a ForexClear Contract which is not so registered will remain in effect between the persons party thereto in accordance with any terms agreed between them 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) Subject to Regulation 104(h), if at any time falling after the registration of any ForexClear Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the ForexClear Eligibility Criteria in existence at the Registration Time (an "**Ineligible Transaction**"), the Clearing House shall, as soon as practicable thereafter, set aside both ForexClear Contracts arising from such Ineligible Transaction in accordance with Regulation 104(g) below.

(g) Upon a ForexClear Contract (an "**Ineligible ForexClear Contract**") being set aside under Regulation 104(f), the Clearing House will notify the FXCCM party to such Ineligible ForexClear Contract via the ForexClear Matcher that such Ineligible ForexClear Contract has been set aside. The following shall take effect immediately upon the delivery of such notice: (i) such Ineligible ForexClear Contract shall be deemed to be terminated at the time of the notification and shall thereafter have no force or effect; (ii) all variation margin (if any) paid by the Clearing House or by an FXCCM in respect of such Ineligible ForexClear Contract shall be retained by the receiving party upon termination; (iii) where there is a difference between the value of the Ineligible ForexClear Contract as at the last margin run and the value (as determined by the Clearing House) of that Ineligible ForexClear Contract at the time of the next official settlement rate for that currency pair, then a payment shall be made between the FXCCMs to the original Ineligible Transaction equal to such difference; and (iv) these payments shall be deemed to satisfy in full the relevant party's obligations under the

Ineligible ForexClear Contract and shall be retained by the receiving party upon termination as a termination payment.

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

(i) Where an original party to an Ineligible Transaction is an FXD upon the setting aside of the Ineligible ForexClear Contract under Regulation 104(f), any Parallel Contract (as defined in the FDC Agreement) corresponding to the Ineligible Transaction and arising by operation of the FDC Agreement shall be terminated at the same value as the Ineligible ForexClear Contract to which it corresponds at the time of the notification under Regulation 104(g) and shall thereafter have no force or effect.

(j) The Clearing House shall provide no less than 10 business days' prior notice (including by email) to ForexClear Clearing Members of an amendment to the ForexClear Eligibility Criteria.

Regulation 105 **ForexClear Contracts**

(a) A ForexClear Transaction presented for registration to, and accepted by, the Clearing House shall be registered by the Clearing House as two ForexClear Contracts, one between the First ForexClear Clearing Member as the Reference Currency Buyer and the Clearing House as the Reference Currency Seller, as principals to such contract, and the other between the Clearing House as the Reference Currency Buyer and the Second ForexClear Clearing Member as the Reference Currency Seller, as principals to such contract. For the purposes of this Regulation:

(i) "First ForexClear Clearing Member" is a ForexClear Clearing Member who was, before registration of the ForexClear Contract, party to the corresponding ForexClear Transaction as the Reference Currency Buyer, or who has a subsisting FDC Agreement with the ForexClear Dealer who was party to the corresponding ForexClear Transaction as the Reference Currency Buyer; and

(ii) "Second ForexClear Clearing Member" is a ForexClear Clearing Member who was, before registration of the ForexClear Contract, party to the corresponding ForexClear Transaction as the Reference Currency Seller, or who has a subsisting FDC Agreement with the ForexClear Dealer who was party to the corresponding ForexClear Transaction as the Reference Currency Seller.

(b) With effect from registration of a ForexClear Transaction as two ForexClear Contracts under paragraph (a) of this Regulation:

(i) the parties to the corresponding ForexClear 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 ForexClear Contract registered under paragraph (a) of this Regulation shall be governed by the ForexClear Contract Terms as applicable to that Contract;

(iii) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the First ForexClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the ForexClear Contract to which it is a party as the Reference Currency Buyer had and owed in respect of its counterparty under the corresponding ForexClear Transaction; and

(iv) subject always to sub-paragraph (ii) above, in respect of the Economic Terms, the Second ForexClear Clearing Member shall have the same rights against, and owe the same obligations to, the Clearing House under the ForexClear Contract to which it is party as the Reference Currency Seller had and owed in respect of its counterparty under the corresponding ForexClear Transaction.

(c) 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 ForexClear Transaction (it being assumed, for this purpose, that such 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.

(d) If a 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 ForexClear Contract arising under this Regulation, Regulation 3(b) or Regulation 11.

(e) In the case of a 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 Regulation 105 shall take effect.

Regulation 106 **Cancellation of ForexClear Contracts**

(a) A ForexClear Clearing Member may, in accordance with this Regulation 106 and the Procedures, cancel a ForexClear Contract to which it is a party.

(b) A ForexClear Dealer may, in accordance with this Regulation 106 and the Procedures, cancel a ForexClear Contact that arose from a ForexClear Transaction to which it is a party.

(c) A ForexClear Clearing Member shall be bound by the cancellation of a ForexClear Contract made by the relevant ForexClear Dealer.

(d) A ForexClear Dealer shall have no obligation to inform, notify or seek the consent of any ForexClear Clearing Member prior to initiating the cancellation of a ForexClear Contract in accordance with Regulation 4(d).

(e) Each ForexClear Clearing Member is deemed to grant a continuing authority to the Clearing House to terminate any ForexClear Contract registered in the name of that ForexClear Clearing Member upon the request of a ForexClear Dealer with whom that ForexClear Clearing Member is a party to an FDC Agreement.

(f) The Clearing House shall have no obligation to inform, notify or seek the consent of any ForexClear Clearing Member prior to cancelling a ForexClear Contract in accordance with this Regulation 106.

(g) The cancellation of a ForexClear Contract to which a ForexClear Clearing Member is a party (in this Regulation, the "First ForexClear Contract") is contingent upon *inter alia* the cancellation of the corresponding ForexClear Contract that arose from the same underlying ForexClear Transaction (in this Regulation, the "Second ForexClear Contract), and vice versa.

(h) The date and time of the cancellation of a ForexClear Contract shall be as reported by the Clearing House in accordance with the Procedures and shall be binding on ForexClear Clearing Members.

(i) The Clearing House may decline to cancel a ForexClear Contract if:

(i) in the opinion of the Clearing House acting in its sole discretion, the cancellation of that ForexClear Contract is not consistent with the Regulations and Procedures of the Clearing House and any policies of the clearing house concerning risk management;

(ii) if there is insufficient margin standing to the credit of a ForexClear Clearing Member's account to accommodate the cancellation of the First ForexClear Contract and/or the Second ForexClear Contract.

(j) With effect from the time of the cancellation of a ForexClear Contract in accordance with this Regulation 106, neither the ForexClear Clearing Member nor the Clearing House shall have any obligations under the terms of that ForexClear Contract and liability in respect thereof.

(k) Upon the cancellation of a ForexClear Contract in accordance with this Regulation 106, the corresponding Parallel Contract (as defined in the FDC Agreement) arising by operation of the FDC Agreement shall also terminate.

Regulation 107 **ForexClear Dealers**

(a) Application for admission to the Register of ForexClear Dealers shall be made in accordance with these Regulations and the Procedures. An applicant for admission to the Register of ForexClear Dealers must satisfy the criteria prescribed by the Clearing House from time to time in order to be admitted to the Register of ForexClear Dealers. A ForexClear Dealer shall be subject to, and governed by, these Regulations, the Procedures and, if applicable, the FDC Agreement to which it is for the time being party.

(b) A person admitted to the Register of ForexClear Dealers shall ensure that it will, at all times, satisfy the criteria prescribed by the Clearing House, from time to time, for admission to the Register.

(c) The Clearing House may suspend or remove a ForexClear Dealer from the Register of ForexClear Dealers in accordance with these Regulations, the Procedures and, if applicable, the FDC Agreement to which it is for the time being party. Any person who has been suspended from the Register of ForexClear Dealers for a period of more than three months shall be removed from the Register of ForexClear Dealers and must make a new application if it wishes to be readmitted to the Register.

(d) A ForexClear Dealer may request, by giving three months' written notice to the Clearing House, that its name be removed from the Register of ForexClear Dealers. At the end of such notice period, the Clearing House shall remove the ForexClear Dealer from the Register of ForexClear Dealers.

(e) A ForexClear Dealer's suspension or removal from the Register of ForexClear Dealers, under paragraph (c), shall not, where it is a Member, affect its membership of the Clearing House, nor, subject to any contrary determination by the Clearing House under Regulation 4(b), shall it affect the categories of Contract which such a person is eligible to have registered in its name.

(f) Upon the Clearing House serving a default notice in accordance with these Regulations to a ForexClear Clearing Member who is also a ForexClear Dealer, such ForexClear Clearing Member shall automatically be removed from the Register of ForexClear Dealers.

(g) Without prejudice to paragraph (f) of this Regulation, the Clearing House shall suspend from the Register of ForexClear Dealers, for such period as the Clearing House may determine, any Member (i) whose Clearing Membership Agreement has been terminated; or (ii) who is no longer eligible to have ForexClear Contracts registered in its name, and who is not, from the date of such termination under (i) or such ineligibility under (ii), party to a FDC Agreement with another ForexClear Clearing Member, for such period as the Clearing House may determine.

Regulation 108 **Variation Margin**

(a) The Clearing House shall, at least daily and in accordance with and at the times stated in the Procedures, pay to, or require payment from, a ForexClear Clearing Member cash cover for variation margin. The amount paid represents the change from the preceding business day in the net present value of all ForexClear Contracts registered in that ForexClear Clearing Member's name.

(b) The net present value of each 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 ForexClear Clearing Member interest on cash cover received (or paid) by the Clearing House, calculated in accordance with the Procedures.

(d) This Regulation is without prejudice to the Clearing House's right to require cover to be provided to it under Regulation 12.

Regulation 109 **Withdrawal of the ForexClear Service by the Clearing House**

(a) If at any time the Clearing House decides to withdraw the ForexClear Service it shall give not less than six months' written notice to all ForexClear Participants in accordance with the notice provisions in the Clearing Membership Agreement or the FDC Agreement (as applicable) to which a ForexClear Participant is party of the date on which the service will be withdrawn ("the ForexClear Withdrawal Date"). The accidental omission by the Clearing House to give notice under this Regulation to, or the non-receipt of notice under this Regulation by, one or more ForexClear Participants shall not invalidate the ForexClear Withdrawal Date. If the Clearing House becomes aware that it has omitted to give notice under this Regulation to any ForexClear Participant prior to the ForexClear Withdrawal Date it will immediately notify the affected ForexClear Participant(s) of the ForexClear Withdrawal Date in accordance with the notice provisions in the Clearing Membership Agreement or the ForexClear Dealer Clearing FDC Agreement (as applicable) to which a ForexClear Participant is party.

(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 a ForexClear Contract, other than a closing-out contract, after notice to withdraw the service has been given under Regulation 109(a).

(c) If, five Business Days before the ForexClear Withdrawal Date, a ForexClear Clearing Member has not closed out all open ForexClear Contracts registered in its name, the Clearing House shall, with five Business Days' notice to the ForexClear Clearing Member be entitled to:

(i) liquidate any or all of such ForexClear Contracts and require such contracts to be cash settled at a price determined by the Clearing House; and

(ii) postpone the ForexClear Withdrawal Date until such time as the Clearing House determines.

(d) Business Days for the purpose of this Regulation 109 means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

SCHEDULE TO THE FOREXCLEAR REGULATIONS

Part A
ForexClear Contract Terms

The terms of a registered ForexClear Contract shall include these 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 Regulations and the Procedures, the Clearing House will use the ForexClear Contract Terms applicable to a ForexClear Contract to calculate the amounts due under the ForexClear Contract to, or from, the Clearing House in accordance with the Procedures.

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 ForexClear Contract Terms which are not defined in the Regulations and the 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 Regulations and 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 a "ForexClear Transaction" for the purposes of ForexClear.

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 ForexClear Clearing Members, give directions as to whether such amendment shall apply to 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 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 ForexClear Contracts going forward, these ForexClear Contracts shall

continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear Contracts registered in a 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 ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

Economic Terms

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

2.2. The particulars of a 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 Regulation 105, where the ForexClear Transaction specifies a ForexClear Clearing Member as the Reference Currency Seller, with the other ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each ForexClear Contract to which it is party pursuant to the corresponding ForexClear Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such ForexClear Contract, respectively.

Specific Standard Terms ("Specific Standard Terms")

The following terms are designated as Specific Standard Terms of a registered 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 a 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 ForexClear Contract are not provided in the EMTA Templates, but the parties to the corresponding ForexClear Transaction will be required to accept the Specific Standard Terms set out below in each 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 ForexClear Contract Terms, these 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.

General Standard Terms ("General Standard Terms")

The following terms are designated as General Standard Terms of a registered 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 Procedures) from time to time, will apply to a ForexClear Contract.

4.2. **Withholding Tax Provisions**

4.2.1. All payments due under a ForexClear Contract shall be made by the 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 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 a 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 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 ForexClear Clearing Member will pay any Stamp Tax or duty levied or imposed upon it in respect of any ForexClear Contract to which it is a party by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting is located ("Stamp Tax Jurisdiction") 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 Stamp Tax Jurisdiction or by any other jurisdiction in respect of any ForexClear Contract registered by the Clearing House and to which that ForexClear Clearing Member is a party.

4.4. **Payments under a ForexClear Contract**

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

4.5. **Regulations**

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

4.6. **Governing Law**

Each 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 England and Wales and the parties irrevocably agree for the benefit of the Clearing House that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any action or dispute which may arise here from. The 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 jurisdiction of 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 ForexClear Contract shall have no rights under or in respect of it. Rights of third parties to enforce any terms of this ForexClear Contract pursuant to the Contracts (Rights of Third Parties) Act 1999 are expressly excluded.

Part B
Registration of a ForexClear Contract - Product Eligibility Criteria

1. Registration of a ForexClear Contract

Without prejudice to the Regulations and the Procedures, the Clearing House will only register a 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 a ForexClear Transaction;

(b) each party to the transaction is either (i) a ForexClear Dealer or (ii) a ForexClear Clearing Member who has not been declared a defaulter by the Clearing House;

(c) the ForexClear Clearing Member in whose name the 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. Product Eligibility Criteria for a 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 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 ForexClear Transaction relates: (i) a valid Business Day, (ii) a date falling the Number of Business Days (as defined in the 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

Exhibit B
Certification
See Attached

LCH.CLEARNET

AMENDED RULES SELF CERTIFICATION

LCH.Clearnet Limited ("LCH") hereby certifies to the Commodity Futures Trading Commission ("CFTC"), pursuant to the procedures set forth in the Commission Regulations 40.6, that the following:

- Amendments to the rules in LCH.Clearnet's FCM Regulations, FCM Procedures, Default Rules, Default Fund Rules, and General Regulations, to introduce an EnClear and Nodal US client clearing facility for Futures Commission Merchants, comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

Signed as of September 25, 2012

By: _____

Name: Jay Iyer

Title: Chief Compliance Officer (CCO)

LCH.Clearnet Limited