

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): _____

Organization: ICE Clear Europe Limited

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

Filing Date (mm/dd/yy): 01/06/2015 **Filing Description:**

ICE Clear Europe submits for self-certification amendments to the Delivery Procedures in connection with the Euro-Denominated Government Bond Contracts and Swiss Confederation Government Bond Contracts.

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

Organization Rules and Rule Amendments

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

Rule Numbers: Parts U, V and W of the ICE Clear Europe Delivery Procedures.

New Product

Please note only ONE product per Submission.

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

Official Product Name: _____

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

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

Official Name(s) of Product(s) Affected: _____

Rule Numbers: _____



January 6, 2015

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

Re: ICE Clear Europe Self-Certification Pursuant to Commission Rule 40.6:
Amendments to Delivery Procedures for European Government Bond
Contracts

Dear Mr. Kirkpatrick:

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

Concise Explanation and Analysis

The purpose of the rule amendment is to modify the ICE Clear Europe Delivery Procedures in connection with the Euro-Denominated Government Bond Contracts and Swiss Confederation Government Bond Contracts (collectively, the "European Government Bond Contracts"), which are traded on ICE Futures Europe and cleared by ICE Clear Europe. ICE Clear Europe does not otherwise propose to amend its clearing rules or procedures in connection with the European Government Bond Contracts.

The amendments adopt new Parts U and V of the Delivery Procedures, which will be applicable to the European Government Bond Contracts in the case of physical delivery. Part U applies to Euro-denominated government bond contracts (a category that currently consists of futures contracts on German, Italian and Spanish government bonds). Part V applies to Swiss franc-denominated futures contracts on

Swiss government bonds. The amendments also adopt new Part W of the Delivery Procedures, which addresses the treatment of certain cash claims, distributions, transformations or other events (collectively, "debt events") that may arise or occur with respect to a bond underlying a government bond contract during the delivery period.

Each of new Parts U and V of the Delivery Procedures provides, among other matters, specifications for delivery of the applicable deliverable bonds under a European Government Bond Contract through the clearing house's account at the relevant European securities settlement system (Euroclear, Clearstream Banking or SIX SIS AG, as applicable) for the particular government bonds. Each Part also provides relevant definitions and a detailed timetable for the respective notice, allocation, delivery and other obligations of the parties (and the Clearing House) in respect of delivery under the relevant contracts. The amendments further address invoicing and payment for delivery.

New Part W of the Delivery Procedures addresses the occurrence of certain debt events with respect to the bonds underlying a government bond contract after the expiry date of the contract (and thus during the relevant delivery period for the contract). These include cash claims arising in relation to the underlying bond, the distribution of other obligations to a bondholder (such as a payment in kind), and/or a transformation of the underlying bond (for example pursuant to a currency redenomination or debt restructuring). Part W clarifies the rights and obligations of the buyer and seller under the relevant contract in respect of such an event (in general, the buyer under the contract will be entitled to the relevant cash claim, distribution or transformed obligation). Part W also provides certain limitations on the obligations and liability of the Clearing House with respect to a debt event. The amendments provide mechanics for notification of a debt event where an election is required to be made. The amendments also contain procedures to address failed deliveries and settlements in connection with debt events, as well as certain related tax liabilities.

Compliance with the Act and Commission Regulations

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

- *Participant and Product Eligibility.* ICE Clear Europe has established appropriate standards for determining the eligibility of contracts submitted to the clearinghouse for clearing, consistent with the requirements of Core Principle C. ICE Clear Europe believes that its existing systems are appropriately scalable to handle physical delivery under the European Government Bond Contracts, which is generally similar from an operational perspective to delivery under the other ICE Futures Europe government bond futures contracts currently cleared by ICE Clear Europe.
- *Risk Management.* ICE Clear Europe believes that it will be able to manage the risks associated with physical delivery under the European Government Bond Contracts, consistent with the requirements of Core Principle D. As mentioned above, the European Government Bond Contracts present a similar risk profile to other ICE Futures Europe government bond futures contracts

currently cleared by ICE Clear Europe, and ICE Clear Europe believes that its existing risk management and margin framework is sufficient for purposes of risk management of the European Government Bond Contracts and related deliveries.

- *Settlement Procedures.* The amended Delivery Procedures, together with the existing ICE Clear Europe rules and settlement procedures, provide a mechanism for physical settlement of the European Government Bond Contracts. The amended Delivery Procedures, together with the Rules, establish the obligations of the clearing house in respect of delivery and permit the clearing house to manage delivery risks with respect to the European Government Bond Contracts. ICE Clear Europe believes that the amended Delivery Procedures are thus consistent with the requirements of Core Principle E and the Commission's rules thereunder.

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

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

ICE Clear Europe has posted a notice of pending certification and a copy of this submission on its website concurrent with the filing of this submission.

If you or your staff should have any questions or comments or require further information regarding this submission, please do not hesitate to contact the undersigned at patrick.davis@theice.com or +44 20 7065 7738, Dee Blake, Director of Regulation, at dee.blake@theice.com or +44 20 7065 7752 or Paul Swann, President & Managing Director, at paul.swann@theice.com or +44 20 7065 7700.

Very truly yours,



Patrick Davis
Head of Legal and Company Secretary

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

PART U: EURO-DENOMINATED GOVERNMENT BOND CONTRACTS

1. EURO-DENOMINATED GOVERNMENT BOND CONTRACTS

The following applies to each Euro-denominated government bond ("EDGB") Contract.

1.1 Delivery Mechanism

EDGB Contracts must be delivered through the Clearing House's account at Euroclear NV/SA or Clearstream Banking AG (as applicable) (the "**Relevant Settlement System**").

1.2 Delivery Communication and Guardian

Delivery documentation must be submitted using Guardian (or any successor system). Clearing Members must always ensure they allow sufficient time to connect and transmit their delivery details within the deadlines prescribed in these Delivery Procedures. Failure to do so will result in late delivery and therefore may be subject to disciplinary action by ICE Futures Europe or the Clearing House.

1.3 Invoice Value Calculation

The amount due to Sellers and payable by Buyers is calculated in accordance with the relevant Contract Terms (all values in EUR):

Invoice value per lot = (1000 x EDSP x Price Factor) + Accrued Interest

The Clearing House establishes the invoicing amount by calculating the full value of 1 lot using the formula (*i.e.* up to 7 decimal places on the price factor and 5 on the EDSP) and rounding to the nearest whole eurocent (€0.005 rounded down). This per lot value is then multiplied by the number of lots to establish the total invoice value.

1.4 Deliverable Bonds

A Deliverable Bond is a bond which is listed on the final list of deliverable bonds for a delivery month as defined in the relevant Contract Terms. This list is published by ICE Futures Europe and is available to download from Guardian (or any successor system).

1.5 Delivery Day Definition

The Delivery Day and Last Trading Day are defined in the relevant Contract Terms and the ICE Futures Europe Rules.

1.6 Last Trading Day

Clearing Members are obliged to deliver or take delivery in respect of their total gross EDGB Contract position remaining open after the close of trading in the EDGB Contract delivery month on the Last Trading Day and must ensure that their gross position (open buying and selling EDGB Contracts) registered with the Clearing House or submitted to the Clearing House for registration allows such delivery.

1.7 Effecting Delivery

The Clearing House may effect delivery under an EDGB Contract by dividing and/or amending the notional amount of the underlying bond and/or the EDSP, provided that the amount calculated as the aggregate notional amount multiplied by the EDSP for the affected EDGB Contract remains the same.

1.8 Delivery Timetable

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

TIME	ACTION
Last Trading Day (Delivery Day – 2)	
At 11:30	Trading for EDGB Contracts in the current delivery month shall cease.
As soon as reasonably practicable	ICE Futures Europe announces the EDSP and this is published on UCP (or any successor system).
By 13:00	<p>Sellers holding Open Contract Positions <u>must</u> submit a Seller's Delivery Notice via Guardian (or any successor system). Clearing Members are not required to give notification via UCP (or any successor system). Clearing Members with Open Contract Positions in the Set of the expired delivery month are obliged to make or take delivery.</p> <p>Deliverable positions are based on Clearing Members' Open Contract Positions at the close of business the previous day. The Open Contract Positions may be transferred or settled to establish the deliverable position.</p> <p>In respect of EDGB Contracts remaining open at the close of trading on the Last Trading Day:</p> <ul style="list-style-type: none"> (i) The input of a Seller's Delivery Notice without the corresponding delivery notification (or <i>vice versa</i>) will not constitute a valid notification. (ii) Each Seller's Delivery Notice shall specify in respect of each lot: <ul style="list-style-type: none"> (A) full details of the Deliverable Bond, the delivery amount of which is to be transferred in accordance with the Contract Terms on the Delivery Day; and (B) the name of the Seller. <p>Only one Deliverable Bond shall be nominated in respect of each lot referred to in the Seller's Delivery Notice.</p>
By 15:00	<p>Allocation of lots to Buyers.</p> <p>A HIT report indicating the number of lots allocated to Buyers is made available on UCP (or any successor system). The Clearing House will allocate each lot to a Buyer for the purpose of delivery. The allocation of Deliverable EDGB Contracts to Buyers will be made on a random basis.</p>
By 18:00	<p>The following are made available via Guardian (or any successor system):</p> <ul style="list-style-type: none"> (i) Delivery Instructions for Sellers

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

TIME	ACTION
	<p>(ii) Delivery Instructions for Buyers</p> <p>The instructions as described must be utilised by Clearing Members in order to match the instructions. Clearing Members should endeavour to match at the earliest possible time.</p>
From 18:00	<p>Clearing Members to commence matching</p> <p>Details of the Contracts subject to delivery obligations must be submitted to and matched in the Relevant Settlement System on the Last Trading Day in order for settlement to occur on the Delivery Day</p> <p>All entries must be made with the necessary fields completed in order to match with the instruction</p> <p>Clearing Members update delivery status to "Matched" in the Relevant Settlement System.</p> <p>Failure to match contravenes the Clearing House Procedures and applicable Contract Terms.</p> <p>The Clearing House informs ICE Futures Europe of any outstanding matching problems.</p>

TIME	ACTION
Delivery Day	
By 8:00	<p>Bonds delivered by Seller against payment of invoice amount. Bonds received by Buyer against payment of invoice amount.</p> <p>The Clearing Member must ensure that their Relevant Settlement System priority settings and cap permit their trades to settle before the settlement deadline.</p> <p>Bonds will have passed from the Seller's Relevant Settlement System account to the Clearing House's Relevant Settlement System account and subsequently to the Buyer's Relevant Settlement System account on Delivery Day.</p>

TIME	ACTION
Delivery Day + 1	
	Original and Variation Margin is released.

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

PART V: SWISS CONFEDERATION BOND CONTRACTS

1. SWISS CONFEDERATION BOND CONTRACTS

The following applies to each Swiss Confederation Bond ("CONF") Contract.

1.1 Delivery Mechanism

CONF Contracts must be delivered through the Clearing House's account at SIX SIS AG (the "Relevant Settlement System").

1.2 Delivery Communication and Guardian

Delivery documentation must be submitted using Guardian (or any successor system). Clearing Members must always ensure they allow sufficient time to connect and transmit their delivery details within the deadlines prescribed in these Delivery Procedures. Failure to do so will result in late delivery and therefore may be subject to disciplinary action by ICE Futures Europe or the Clearing House.

1.3 Invoice Value Calculation

The amount due to Sellers and payable by Buyers is calculated in accordance with the relevant Contract Terms (all values in CHF):

Invoice value per lot = (1000 x EDSP x Price Factor) + Accrued Interest

The Clearing House establishes the invoicing amount by calculating the full value of 1 lot using the formula (*i.e.* up to 7 decimal places on the price factor and 5 on the EDSP) and rounding to the nearest whole cent (CHF0.005 rounded down). This per lot value is then multiplied by the number of lots to establish the total invoice value.

1.4 Deliverable Bonds

A Deliverable Bond is a bond which is listed on the final list of deliverable bonds for a delivery month as defined in the relevant Contract Terms. This list is published by ICE Futures Europe and is available to download from Guardian (or any successor system).

1.5 Delivery Day Definition

The Delivery Day and Last Trading Day are defined in the relevant Contract Terms and the ICE Futures Europe Rules.

1.6 Last Trading Day

Clearing Members are obliged to deliver or take delivery in respect of their total gross CONF Contract position remaining open after the close of trading in the CONF Contract delivery month on the Last Trading Day and must ensure that their gross position (open buying and selling CONF Contracts) registered with the Clearing House or submitted to the Clearing House for registration allows such delivery.

1.7 Effecting Delivery

The Clearing House may effect delivery under an CONF Contract by dividing and/or amending the notional amount of the underlying bond and/or the EDSP, provided that the amount calculated as the aggregate notional amount multiplied by the EDSP for the affected CONF Contract remains the same.

1.8 Delivery Timetable

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

TIME	ACTION
Last Trading Day (Delivery Day – 2)	
At 11:30	Trading for CONF Contracts in the current delivery month shall cease.
As soon as reasonably practicable	ICE Futures Europe announces the EDSP and this is published on UCP (or any successor system).
By 13:00	<p>Sellers holding Open Contract Positions <u>must</u> submit a Seller's Delivery Notice via Guardian (or any successor system). Clearing Members are not required to give notification via UCP (or any successor system). Clearing Members with Open Contract Positions in the Set of the expired delivery month are obliged to make or take delivery.</p> <p>Deliverable positions are based on Clearing Members' Open Contract Positions at the close of business the previous day. The Open Contract Positions may be transferred or settled to establish the deliverable position.</p> <p>In respect of CONF Contracts remaining open at the close of trading on the Last Trading Day:</p> <ul style="list-style-type: none"> (i) The input of a Seller's Delivery Notice without the corresponding delivery notification (or <i>vice versa</i>) will not constitute a valid notification. (ii) Each Seller's Delivery Notice shall specify in respect of each lot: <ul style="list-style-type: none"> (A) full details of the Deliverable Bond, the delivery amount of which is to be transferred in accordance with the Contract Terms on the Delivery Day; and (B) the name of the Seller. <p>Only one Deliverable Bond shall be nominated in respect of each lot referred to in the Seller's Delivery Notice.</p>
By 15:00	<p>Allocation of lots to Buyers.</p> <p>A HIT report indicating the number of lots allocated to Buyers is made available on UCP (or any successor system). The Clearing House will allocate each lot to a Buyer for the purpose of delivery. The allocation of Deliverable CONF Contracts to Buyers will be made on a random basis.</p>
By 18:00	<p>The following are made available via Guardian (or any successor system):</p> <ul style="list-style-type: none"> (i) Delivery Instructions for Sellers

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

TIME	ACTION
	<p>(ii) Delivery Instructions for Buyers</p> <p>The instructions as described must be utilised by Clearing Members in order to match the instructions. Clearing Members should endeavour to match at the earliest possible time.</p>
From 18:00	<p>Clearing Members to commence matching</p> <p>Details of the Contracts subject to delivery obligations must be submitted to and matched in the Relevant Settlement System on the Last Trading Day in order for settlement to occur on the Delivery Day.</p> <p>All entries must be made with the necessary fields completed in order to match with the instruction</p> <p>Clearing Members update delivery status to "Matched" in the Relevant Settlement System.</p> <p>Failure to match contravenes the Clearing House Procedures and applicable Contract Terms.</p> <p>The Clearing House informs ICE Futures Europe of any outstanding matching problems.</p>

TIME	ACTION
Delivery Day	
By 8:00	<p>Bonds delivered by Seller against payment of invoice amount. Bonds received by Buyer against payment of invoice amount.</p> <p>The Clearing Member must ensure that their Relevant Settlement System priority settings and cap permit their trades to settle before the settlement deadline.</p> <p>Bonds will have passed from the Seller's Relevant Settlement System account to the Clearing House's Relevant Settlement System account and subsequently to the Buyer's Relevant Settlement System account on Delivery Day.</p>

TIME	ACTION
Delivery Day + 1	
	Original and Variation Margin is released.

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

PART W: DEBT EVENTS

The provisions of this Part W shall apply to all government bond Contracts.

1. DEBT EVENTS

1.1 The Clearing House shall not be responsible for any act with regard to any debt event relating to any underlying or Deliverable of any bond other than set out below.

For the purposes of these Delivery Procedures, the term 'debt event' is used to refer to: (i) cash claims in relation to an underlying Contract (for example a coupon payment, redemption or a cash obligation arising from a fractional entitlement (a "**Cash Claim**")); (ii) the issuance of Deliverables and/or Investments to a bondholder (*e.g.* by way of payment in kind) (a "**Distribution**"); or (iii) a transformation of the underlying (for example pursuant to a currency redenomination or debt-restructuring of the issuer) (a "**Transformation**").

Where a Transformation occurs, notwithstanding whether the relevant record or reference date and time occurs prior to or after the expiry of a Contract, the Clearing House may, in relation to affected Contracts, amend the notional amount or currency of the underlying bond and/or the EDSP in respect of a Set subject to delivery obligations. Without prejudice to the preceding sentence, amendments to the notional amount deliverable (or the currency of such notional amount) under an Contract or the underlying bonds to be delivered in relation thereto arising as a result of a debt event where the relevant record or reference date or time is on or after the expiry of such contract shall generally be determined by the Clearing House in accordance with these Delivery Procedures.

While the Clearing House will use reasonable efforts to carry out the steps set out below, it shall have no liability for any loss or damage arising out of or connected with any action or inaction on its part or on its behalf in connection with any debt event.

The Clearing House shall not be obliged to provide or forward any information, or deliver any notice, document or instruction received by it, or of which it is aware, relating to or in connection with any debt event, to any Clearing Member.

In the event that a Clearing Member fails to take delivery of a Deliverable by the final date for delivery of such Deliverable, due to insufficient funds, failure to match, by not allowing transactions to settle because of priority settings or for any other reason, the Clearing House may charge to that Clearing Member any costs incurred by the Clearing House or of which it is aware as a result thereof. Such charges will be debited to the Clearing Member's relevant Account.

Although Clearing Members are not permitted to delete claims in the relevant settlement system, the Clearing House may, in its discretion at any time, agree with a Clearing Member to give effect to a debt event claim processed outside the relevant settlement system. In such circumstances, and always subject to the Clearing House's prior approval, the Clearing Member concerned may, in accordance with the Clearing House's instructions, thereafter delete the claim within the relevant settlement system and the Clearing House will seek to facilitate settlement through the Clearing House's systems. Without limiting the Clearing House's discretion in this regard, Clearing Members are advised that generally this is only likely to occur when there are, in the Clearing House's opinion, circumstances that would be likely to prevent settlement in the relevant settlement system.

1.2 Elective Debt Events

Neither the Clearing House nor any Seller is under any obligation to accept any instructions from a Buyer in relation to any debt event requiring an election to be made, where such election would occur after the expiry date but prior to the date of settlement, unless the Buyer notifies the Clearing House of a request to make an election prior to 11 a.m. on the day before the relevant deadline set by the relevant

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

issuer of the Deliverable for such election (or such other deadline as the Clearing House may specify). If the Clearing House receives a valid and timely request from a Buyer to make an election, it shall promptly notify the Seller of the request and the Seller and Buyer shall, upon receipt of the request by the Seller, simultaneously become bound by the effects of the request.

Where no instructions are received by the Clearing House by 11 a.m. on the day before the relevant deadline, the Seller shall select the elective debt event to default to the 'default option' for elections, as directed by the relevant settlement system. The Seller and Buyer shall simultaneously become bound by the default option election.

Where a Seller does not act in accordance with an election relating to a Deliverable and/or an Investment made pursuant to the Contract Terms (including pursuant to any instructions made by the Clearing House in accordance with this paragraph 1.2), that Seller will be responsible for reimbursing the Clearing House for any costs, expenses and other losses suffered by the Clearing House or Buyer in connection with or as a result of that failure or omission.

Where a Buyer provides the Clearing House with a request for instructions in relation to an election after 11 a.m. on the day before the relevant deadline set by the relevant Issuer for such election, such claim shall be treated as invalid by the Clearing House and neither the Clearing House nor the Seller shall be under any obligation whatsoever to effect settlement on the basis of such election.

1.3 Cash Claims

Subject to paragraphs 1.1 and 1.2, where a debt event giving rise to a Cash Claim occurs where the relevant record or reference date is after the expiry date of the relevant CONF Contract, the Buyer shall be entitled, in addition to delivery of the Deliverable (if applicable), to such Cash Claim, and the Clearing House and (if applicable) the Seller shall be obliged to effect settlement of such CONF Contract taking into account such Cash Claim.

Subject to paragraphs 1.1 and 1.2, in the event of a failure of settlement, a Buyer's rights in respect of reimbursement or settlement shall be calculated to include the Cash Claim (or may, consist entirely of the Cash Claim, as the case may be).

All such Cash Claims amounts should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Seller receives the proceeds of a Cash Claim, the relevant amount shall be transferred by it to the Clearing House in accordance with the Finance Procedures. If the Clearing House receives the proceeds of a Cash Claim or an amount in respect thereof from a Seller, the relevant amount shall be transferred by it to the Buyer in accordance with the Finance Procedures.

Where Cash Claims are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Cash Claims on a net of tax basis, in accordance with Part 3 of the Rules and the Finance Procedures. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (including but not limited to any stamp duty, income tax, withholding tax and corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to the Contract concerned in accordance with Part 3 of the Rules. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

1.4 Distributions

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Subject to paragraphs 1.1 and 1.2, where a debt event giving rise to a Distribution occurs where the relevant record or reference date is after the expiry date of the relevant CONF Contract, the Buyer shall be entitled, in addition to delivery of the Deliverable, to such Distribution and the Clearing House and (if applicable) the Seller shall be obliged to effect settlement of such CONF Contract taking into account such Distribution (including, for the avoidance of doubt, any rights or warrants under a rights issue or any other rights in relation to the underlying bond except for Cash Claims or Transformations).

Subject to paragraphs 1.1 and 1.2, in the event of a failure of settlement, a Buyer's rights in respect of reimbursement or settlement shall be calculated to include such Distribution.

All such claims in respect of Distributions should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Seller receives the Distribution, it shall transfer such Distribution to the Clearing House as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled. If the Clearing House receives the Distribution from a Seller, it shall transfer such Distribution to the Buyer as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled.

Where Distributions are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Distributions on a net of tax basis, in accordance with Part 3 of the Rules. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (including but not limited to any stamp duty, income tax, withholding tax and corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned in accordance with Part 3 of the Rules. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

1.5 Transformations

Subject to paragraphs 1.1 and 1.2, where a debt event giving rise to a Transformation occurs where the relevant record or reference date is after the expiry date of the relevant CONF Contract, the Buyer shall be entitled, in addition to the delivery of the relevant Deliverable (if applicable), to such Deliverable and/or Investment to which it would be entitled to pursuant to a Transformation if it were the owner of record of the relevant Deliverable at the relevant record or reference date, and the Clearing House and (if applicable) the Seller (subject to below) shall be obliged to effect settlement of such CONF Contract upon the basis of such Transformation.

A Seller may only deliver the original underlying bond provided the delivery occurs prior to the Last Time for Delivery. The Last Time for Delivery is the close of delivery versus payment bond settlement in the relevant settlement system, one relevant settlement system business day prior to the call payment or registration date. Thereafter, such a Seller must deliver the new underlying bond. In the event that the original underlying bond continues to exist, a Seller delivers the original underlying bond and the Buyer declines to accept delivery of such original underlying bond, then the Clearing House will return the original underlying bond to the Seller and the Seller shall be obliged to deliver to the Clearing House the new underlying bond in accordance with such directions as may be given by the Clearing House.

Subject to paragraphs 1.1 and 1.2, in the event of a failure of settlement, a Buyer's rights in respect of reimbursement or settlement shall be calculated upon the basis of such Transformation.

DELIVERY PROCEDURES: FINANCIALS & SOFTS EDGB CONTRACTS

All such claims in respect of Transformations should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Seller receives Deliverables and/or Investments pursuant to a Transformation, the relevant Deliverables and/or Investments shall be transferred by it to the Clearing House as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled. If the Clearing House receives Deliverables and/or Investments pursuant to a Transformation from a Seller, the relevant Deliverables and/or Investments shall be transferred by it to the Buyer as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled.

Where the relevant settlement system does not perform a Transformation, the Clearing House will manually enter the particulars of the physically delivered Contract, which will include particulars of the new underlying bond. Clearing Members must immediately input matching instructions in order to match with those new particulars.

Where Transformations are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Transformations on a net of tax basis, in accordance with Part 3 of the Rules. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (including but not limited to any stamp duty, income tax, withholding tax and corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned in accordance with Part 3 of the Rules. The Clearing House will debit such amounts from the relevant account of that Clearing Member.