

**Via CFTC Portal**

16 January 2015

Mrs. Parisa Abadi  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

Dear Mrs. Abadi,

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet SA ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification several amendments to the CDS Clearing Rulebook ("Rulebook").

The submission changes made to the Rulebook are attached hereto as appendices.

**Part I: Explanation and Analysis**

The changes to the Rulebook are linked to CDSClear' initiative to extend cut-off times for collateral deposits in order to provide more flexibility to its Clearing Members for excess collateral management and facilitate intraday clearing until the end of CDSClear real time session (i.e. 7pm CET).

Currently, Clearing Members can increase the amount of excess collateral with:

- A securities deposit up until 2:30pm CET, taken into account at 3:55pm (with notification prior to 4.45pm the day before)
- A EURO cash collateral deposit up until 12:55pm CET (with notification prior to 11:45am on the same day)

After these cut-off times, if the amount of excess is not sufficient, Clearing Members cannot deposit more collateral to manage their excess and consequently are limited in their ability to clear risk increasing trades until the following day.

Instead, CDSClear is proposing to implement the two below functionalities:

- Securities as collateral deposited until 6:00pm CET at existing custodians;
- EURO cash denominated Collateral deposited until either (i) 17:45 CET via Target2 direct debit or (ii) 18:00 CET via direct credit on LCH.Clearnet Target2 account.

The changes will be implemented from 4 February 2015.

**Part II: Description of Rule Changes**

Main elements of the changes are:

- CDS Procedures Section 3 - (3.7(f) and (g); 3.10(b); 3.15(a) and 3.17(a))

Euro Cash denominated Collateral can be posted to LCH later in the day via either:

- (i) target2 call or
- (ii) free deposit on LCH account;

Securities can be deposited on Day (notification on Day minus 1 is no longer necessary).  
Return of excess collateral (automatic or upon ad hoc request) is only possible at the morning call (initial slot) or at a call in which a Variation Margin payment is due.  
Please note that the procedure for non-Euro denominated collateral is not modified.

- CDS Procedures Section 5:  
Section 5.16(iii)(C) is modified to reflect the timing for sending of AC110 report

### **Part III: Core Principle Compliance**

LCH.Clearnet will continue to comply with all Core Principles following the introduction of these changes and has concluded that its compliance with the Core Principles would not be adversely affected by these changes.

### **Part IV: Public Information**

LCH.Clearnet has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH.Clearnet's website at:

<http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

### **Part V: Opposing Views**

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

### **Certification**

LCH.Clearnet SA hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the Commission regulation § 40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at: [françois.faure@lchclearnet.com](mailto:françois.faure@lchclearnet.com).

A handwritten signature in blue ink, appearing to read "Faure", written over a horizontal line.

Francois Faure  
Chief Compliance Officer  
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**Appendices**

- 1 - Compare\_CDSClear\_Section 3\_cut off times\_14 01 2015 against 24 03 2014 (2)
- 2 - CDSClear\_Section\_5\_ 8 Jan 2015-report AC110



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CDS Clear

LCH.Clearnet SA

CDS Clearing Procedures

Section 3 – Collateral and Cash Payment

~~24 March 2014~~



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Capitalised terms used in this Collateral and Cash Payment Procedures and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation, as such term is defined in the document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time and including, for the avoidance of doubt, in the case of FCM Clearing Members, the FCM CDS Clearing Regulations.

For the purpose of this Section 3, any failure, unavailability, impairment, defect, interruption, delay or improper functioning of any technical system, access, connection, solution, specification, equipment, communication network or other resource used by LCH.Clearnet SA and/or a Clearing Member, as applicable, to calculate, instruct, process, communicate and more generally perform its obligation under this Section 3, shall be deemed to constitute an "exceptional circumstance" which shall not give rise to a LCH Default and shall be promptly notified by LCH.Clearnet SA to the relevant Clearing Member.

### 3.1 TYPES OF COLLATERAL

A Clearing Member's obligation to provide Collateral should be fulfilled in accordance with the following table and the remainder of this Section 3 of the Procedures.

Purpose of transfer	Collateral type
Payment of Margins (other than Variation Margin)	Cash Collateral and/or Eligible Collateral
Maintenance of House Excess Collateral and Client Excess Collateral	Cash Collateral and/or Eligible Collateral
Maintenance of Client Collateral Buffer	Cash Collateral
Payment of Contribution and Additional Contribution Amount	Euro denominated Cash Collateral

It should be noted that, notwithstanding the above table any Margin Shortfall must be covered by an automatic debit of Euro denominated Cash Collateral.

### 3.2 MARGIN BALANCE AND CLIENT COLLATERAL BUFFER

The price of Eligible Currencies (other than Euro) and Eligible Collateral (the "**Applicable Price**"), which is taken into account for the purposes of calculating the Margin Balance for each Margin Account of a Clearing Member and the Client Collateral Buffer, is determined by LCH.Clearnet SA at 14:00 and 22:00 CET on each Business Day on the basis of the latest market prices (as published by Reuters, Interactive Data or such other provider as is notified in a Clearing Notice).

LCH.Clearnet SA will calculate: (i) the Margin Balance for each Margin Account of a Clearing Member; and (ii) the Client Collateral Buffer each Business Day (prior to 07:45 CET and whenever a position corresponding to the relevant trade leg of an Eligible Intraday Transaction is pre-registered in the relevant Clearing Member's

Account Structure, in accordance with Section 3.1.7 of the CDS Clearing Rule Book), by determining:

- i) the value of all Collateral recorded in the relevant Collateral Account on the basis of the Applicable Price; or
- ii) in respect of the FCM Margin Balance for each FCM Client Margin Account of an FCM Clearing Member, the Legally Segregated Value recorded in the relevant FCM Client Financial Account on the basis of the Applicable Price, in accordance with Section 2.2 (f) of the Procedures.

LCH.Clearnet SA will recalculate the: (i) Margin Balance for each Margin Account of a Clearing Member; and (ii) Client Collateral Buffer, following each Collateral Call.

Where Pledged Eligible Collateral is recorded in a Clearing Member's Collateral Account, LCH.Clearnet SA shall use the most recent Collateral Holding Report received from Euroclear Bank, in accordance with Paragraph 5.13(f) of Section 5 of the Procedures, to determine what Pledged Eligible Collateral should be taken into account for the purposes of calculating the Margin Balance in respect of a particular Margin Account in accordance with this Paragraph 3.2.

Where Eligible Collateral consisting of U.S. Treasury Bills (the "**US T-Bills**") is recorded in a FCM Clearing Member's FCM Client Collateral Account, LCH.Clearnet SA shall use the most recent collateral holding report received from Bank of New York Mellon ("**BNYM US**"), in accordance with Paragraph 5.13(f) of Section 5 of the Procedures, to determine what US T-Bills should be taken into account for the purposes of calculating the FCM Client Margin Balance in respect of each of its FCM Client Margin Account(s) in accordance with this Paragraph 3.2.

### 3.3 ACCOUNT STRUCTURE

- (a) Collateral Accounts in respect of a CCM

In the books of LCH.Clearnet SA, each CCM has:

- i) one CCM House Collateral Account in which (x) Collateral provided to cover its CCM House Margin Requirement and (y) CCM House Excess Collateral which can be used to novate House Trade Legs of Eligible Intraday Transactions, is recorded;
- ii) a CCM Client Collateral Account in respect of each CCM Client Account Structure and in which (x) Collateral provided to cover the relevant CCM Client Margin Requirement and (y) CCM Client Excess Collateral which can be used to novate the relevant Client Trade Legs of Eligible Intraday Transactions, is recorded;
- iii) a Buffer Collateral Account in which the CCM Client Collateral Buffer is recorded; and
- iv) a CCM Unallocated Client Collateral Account in which CCM Unallocated Client Collateral is recorded.

In accordance with Article 5.2.3.1 of the CDS Clearing Rule Book, CCMs are permitted to offer a CCM Individual Segregated Account Structure and/or a CCM Omnibus Segregated Account Structure to CCM Clients.

Where:

- i) a CCM Individual Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral provided by the CCM in respect of that CCM Individual Segregated Account Client; and
- ii) a CCM Omnibus Segregated Account Structure is offered, the relevant CCM Client Collateral Account will record (x) the value and denomination of Cash Collateral and (y) the precise Eligible Collateral

provided by the CCM in respect of each CCM Omnibus Segregated Account Client in that CCM Omnibus Client Set.

To the extent a CCM transfers additional Euro-denominated Cash Collateral, non-Euro denominated Cash Collateral or Eligible Collateral to LCH.Clearnet SA, such CCM must identify which CCM Client Collateral Account Collateral is provided for in accordance with Paragraphs 3.7 to 3.10 below.

(b) Collateral Accounts in respect of an FCM Clearing Member

In the books of LCH.Clearnet SA, each FCM Clearing Member has:

- i) one FCM House Collateral Account in which (x) Collateral provided to cover its FCM House Margin Requirement and (y) FCM House Excess Collateral which can be used to novate House Trade Legs of Eligible Intraday Transactions, is recorded; and
- ii) one FCM Client Collateral Account to record the Collateral held by LCH.Clearnet SA for the benefit of such FCM Clearing Member's FCM Clients, the aggregate value of such Collateral being divided amongst, and recorded in:
  - (x) the FCM Client Financial Account(s);
  - (y) the FCM Buffer Financial Account; and
  - (z) the FCM Unallocated Client Collateral Financial Account,

(c) Segregation of Contribution Balance

The Cash Collateral transferred by a Clearing Member to satisfy its Contribution Requirement is not recorded in any of the Collateral Accounts.

The Contribution Balance is segregated from (x) the Margin Balance for each Margin Account; (y) the Client Collateral Buffer; and (z) the CCM Unallocated Client Collateral, by crediting the Cash Collateral comprising the Contribution Balance to a dedicated LCH.Clearnet SA TARGET2 Account.



### 3.4 TRANSFER OF COLLATERAL

The ~~Collateral~~-type and nature of the Collateral as well as the positions being secured will determine how a Clearing Member is required to transfer Collateral to LCH.Clearnet SA:

- (a) Euro denominated Cash Collateral:
  - i) may be transferred by any Clearing Member to be recorded in any of its Collateral Accounts; and
  - ii) must be transferred to LCH.Clearnet SA TARGET2 Accounts (as such term is defined in Paragraph 3.7(a)) in accordance with the procedure set out in Paragraph 3.7.
- (b) Non-Euro denominated Cash Collateral:
  - i) may be transferred by any Clearing Member to be recorded in any of its Collateral Accounts; and
  - ii) must be credited to accounts opened in the name of LCH.Clearnet SA with Euroclear Bank in accordance with the procedure set out in Paragraph 3.8 (f).
- (c) USD denominated Cash Collateral:
  - i) may be transferred by a Clearing Member to be recorded in any of its Collateral Accounts; and
  - ii) must be credited:
    - (x) if USD denominated Cash Collateral is transferred to be recorded in its House Collateral Account, or in the case of a CCM, in any of its CCM Client Collateral Accounts, to accounts opened in the name of LCH.Clearnet SA with Euroclear Bank in accordance with the procedure set out in Paragraph 3.8 (f); or
    - (y) if USD denominated Cash Collateral is transferred to be recorded in the FCM Client Collateral Account of an FCM Clearing Member, to an account opened in the name of LCH.Clearnet SA with BNYM US in accordance with the procedure set out in Paragraph 3.8 (g).
- (d) Subject to the special provisions for US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients set out in Paragraph 3.4 (e) below, Eligible Collateral must be provided:
  - i) by way of full title transfer to be recorded in its House Collateral Account, and in the case of a CCM only, in any of its CCM Client Collateral Accounts, in which case the relevant securities will be transferred to LCH.Clearnet SA, its nominated custodian or Central Securities Depository by instruction through Euroclear Bank or ESES

- (Euroclear France) in accordance with the procedure set out in Paragraph 3.10; or
- ii) by way of security interest under the Pledge Agreement to be recorded in its House Collateral Account, and in the case of a CCM only, in any of its CCM Client Collateral Accounts, in which case relevant securities will be transferred to the relevant LCH.Clearnet SA pledged account(s) opened in the books of Euroclear Bank by instruction through Euroclear Bank, in accordance with the procedure set out in Paragraph 3.15.
- (e) US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients must be provided by way of security interest to be recorded in its FCM Client Collateral Account, in which case relevant US T-Bills will be deposited in LCH.Clearnet SA's relevant segregated depository account opened in the books of BNYM US in accordance with the procedure set out in Paragraph 3.17.
  - (f) LCH.Clearnet SA will hold all Collateral transferred on behalf of FCM Clients in accordance with the requirements set out in the FCM CDS Clearing Regulations.

### 3.5 ELIGIBLE CURRENCIES

The following currencies are Eligible Currencies:

- (a) Euro;
- (b) GBP; and
- (c) USD.

LCH.Clearnet SA may amend this list in accordance with Article 4.2.76.1 and Article 4.4.2.3 of the CDS Clearing Rule Book.

### 3.6 SUBSTITUTION OF ELIGIBLE CURRENCIES

If an Eligible Currency is substituted by another currency, the conversion of the replaced currency to the substitute currency shall be effected on the basis of the Applicable Price and taking into account market practice and/or industry determinations at LCH.Clearnet SA's reasonable discretion. The results of any calculations to be made under this Paragraph 3.6 shall be rounded up to the fourth decimal place. If the fifth decimal is equal to or more than five, the fourth decimal shall be rounded up, and if the fifth decimal is less than five, the fourth decimal shall be rounded down, respectively.

### 3.7 EURO DENOMINATED CASH COLLATERAL

#### (a) LCH.Clearnet SA TARGET2 Accounts

LCH.Clearnet SA performs its Collateral Calls by using the following three TARGET2 Accounts opened in its name:

- i) a TARGET2 Account used to make Collateral Calls in relation to the House Margin Requirement, the House Excess Collateral Threshold and in respect of a CCM only, the CCM Client Collateral Buffer Threshold (the "**LCH House TARGET2 Account**"); and
- ii) with respect to Clients of a Clearing Member:
  - (x) a TARGET2 Account used to make Collateral Calls in relation to the Total Client Margin Requirement of each CCM (the "**LCH CCM Client TARGET2 Account**"); or
  - (y) a TARGET2 Account used to make Collateral Calls in relation to the Total Client Margin Requirement and FCM Client Collateral Buffer Threshold of each FCM Clearing Member (the "**LCH FCM Client TARGET2 Account**"), which for the avoidance of doubt forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations,

together referred to as the "**LCH Client TARGET2 Accounts**" and individually as a "**LCH Client TARGET2 Account**".

The LCH House TARGET2 Account and the LCH Client TARGET2 Accounts shall be together referred to as the "**LCH TARGET2 Accounts**".

#### (b) Clearing Member TARGET2 Accounts

A CCM has no obligation to hold two TARGET2 Accounts (or arrange its TARGET2 Payment Agent to hold two cash account(s)) for the purposes of the Collateral Calls in respect of (i) its CCM House Margin Requirement, CCM House Excess Collateral Threshold and CCM Client Collateral Buffer Threshold and (ii) its Total Client Margin Requirement. It may either:

- i) hold one TARGET2 Account (or one cash account of its TARGET2 Payment Agent), in which case such TARGET2 Account will be used for the debits and credits made out of both the LCH Client TARGET2 Account and the LCH House TARGET2 Account; or
- ii) hold two TARGET2 Accounts (or two cash accounts of its TARGET2 Payment Agent), in which case one TARGET2 account will be used for the debits and credits made out of the LCH Client TARGET2 Account and the other will be used for the debits and credits made out of the LCH House TARGET2 Account.

An FCM Clearing Member has an obligation to hold two TARGET2 Accounts (or arrange its TARGET2 Payment Agent to hold two cash account(s)) for the purposes of the Collateral Calls in respect of (i) its FCM House Margin Requirement and FCM House Excess Collateral Threshold and (ii) its Total Client Margin Requirement and FCM Client Collateral Buffer Threshold (which for the avoidance of doubt forms part of the FCM Cleared Swaps Client Segregated Depository Accounts for purposes of the FCM CDS Clearing Regulations). Therefore, an FCM Clearing Member will hold two TARGET2 Accounts (or two cash accounts of its TARGET2 Payment Agent), in which case one TARGET2 account will be used for the debits and credits made out of the LCH FCM Client TARGET2 Account and the other will be used for the debits and credits made out of the LCH House TARGET2 Account.

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If a Clearing Member wishes to add a new TARGET2 Account or replace an existing TARGET2 Account with another for the purposes of the Collateral Calls, it may do so by providing LCH.Clearnet SA with the details of the relevant TARGET2 Account with at least 15 days' prior notice.

(c) Timing of Collateral Calls

Where a Clearing Member is required to transfer Euro denominated Cash Collateral at a Collateral Call, LCH.Clearnet SA will automatically debit such Clearing Member's relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) on the basis of its Power of Attorney and credit the relevant LCH TARGET2 Account with the corresponding amounts.

Where a Clearing Member is due to receive Euro denominated Cash Collateral, LCH.Clearnet SA will automatically credit such Clearing Member's TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) with the relevant amounts.

The debits or credits on each Clearing Member's TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will occur in accordance with the following time slots:

- i) initial slot: 08:00-08:55 CET (used for the purposes of the Morning Call) (the "**Initial Slot**");
- ii) first intraday slot: 11:25-11:50 CET (used for the purposes of the First Intraday Call) (the "**First Intraday Slot**");
- iii) additional specific collateral slot: 12:25-12:55 CET (used for the purposes of Collateral substitution upon a Clearing Member's request) (the "**Additional Specific Collateral Slot**");
- iv) second intraday slot: 15:25-15:55 CET (used for the purposes of the Second Intraday Call) (the "**Second Intraday Slot**"); or
- v) any other slot available to LCH.Clearnet SA in exceptional circumstances (the "**Exceptional Slot**");

Once the Euro denominated Cash Collateral has been debited by LCH.Clearnet SA it will immediately form part of the Margin Balance for the relevant Margin Account and/or the Client Collateral Buffer or the Contribution Balance, as applicable.

(d) Netting of payments made through TARGET2

i) Aggregation of payments made in respect of a CCM

At the times set out in Paragraph 3.7(c) above LCH.Clearnet SA will aggregate:

(x) in respect of the CCM House Margin Account:

(A) the Cash Payments (being the House Variation Margin Requirement plus any other Cash Payments due in respect of the House Account Structure) and Euro denominated Cash Collateral transfers (being the CCM House Margin Shortfall, the CCM House Excess Collateral Shortfall, the CCM Client Collateral Buffer Shortfall and the Contribution Shortfall) which are due to be made by a CCM to LCH.Clearnet SA through TARGET2; and

(B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to a CCM through TARGET2; and

(y) in respect of the CCM Client Margin Accounts:

(A) the Cash Payments (being the Total Client Variation Margin Requirement plus any other Cash Payments due in respect of the CCM Client Account Structure) and Euro denominated Cash Collateral transfers (being the Total Client Margin Shortfall) which are due to be made by a CCM to LCH.Clearnet SA through TARGET2; and

(B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to a CCM through TARGET2.

ii) Aggregation of payments made in respect of an FCM Clearing Member

At the times set out in Paragraph 3.7(c) above LCH.Clearnet SA will aggregate:

(x) in respect of the FCM House Margin Account:

(A) the Cash Payments (being the House Variation Margin Requirement plus any other Cash Payments due in respect of the House Account Structure) and Euro denominated Cash Collateral transfers (being the FCM House Margin Shortfall, the FCM House Excess Collateral Shortfall and

- the Contribution Shortfall) which are due to be made by an FCM Clearing Member to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made, and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to an FCM Clearing Member through TARGET2; and
- (y) in respect of the FCM Client Margin Accounts:
- (A) the Cash Payments due in respect of the FCM Client Account Structure (other than the Total Client Variation Margin Requirement due in respect of the FCM Client Account Structure) and Euro denominated Cash Collateral transfers (being the Total Client Margin Shortfall and the FCM Client Buffer Collateral Shortfall) which are due to be made by an FCM Clearing Member to LCH.Clearnet SA through TARGET2; and
- (B) the Cash Payments due to be made (other than the Total Client Variation Margin Requirement due in respect of the FCM Client Account Structure), and Euro denominated Cash Collateral due to be returned, by LCH.Clearnet SA to an FCM Clearing Member through TARGET2.

With the exception of the Total Client Variation Margin Requirement of an FCM Clearing Member (as set out in Paragraph 3.7(e)(ii)(y) above) which shall never be netted with other amounts for the purposes of making a payment through TARGET2, if the aggregate amount that would be payable by one party (in respect either of the House Margin Account, the CCM Client Margin Accounts or the FCM Client Margin Accounts of a Clearing Member) exceeds the amount that would otherwise have been payable by the other party (in respect of such House Margin Account, CCM Client Margin Accounts or FCM Client Margin Accounts), then the obligations of each party pursuant to this Paragraph 3.7 and Paragraph 3.18 below 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 of the excess of the larger aggregate amount over the smaller aggregate amount.

Notwithstanding the payment netting contemplated by this Paragraph 3.7(e), LCH.Clearnet SA shall ensure that its books and records properly reflect the transfer of Euro-denominated Cash Collateral and payment of Cash Payments, made in respect of each Margin Account, on a gross basis.

(e) Interest

LCH.Clearnet SA pays interest on Euro denominated Cash Collateral.

The applicable interest rate is published by LCH.Clearnet SA on the Website.

## (f) Transfer of Euro denominated Cash Collateral

On Day (before ~~10:45~~17:15 CET)

If:

- (i) a Clearing Member wishes to transfer Euro denominated Cash Collateral to be recorded in its House Collateral Account and in the case of a CCM, in any of its CCM Client Collateral Accounts (other than in the case that a Clearing Member is called to transfer Euro denominated Cash Collateral to LCH.Clearnet SA to satisfy the Required Collateral Amount pursuant to a Collateral Call, in accordance with Article 4.2.3.2 of the CDS Clearing Rule Book); or
- (ii) a Clearing Member wishes to transfer Euro denominated Cash Collateral to be recorded in any of its Collateral Accounts for the purpose of substituting such Euro denominated Cash Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at (+33) (0)1 70 37 65 06 or (ii) any other means of access as specified in a Clearing Notice. The Clearing Member must specify to which Collateral Account(s) such Euro denominated Cash Collateral should be recorded. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.8(h) (for non-Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.10(c) (for Eligible Collateral transferred with full title), 3.15(b) (for Pledged Eligible Collateral) and 3.17(b) (for US T-Bills transferred on behalf of FCM Clients), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that Euro denominated Cash Collateral will be transferred to the LCH CCM Client TARGET2 Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all of such amounts should be recorded, LCH.Clearnet will proceed with the debit of the CCM's relevant TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) but will treat any amounts which have not been specifically identified as being for a particular CCM Client Collateral Account as CCM Unallocated Client Collateral and record such amounts in the CCM Unallocated Client Collateral Account.

A Clearing Member must notify LCH.Clearnet SA as set out above by no later than ~~10:45~~17:15 CET in order for a Clearing Member's request to be processed and the Euro denominated Cash Collateral called at the First Intraday Slot on the same day. A Clearing Member must notify LCH.Clearnet SA as set out above between 10:45 and 17:15 CET in order for a Clearing Member's request to be processed and the Euro denominated Cash Collateral called at the ~~First Intraday Slot on the same day~~ next TARGET2 time slot, including any Exceptional Slot. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm its request no later than ~~10:45~~17:15 CET by

a phone call to LCH.Clearnet SA's collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day at the ~~First Intraday Slot~~ relevant TARGET2 time slot:

LCH.Clearnet SA will debit the Clearing Member's relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) with the amount of Euro denominated Cash Collateral notified by the Clearing Member ~~during the First Intraday Slot on Day.~~

On Day at any time, a Clearing Member may transfer Euro denominated Cash Collateral by:

- i) notifying LCH.Clearnet SA through the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at (+33)(0)1 70 37 65 06 or any other means of access as specified in a Clearing Notice. The Clearing Member must specify to which Collateral Account(s) such Euro denominated Cash Collateral should be recorded, and
- ii) crediting LCH TARGET 2 Account before 18:00 CET.

Transfer of Euro denominated Cash Collateral at any time later than the First Intraday Slot will be subject to a cap as defined by LCH.Clearnet SA and made available on its website.

In respect of each Clearing Member, following ~~performance of the First Intraday Call~~ the transfer of Euro denominated Cash Collateral:

- i) the Cash Collateral will be recorded in its House Collateral Account, its Buffer Collateral Account, the relevant Client Collateral Account(s) and/or its CCM Unallocated Client Collateral Account, as applicable; and
  - ii) to the extent Cash Collateral has been credited to its CCM Unallocated Client Collateral Account, such CCM must inform LCH.Clearnet SA by no later than the End of Real Time on Day how the CCM Unallocated Client Collateral should be recorded within its CCM Client Collateral Account(s). Where the CCM does not provide LCH.Clearnet SA with this information within this timeframe, the CCM Unallocated Client Collateral shall be returned to the CCM's relevant TARGET2 Account (or the relevant cash account(s) of its TARGET2 Payment Agent).
- (g) Return of Euro denominated Cash Collateral
- i) In respect of a Clearing Member's House Collateral Account

~~+~~ A Clearing Member may request LCH.Clearnet SA to automatically credit Euro denominated Cash Collateral recorded in its House Collateral Account which is in an amount above the House Excess Collateral Threshold to the Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2

Mis en forme : Retrait : Gauche : 4,63 cm, Sans numérotation ni puces



Payment Agent) provided the amount to be credited would not result in the relevant House Margin Requirement exceeding the Margin Balance for the House Margin Account ~~and the amount does not exceed the amount of Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call.~~ LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral at the next Initial Slot, or any TARGET2 time slot (as set out at Paragraphs 3.7(b) and 3.7(c) above) in which a Variation Margin payment is due to be performed.

A Clearing Member must notify LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited to the Clearing Member's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or [treasury.ops.fr@lchclearnet.com](mailto:treasury.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice by no later than 16:00 CET on a Business Day in order for the Clearing Member's request to be processed on the next following Business Day.

Once a Clearing Member has notified LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited, LCH.Clearnet SA will apply it, until such time as LCH.Clearnet SA has been otherwise instructed by the relevant Clearing Member.

~~2-1-~~ A Clearing Member may request, on an ad hoc basis, LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in its House Collateral Account provided the amount to be returned would not result in the relevant House Margin Requirement exceeding the Margin Balance for the House Margin Account, as determined at the time when the request is received and processed by LCH.Clearnet SA, ~~and the amount does not exceed the amount of Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call.~~ Where this would be the case, the Clearing Member's request will be rejected.

~~2-~~ Following receipt of a request in accordance with this Paragraph 3.7(g) i), 2, LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot (as set out at Paragraphs 3.7(b) and 3.7(c) above) in which a Variation Margin payment is due to be performed.

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## ii) In respect of a CCM's Client Collateral Account(s)

A CCM may request LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in any of its CCM Client Collateral Accounts provided the amount to be returned would not result in:

- (x) the relevant CCM Client Margin Requirement, plus
- (y) the CCM Allocated Client Collateral Buffer, if any,

exceeding the Margin Balance for the relevant CCM Client Margin Account, as determined at the time when the request is received and processed by LCH.Clearnet SA, ~~and the amount does not exceed the amount of Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call.~~ Where this would be the case, the Clearing Member's request will be rejected.

Following receipt of a request in accordance with this Paragraph 3.7(g) ii), LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot (as set out at Paragraphs 3.7(b) and 3.7(e) above) in which a Variation Margin payment is due to be performed.

## iii) In respect of a CCM's Buffer Collateral Account

~~4-~~ A CCM may request LCH.Clearnet SA to automatically credit Euro denominated Cash Collateral recorded in its Buffer Collateral Account which is in an amount above the CCM Client Collateral Buffer Threshold to the CCM's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) provided the amount does not exceed the CCM Available Client Collateral Buffer ~~and the amount does not exceed the amount of Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call.~~ LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral at the next ~~TARGET2 time slot (as set out at Paragraphs 3.7(b) and 3.7(e) above).~~

1- Initial Slot. A CCM must notify LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited to the CCM's TARGET2 Account (or the relevant cash account of its TARGET2 Payment Agent) by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or [treasury.ops.fr@lchclearnet.com](mailto:treasury.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice by no later than 16:00 CET on a Business Day in order for the CCM's request to be processed on the next following Business Day.

**Mis en forme :** Numéros + Niveau : 1 + Style de numérotation : 1, 2, 3, ... + Commencer à : 1 + Alignement : Gauche + Alignement : 4 cm + Retrait : 4,63 cm

Once a CCM has notified LCH.Clearnet SA of its request to have Euro denominated Cash Collateral automatically credited, LCH.Clearnet SA will apply it, until such time as LCH.Clearnet SA has been otherwise instructed by the relevant CCM.

- 2- A CCM may request, on an ad hoc basis, LCH.Clearnet SA to return Euro denominated Cash Collateral recorded in its Buffer Collateral Account provided the amount does not exceed the CCM Available Client Collateral Buffer, as determined at the time when the request is received and processed by LCH.Clearnet SA, ~~and the amount does not exceed the amount of Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call.~~ Where this would be the case, the CCM's request will be rejected.

Following receipt of a request in accordance with this Paragraph 3.7(g) iii), 2, LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the CCM (or the relevant cash account of its TARGET2 Payment Agent) at the next ~~TARGET2 time slot (as set out at Paragraphs 3.7(b) and 3.7(e) above).~~ Initial Slot.

- iv) In respect of an FCM Unallocated Client Collateral Financial Account

The FCM Clearing Member may also request LCH.Clearnet SA to return some or all FCM Unallocated Client Excess Collateral in the form of Euro denominated Cash Collateral provided that the requested amount does not exceed the FCM Unallocated Client Excess Collateral recorded in its FCM Client Collateral Account. Where this would be the case, the FCM Clearing Member's request will be rejected.

LCH.Clearnet SA will credit the relevant amount of Euro denominated Cash Collateral to the relevant TARGET2 Account of the FCM Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) at the next Initial Slot, or any TARGET2 time slot (as set out at Paragraphs 3.7(b) and 3.7(e) above) in which a Variation Margin payment is due to be performed

- (h) Transfer of Euro denominated Cash Collateral to satisfy a Contribution Shortfall

Where a Clearing Member is required to transfer Euro denominated Cash Collateral to LCH.Clearnet SA to satisfy a Contribution Shortfall, in accordance with Article 4.4.1.7 of the CDS Clearing Rule Book, it shall make arrangements to credit the LCH House TARGET2 Account with the required amount of Euro denominated Cash Collateral.

### 3.8 NON-EURO DENOMINATED CASH COLLATERAL

(a) Multi-currency accounts held by LCH.Clearnet SA

LCH.Clearnet SA holds non-Euro Cash Collateral provided by Clearing Members in the following three multi-currency accounts opened in the books of an eligible commercial bank selected in accordance with Paragraph 3.8(c) below:

- i) a multi-currency account used to credit non-Euro Cash Collateral which is transferred by a Clearing Member to be recorded in its House Collateral Account (the “**LCH House Non-Euro Account**”); and
- ii) with respect to Clients of a Clearing Member:
  - (x) a multi-currency account used to credit non-Euro Cash Collateral which is transferred by a CCM to be recorded in its CCM Client Collateral Account(s) (the “**LCH CCM Client Non-Euro Account**”); or
  - (y) a multi-currency account used to credit non-Euro, non-USD Cash Collateral which is transferred by an FCM Clearing Member to be recorded in its FCM Client Collateral Account (the “**LCH FCM Client Non-Euro Account**”), which for the avoidance of doubt forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations,together referred to as the “**LCH Client Non-Euro Accounts**” and individually as a “**LCH Client Non-Euro Account**”.

The LCH House Non-Euro Account and the LCH Client Non-Euro Accounts shall be together referred to as the “**LCH Non-Euro Accounts**”.

LCH.Clearnet SA may invest non-Euro Cash Collateral in accordance with Paragraph 3.11(b).

(b) USD cash account held by LCH.Clearnet SA

LCH.Clearnet SA holds USD Cash Collateral provided by FCM Clearing Members on behalf of their FCM Clients in an USD cash account:

- i) opened in the books of BNYM US; and
- ii) used to credit USD Cash Collateral which is transferred by FCM Clearing Members to be recorded in their FCM Client Collateral Account (the “**LCH FCM Client USD Account**”), which for the avoidance of doubt forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations.

LCH.Clearnet SA may invest USD Cash Collateral in accordance with Paragraph 3.11(b) and the FCM CDS Clearing Regulations.

(c) Eligible commercial banks

LCH.Clearnet SA will hold:

- i) non-Euro Cash Collateral, where LCH.Clearnet SA does not invest it in accordance with Paragraph 3.11(a), in the LCH Non-Euro Accounts; and
- ii) USD Cash Collateral provided by FCM Clearing Members on behalf of their FCM Clients, where LCH.Clearnet SA does not invest it in accordance with Paragraph 3.11(b) and the FCM CDS Clearing Regulations, in the LCH FCM Client USD Account.

opened in the books of any commercial bank which has been selected in accordance with the LCH.Clearnet Group Limited risk collateral policy (the “**LCH Group Risk Collateral Policy**”).

The LCH Group Risk Collateral Policy sets out, amongst other things, the principles that LCH.Clearnet SA must adhere to when arranging for the custody of Cash Collateral and is kept under review by the Risk Committee. One of those principles is that LCH.Clearnet SA may select a commercial bank to act as custodian for Cash Collateral, subject to it meeting the following criteria:

- an average credit rating of at least A-, or a guarantee from a sovereign government or parent company with an average credit rating of at least A-. Where there is a subsequent downgrade of the bank's credit rating, reference will be made to the LCH Group Risk Collateral Policy and the Risk Committee's policy; and
- has demonstrable operational suitability (confirmed by LCH.Clearnet SA's own due diligence).

On the basis of these criteria, LCH.Clearnet SA has selected:

- i) Euroclear Bank to act as depository of non-Euro denominated Cash Collateral provided by Clearing Members; and
- ii) BNYM US to act as depository of USD Cash Collateral provided by FCM Clearing Members on behalf of their FCM Clients,

together referred to as the “**Eligible Commercial Banks**” and individually as an “**Eligible Commercial Bank**”.

(d) FX conversion and discounts

Whenever LCH.Clearnet SA is required to convert non-Euro denominated Cash Collateral, transferred by a Clearing Member, to Euros such conversion shall be effected on the basis of the Applicable Price. LCH.Clearnet SA shall

additionally be entitled to apply discounts to such non-Euro denominated Cash Collateral, at its discretion, as published on the Website.

(e) Interest

LCH.Clearnet SA pays interest on non-Euro denominated Cash Collateral and USD Cash Collateral deposited in the Eligible Commercial Banks.

The applicable interest rate is published by LCH.Clearnet SA on the Website.

(f) Transfer of non-Euro denominated Cash Collateral (other than USD denominated Cash Collateral to be recorded in the LCH FCM Client USD Account)

On Day minus one

If:

- (i) a Clearing Member wishes to transfer additional non-Euro denominated Cash Collateral to be recorded in its House Collateral Account and, in the case of a CCM, in any of its CCM Client Collateral Accounts; or
- (ii) a Clearing Member wishes to transfer non-Euro denominated Cash Collateral to be recorded in any of its Collateral Accounts for the purpose of substituting such non-Euro denominated Cash Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at (+33) (0)1 70 37 65 06 or [treasury.ops.fr@lchclearnet.com](mailto:treasury.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. The Clearing Member must specify in such form to which Collateral Account(s) the non-Euro denominated Collateral should be recorded. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.10(c) (for Eligible Collateral transferred with full title), 3.15(b) (for Pledged Eligible Collateral) or 3.17(b) (for US T-Bills), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that non-Euro denominated Cash Collateral will be transferred to the LCH Client Non-Euro Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all of such amounts should be recorded, LCH.Clearnet SA will treat such amounts which have not been specifically identified as being for a particular CCM Client Collateral Account as CCM Unallocated Client Collateral and record such amounts in the CCM Unallocated Client Collateral Account when they are received.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than 16:45 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business

Day ("Day") and to enable the transfer of non-Euro denominated Cash Collateral to occur on Day. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm its request no later than 16:45 CET by a phone call to LCH.Clearnet SA's collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

#### On Day

The Clearing Member transfers the amount of the non-Euro denominated Cash Collateral notified to LCH.Clearnet SA on Day minus one to the relevant LCH Non-Euro Account opened with the Eligible Commercial Bank.

If non-Euro denominated Cash Collateral is received:

- i) before 10:30 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the Margin Balance and be taken into account for the purposes of the First Intraday Call on Day;
- ii) at or after 10:30 CET but prior to 11:45 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the relevant Margin Balance and be taken into account for the purposes of calculations in relation to a Collateral substitution request which is to be effected using the Additional Specific Collateral Slot;
- iii) at or after 11:45 CET but prior to 14:30 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the relevant Margin Balance and be taken into account for the purposes of the Second Intraday Call on Day;
- iv) at or after 14:30 CET on Day, such non-Euro denominated Cash Collateral (other than CCM Unallocated Client Collateral) will form part of the relevant Margin Balance and be taken into account for the purposes of the Morning Call on the next following Business Day.

In respect of a CCM only, to the extent Cash Collateral has been credited to its CCM Unallocated Client Collateral Account, the CCM must inform LCH.Clearnet SA by no later than 16:00 CET on Day how the CCM Unallocated Client Collateral should be recorded within its CCM Client Collateral Account(s). Where the CCM does not provide LCH.Clearnet SA with this information within this timeframe, the CCM Unallocated Client Collateral shall be returned to the relevant account of the CCM.

- (g) Transfer of USD denominated Cash Collateral to be recorded in the LCH FCM Client USD Account

On Day minus one (before 17:00 CET)

If an FCM Clearing Member wishes to transfer USD denominated Cash Collateral to be recorded in its FCM Client Collateral Account for the purpose of substituting such USD denominated Cash Collateral for any Collateral recorded in its FCM Client Collateral Account, it shall notify LCH.Clearnet SA by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at (+33) (0)1 70 37 65 06 or [treasury.ops.fr@lchclearnet.com](mailto:treasury.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. The process that an FCM Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the FCM Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash Collateral) or 3.17(b) (for US T-Bills transferred on behalf of FCM Clients), as applicable.

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The form Clearing Member must notify LCH.Clearnet SA by no later than 17:00 CET on a Business Day ("Day minus one") in order for the FCM Clearing Member's request to be processed and to enable the transfer to occur no later than 18:00 CET on a Business Day ("Day minus one"). It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm its request no later than 17:00 CET by a phone call to LCH.Clearnet SA's collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day minus one (before 18:00 CET)

A FCM Clearing Member transfers the amount of the USD denominated Cash Collateral, notified on Day minus one before 17:00 CET, to LCH.Clearnet SA's relevant LCH FCM Client USD Account opened with the Eligible Commercial Bank.

If USD denominated Cash Collateral is received before 18:00 CET on Day minus one, such USD denominated Cash Collateral will be taken into account in the relevant FCM Margin Balance used for the Morning Margin Call on Day.

- (h) Return of non-Euro denominated Cash Collateral (other than USD denominated Cash Collateral to be recorded in the LCH FCM Client USD Account)

On Day minus one

A Clearing Member must notify LCH.Clearnet SA of its request to have non-Euro denominated Cash Collateral returned to it by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or [treasury.ops.fr@lchclearnet.com](mailto:treasury.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. A Clearing Member must specify, on



this form, the account to which the non-Euro denominated Cash Collateral should be returned.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than 16:00 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer on Day during the Additional Specific Collateral Slot. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm its request by 16:00 CET by a phone call to LCH.Clearnet SA's Treasury Operations team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Any request received by LCH.Clearnet SA pursuant to this Paragraph 3.8(h) shall be deemed firm and irrevocable.

#### On Day

- In respect of a Clearing Member's House Collateral Account and Client Collateral Account(s)

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of the non-Euro denominated Cash Collateral to be returned to the Clearing Member (the "**Non-Euro Cash Collateral Value**") and:

- 1- provided LCH.Clearnet SA holds sufficient Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account and the Non-Euro Cash Collateral Value does not exceed the amount of non-Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call, LCH.Clearnet SA will process the return of the non-Euro denominated Cash Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.8(h); or
- 2- if LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will debit an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value from the relevant TARGET2 Account of the Clearing Member (or the relevant cash account of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the non-Euro denominated Cash Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.8(h).

- In respect of a CCM's Buffer Collateral Account

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the Non-Euro Cash Collateral Value and:

- 1- provided LCH.Clearnet SA holds Cash Collateral (other than that which is to be returned) in an amount at least equal to the CCM Available Client Collateral Buffer, as determined at the time when the request is received and processed by LCH.Clearnet SA, and the amount does not exceed the amount of non-Euro denominated Cash Collateral previously provided to LCH.Clearnet SA through a Collateral Call, LCH.Clearnet SA will process a return of the Non-Euro Cash Collateral Value in accordance with the remaining provisions of this Paragraph 3.8(h) ; or
- 2- if LCH.Clearnet SA holds Cash Collateral (other than that which is to be returned) in an amount below the CCM Available Client Collateral Buffer, LCH.Clearnet SA will debit an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value from the relevant TARGET2 Account of the CCM (or the relevant cash account of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the non-Euro denominated Cash Collateral to the CCM in accordance with the remaining provisions of this Paragraph 3.8(h).

- In respect of an FCM Unallocated Client Collateral Financial Account

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the Non-Euro Cash Collateral Value of the requested amount of FCM Unallocated Client Excess Collateral recorded in the FCM Unallocated Client Collateral Financial Account to be returned and will process a return of the Non-Euro Cash Collateral Value in accordance with the remaining provisions of this Paragraph 3.8(h).

- Return of the Non-Euro Cash Collateral Value

In the event that LCH.Clearnet SA is required to, but has not been able to, debit an amount of Euro-denominated Cash Collateral equal to the Non-Euro Cash Collateral Value from the Clearing Member's TARGET2 Account(s) or the relevant cash accounts of its TARGET2 Payment Agent), the Clearing Member's request to have non-Euro denominated Cash Collateral returned to it will be deemed void and LCH.Clearnet SA shall retain the non-Euro denominated Cash Collateral which the Clearing Member requested to be returned. LCH.Clearnet SA's inability to debit Euro-denominated Cash Collateral equal to the Eligible Collateral Value intra-day through TARGET2 shall not constitute a Payment Failure in respect of the Clearing Member.

Save in the circumstances described above, LCH.Clearnet SA will give instructions to the Eligible Commercial Bank to credit the relevant account(s) of the Clearing Member (as notified in the form on Day minus one) with the non-Euro denominated Cash Collateral between 13:00 and 15:00 CET.

- (i) Return of USD denominated Cash Collateral recorded in the LCH FCM Client USD Account

#### On Day

An FCM Clearing Member must notify LCH.Clearnet SA of its request to have USD denominated Cash Collateral recorded in the LCH FCM Client USD Account returned to it by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or or [treasury.ops.fr@lchclearnet.com](mailto:treasury.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. An FCM Clearing Member must specify, on this form, the FCM Cleared Swaps Client Segregated Depository Account to which the USD denominated Cash Collateral should be returned.

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Noir

The FCM Clearing Member must notify LCH.Clearnet SA by no later than 17:00 CET on a Business Day ("Day ") in order for the FCM Clearing Member's request to be processed on the same Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer on Day. It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm its request by 17:00 CET by a phone call to LCH.Clearnet SA's Treasury Operations team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Any request received by LCH.Clearnet SA pursuant to this Paragraph 3.8(i) shall be deemed firm and irrevocable.

#### On Day

- In respect of an FCM Clearing Member's FCM Client Collateral Account

By 17:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of the USD denominated Cash Collateral to be returned to the FCM Clearing Member (the "**USD Cash Collateral Value**") and if:

1. LCH.Clearnet SA holds sufficient Collateral (other than that which is to be returned) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will process the return of the USD denominated Cash Collateral to the FCM Clearing Member (up to the amount of USD denominated Cash Collateral provided originally by the FCM Clearing Member) before 18:00 CET; or
2. LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be returned) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account,

LCH.Clearnet SA will reject FCM Clearing Member request to have USD denominated cash collateral returned to it.

If FCM Clearing Member's relevant FCM Margin Requirements are covered with sufficient alternative collateral (other than that which is to be returned), LCH.Clearnet SA will give instructions to the Eligible Commercial Bank to credit the FCM Clearing Member's relevant account(s) (as notified in the form on Day) with the USD denominated Cash Collateral immediately.

Such instructions will, in any event, be made on the same Business Day ("Day") at 18:00 CET, i.e. in advance of the relevant commercial bank's currency cut-off time (except in exceptional circumstances, as determined by LCH.Clearnet SA in an objective and commercially reasonable manner).

- In respect of an FCM Unallocated Client Collateral Financial Account Client Collateral Account

By 17:00 CET at the latest, LCH.Clearnet SA will re-calculate the USD Cash Collateral Value of the requested amount of FCM Unallocated Client Excess Collateral recorded in the FCM Unallocated Client Collateral Financial Account and will process a return of the USD Cash Collateral Value in accordance with the remaining provisions of this Paragraph 3.8(i).

### 3.9 ELIGIBLE COLLATERAL

A list of the securities that constitute Eligible Collateral, together with applicable haircuts, is set out on the Website at <http://www.lchclearnet.com/risk-collateral-management/sa/collateral-management.asp/acceptable-collateral>.

Code de champ modifié

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Non Italique

LCH.Clearnet SA may amend this list in accordance with Article 4.2.7.1 of the CDS Clearing Rule Book and this Paragraph 3.9.

For risk management purposes, LCH.Clearnet SA does not permit a Clearing Member to transfer "self-issued securities" as Eligible Collateral (i.e. securities issued by such Clearing Member or by any of its Affiliates).

#### (a) Withholding tax

Each Clearing Member should ensure that the Eligible Collateral submitted to LCH.Clearnet SA's accounts with custodians or Central Securities Depositories or transferred to LCH.Clearnet SA's pledged account at Euroclear Bank pursuant to a collateral arrangement, or BNYM US pursuant to a security arrangement, is not subject to withholding tax.

If the Eligible Collateral is subject to withholding tax and a Clearing Member does not request the return of Eligible Collateral prior to the relevant record date of the securities to enable the Clearing Member to receive the gross coupon or dividend, any coupon or dividend will be paid to the Clearing Member by LCH.Clearnet SA net of withholding tax.

## (b) FX conversion and discounts

A discount shall be applied to the value of Eligible Collateral transferred by a Clearing Member. The amount of the discount shall be notified on the Website. Such discounts may be modified at any time and at the sole discretion of LCH.Clearnet SA.

Whenever LCH.Clearnet SA is required to convert non-Euro denominated Eligible Collateral, transferred by a Clearing Member, to Euros such conversion shall be effected on the basis of the Applicable Price.

## (c) Events affecting the eligibility of Eligible Collateral

Where a security which constitutes Eligible Collateral is affected by one of the following events (each, a “**Collateral Event**” and together, the “**Collateral Events**”):

- i) a suspension from trading of such security by an exchange, or
- ii) the public announcement of a take-over bid, public exchange offer, split or reverse split involving the entity issuing such security,

LCH.Clearnet SA will publish a Clearing Notice on the Website notifying Clearing Members that such security will no longer constitute Eligible Collateral. The Clearing Notice will specify the effective date, which shall be no later than 2 Business Days following the date of the Collateral Event, as of which the securities will no longer constitute Eligible Collateral.

Where a Clearing Member has transferred such securities to LCH.Clearnet SA with full title or to LCH.Clearnet SA's pledged account(s) at Euroclear Bank, or to LCH.Clearnet SA's segregated depository account(s) at BNYM US, such Clearing Member should request a return of the securities in accordance with Paragraph 3.10(c), 3.15 (b) or 3.17 (b), as appropriate, and transfer alternative Collateral to LCH.Clearnet SA in accordance with this Section 3 to satisfy any of its Margin Requirements and its obligation in respect of its House Excess Collateral Threshold.

Where the Clearing Member does not request a return of the securities and/or transfer alternative Collateral to LCH.Clearnet SA prior to the effective date specified in the Clearing Notice published in accordance with this Paragraph 3.9(c), LCH.Clearnet SA will calculate the Margin Balance of the Clearing Member's House Collateral Account and each of its affected Client Collateral Accounts, in accordance with Paragraph 3.2, on the effective date specified in such Clearing Notice, excluding the suspended securities. As a result of this calculation LCH.Clearnet SA shall determine whether or not there is a Margin Shortfall for any Margin Account of the Clearing Member. Where there is a Margin Shortfall this will be detailed in the AC0103E Report which is sent to the Clearing Member in accordance with Paragraph 5.13(b) of Section 5 of the Procedures and LCH.Clearnet SA shall be taken into account for the purposes of calculating the Required Collateral Amount for the purposes of the Morning Call on the next Business Day.

For the avoidance of doubt, LCH.Clearnet SA shall retain the suspended securities until such time as the Clearing Member requests their return in accordance with this Paragraph 3.9(c) but they shall not be taken into account for the purposes of calculating any Margin Balance of the Clearing Member on subsequent Business Days.

- (d) Transfer of Eligible Collateral (other than US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients)

Subject to the requirement applicable to US T-Bills transferred by an FCM Clearing Member on behalf of FCM Clients as set out in Paragraph 3.9 (e) below, a Clearing Member can transfer Eligible Collateral to LCH.Clearnet SA, either:

- i) with full title, in accordance with Paragraph 3.10 to be recorded in its House Collateral Account and the case of a CCM only, in any of its CCM Client Collateral Accounts; or
  - ii) by way of security interest whereby the Eligible Collateral would be transferred to the relevant LCH.Clearnet SA pledged account at Euroclear Bank and held pursuant to a Belgian law pledge in accordance with Paragraph 3.15 and to be recorded in its House Collateral Account and in the case of a CCM only, in any of its CCM Client Collateral Accounts.
- (e) Transfer of US T-Bills provided by an FCM Clearing Member on behalf of FCM Clients

If an FCM Clearing Member wishes to transfer US T-Bills on behalf of FCM Clients, it shall be transferred by way of security interest and recorded in LCH.Clearnet SA's segregated depository account held at BNYM US in accordance with Paragraph 3.14.

### 3.10 ELIGIBLE COLLATERAL TRANSFERRED WITH FULL TITLE

- (a) Securities accounts

LCH.Clearnet SA holds Eligible Collateral transferred to it with full title in the following sets of accounts opened in the books of Euroclear Bank and Euroclear France:

- i) a security account in each of Euroclear Bank and Euroclear France used to credit Eligible Collateral which is transferred by Clearing Members to be recorded in their House Collateral Account (the "**LCH House Securities Account**"); and
- ii) a security account in each of Euroclear Bank and Euroclear France used to credit Eligible Collateral which is transferred by Clearing Members to be recorded in any of their Client Collateral Accounts (the "**LCH Client Securities Account**").

The LCH House Securities Account and the LCH Client Securities Account shall be together referred to as the “**LCH Securities Accounts**”.

LCH.Clearnet SA may invest Eligible Collateral provided to LCH.Clearnet SA with full title in accordance with Paragraph 3.11(b).

(b) Transfer of Eligible Collateral

On Day ~~minus one~~

If:

- (i) a Clearing Member wishes to transfer additional Eligible Collateral with full title to be recorded in its House Collateral Account, and in the case of a CCM, in any of its CCM Client Collateral Accounts; or
- (ii) a Clearing Member wishes to transfer Eligible Collateral with full title to be recorded in its House Collateral Account, and in the case of a CCM, in its CCM Client Collateral Account, for the purpose of substituting such Eligible Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA of its request to transfer such Eligible Collateral with LCH.Clearnet SA by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at (+33) (0)1 70 37 65 06 or [collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.15(b) (for Pledged Eligible Collateral) or 3.17(b) (for US T-Bills ~~transferred on behalf of FCM Clients~~), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that Eligible Collateral will be transferred to the LCH Client Securities Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all such Eligible Collateral should be recorded, LCH.Clearnet SA will not accept the request to transfer such Eligible Collateral.

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than ~~16:00~~17:15 CET on a Business Day (“Day ~~minus one~~”) in order for the Clearing Member’s request to be processed on ~~the next following Business Day (“Day”)Day~~ and to enable the transfer to occur on Day. It is the Clearing Member’s responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by ~~16:00~~17:15 CET by a phone call to LCH.Clearnet SA’s collateral management team on (+33) (0)1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day

A Clearing Member must submit instructions (Franco or Sell Free of payment) via Euroclear Bank or ESES (Euroclear France), as applicable, and LCH.Clearnet SA must submit instructions (Buy free of payment) if Clearing Member uses Sell free of payment, for matching through Euroclear Bank or ESES (Euroclear France).

If LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank or ESES (Euroclear France):

- i) before 10:30 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the First Intraday Call on Day;
- ii) at or after 10:30 CET but prior to 11:45 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of calculations in relation to a Collateral substitution request which is to be effected using Additional Specific Collateral Slot;
- iii) ~~iii)~~ at or after 11:45 CET but prior to 14:30 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the Second Intraday Call on Day;
- iv) ~~iv)~~ at or after 14:30 CET but prior to 17:15 CET on Day, the Eligible Collateral will ~~form part of the relevant Margin Balance and be taken into account solely for the purposes of novating Intraday Transactions;~~
- iv) at or after 17:15 CET on Day, the Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the Morning Call on the next following Business Day.

**Mis en forme :** Hiérarchisation + Niveau : 4 + Style de numérotation : i, ii, iii, ... + Commencer à : 1 + Alignement : Gauche + Alignement : 2,75 cm + Tabulation après : 4,02 cm + Retrait : 4,02 cm

(c) Return of Eligible CollateralOn Day minus one

A Clearing Member must notify LCH.Clearnet SA of a request to have Eligible Collateral returned to it by (i) submitting the relevant form (which is available on the Website) by fax or by email to +33 1 70 37 65 06 or [collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice.

The Clearing Member must notify LCH.Clearnet SA by no later than 16:00 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer to occur on Day during the Additional Specific Collateral Slot. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the



Clearing Member should confirm the request by 16:00 CET by a phone call to LCH.Clearnet SA's collateral management team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

Any request received by LCH.Clearnet SA pursuant to this process shall be deemed firm and irrevocable.

#### On Day

Following the First Intraday Slot and, in any event, by 12:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of the Eligible Collateral to be returned (the "**Eligible Collateral Value**") and if:

- 1- LCH.Clearnet SA holds sufficient Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will process the return of the Eligible Collateral on request of the Clearing Member in accordance with the remaining provisions of this Paragraph 3.10(c); or
- 2- LCH.Clearnet SA does not hold Collateral (other than that which is to be returned) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will debit an amount of Euro-denominated Cash Collateral equal to the Eligible Collateral Value from the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash accounts of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Eligible Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the Eligible Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.10(c).

In the event that LCH.Clearnet SA is required to, but has not been able to, debit an amount of Euro-denominated Cash Collateral equal to the Eligible Collateral Value from the Clearing Member's TARGET2 Account(s) or the relevant cash accounts of its TARGET2 Payment Agent), the Clearing Member's request to have Eligible Collateral returned to it will be deemed void and LCH.Clearnet SA shall retain the Eligible Collateral which the Clearing Member requested to be returned. LCH.Clearnet SA's inability to debit Euro-denominated Cash Collateral equal to the Eligible Collateral Value intra-day through TARGET2 shall not constitute a Payment Failure in respect of the Clearing Member.

Save in the circumstances described above, LCH.Clearnet SA will send instructions (Sell Free of Payment) submitted via Euroclear Bank or ESES (Euroclear France) and the Clearing Member shall submit instructions (Buy Free of Payment), for matching through Euroclear Bank or ESES (Euroclear France) between 13:00 and 15:00 CET.

Such instructions will, in any event, be sent on Day in advance of the relevant Central Securities Depository/International Central Securities Depository cut-off time (except in exceptional circumstances, as determined in an objective and commercially reasonable manner).

### 3.11 LCH.CLEARNET SA'S RIGHTS IN RESPECT OF COLLATERAL TRANSFERRED WITH FULL TITLE

(a) Full title

Collateral (except Pledged Eligible Collateral and US T-Bills recorded in LCH.Clearnet SA's segregated depository account at BNYM US) shall be transferred to LCH.Clearnet SA with full title.

(b) Use of Collateral

LCH.Clearnet SA may use Collateral (except Pledged Eligible Collateral and US T-Bills recorded in LCH.Clearnet SA's segregated depository account at BNYM US) in accordance with the principles set out in the LCH Group Risk Collateral Policy and all applicable legal and regulatory provisions governing Collateral applicable to LCH.Clearnet SA acting as a clearing house and/or a securities settlement system.

LCH.Clearnet SA shall, in its sole discretion, invest Cash Collateral in liquid principal protected assets, as detailed on the collateral management section of the Website, and in accordance with the principles set out in the LCH Group Risk Collateral Policy.

(c) French law restrictions on use

Collateral that is transferred with full title to LCH.Clearnet SA shall be subject to all applicable legal and regulatory provisions governing Collateral provided to a clearing house and securities settlement systems, including, without limitation, Article L. 330-2, and L. 440-7 and L. 440-8 of the French Monetary and Financial Code.

Under Articles L. 440-7 and L. 440-8 of the French Monetary and Financial Code:

- i) without prejudice to Paragraph 3.11(b), Collateral transferred for the purpose of meeting a Clearing Member's Margin Requirements shall only be used by LCH.Clearnet SA in the event that amounts are due in the context of the liquidation of such Clearing Member's Cleared Transactions (where it is a Defaulting Clearing Member) in accordance with Article 4.3.3.1 of the CDS Clearing Rule Book and/or in the event that any other sums are owed by the relevant Clearing Member to LCH.Clearnet SA; and
- ii) no creditor of either a Clearing Member or LCH.Clearnet SA, no representative of a Clearing Member and no insolvency official (*mandataire judiciaire*) appointed under French insolvency proceedings (under Book VI of the French Commercial Code) may

claim any right over the Collateral transferred for the purpose of meeting a Clearing Member's Margin Requirements (even in the context of an LCH Insolvency Proceeding or insolvency proceedings opened outside of France which are equivalent or similar to those set out in Book VI of the French Commercial Code).

Under Article L. 330-2 of the French Monetary and Financial Code:

- i) without prejudice to Paragraph 3.11(b), Collateral transferred by a Clearing Member shall be used by LCH.Clearnet SA in accordance with the CDS Clearing Rules; and
- ii) no creditor of either a Clearing Member or LCH.Clearnet SA may claim any right over the Collateral transferred by a Clearing Member (even in the context of an LCH Insolvency Proceeding, insolvency proceedings opened outside France which are equivalent to those set out in Book VI of the French Commercial Code, civil enforcement proceedings or the exercise of an opposition right (*droit d'opposition*)).

In the event of any conflict between the provisions of Article L. 211-38, whereby Collateral may be enforced in accordance with the provisions of the Financial Collateral Directive as transposed into French law, and the provisions of Articles L. 440-7 and L. 440-8, the provisions of Articles L. 440-7 and L. 440-8 shall prevail.

(d) Governing law

Pursuant to Article 9(2) of the Settlement Finality Directive, the validity and enforceability of a guarantee on book entry securities is assessed according to the law of the Member State where the account, in which the rights with respect to the relevant securities are recorded, is located.

Accordingly, when Eligible Collateral is posted to one of the relevant LCH.Clearnet SA's accounts located in France, Belgium or Portugal, the related securities are transferred to LCH.Clearnet SA with full title, in accordance with applicable law as follows:

- i) France: Articles L. 440-7 and L. 330-2 of the French Monetary and Financial Code; or
- ii) Belgium: Article 12 of the Belgian law dated 15 December 2004 "relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté et de prêts portant sur des instruments financiers"; or
- iii) Portugal: Article 261 n°4 of the Portuguese Securities Code.

### 3.12 CORPORATE EVENTS OCCURRING IN RESPECT OF ELIGIBLE COLLATERAL TRANSFERRED WITH FULL TITLE

#### (a) Coupons and dividends

Dividends will be remitted to the Clearing Member in one of the following ways at the option of the Clearing Member:

- i) share dividends will be remitted to the Clearing Member's accounts with a depository as notified to LCH.Clearnet SA for this purpose; or
- ii) cash dividends and coupons will be credited to the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash account(s) of the Clearing Member's TARGET2 Payment Agent) or the Clearing Member's accounts with a central bank as notified to LCH.Clearnet SA for this purpose.

A minimum of 1 Business Day before the relevant record date, LCH.Clearnet SA will contact Clearing Members by telephone to the telephone number specified by the Clearing Member in its application for membership of the CDS Clearing Service to ask which of the above options the Clearing Member prefers. If a Clearing Member does not express a preference, or if LCH.Clearnet SA has insufficient time to process a Clearing Member's preference, the dividend or coupon will be credited (in accordance with Paragraph 3.7(b)) to the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash account(s) of the Clearing Member's TARGET2 Payment Agent).

Dividends and coupons will only be remitted or credited to the Clearing Member's account(s) once LCH.Clearnet SA has received the relevant dividends and coupons. Dividends and coupons are remitted on the same day if received before 16:00 CET, or the next Business Day if received after 16:00 CET.

#### (b) Subscription or allotment rights

Where a subscription or allotment right can be detached from a security provided as Eligible Collateral it will be remitted to the Clearing Member's account with the relevant depository as soon as LCH.Clearnet SA has received the relevant right. The remittance will be performed in Euroclear Bank or Euroclear France on the same day if the right is received before 16:00 CET, or the next Business Day if received after 16:00 CET.

#### (c) Maturity

If a security provided as Eligible Collateral is due to mature and a Clearing Member wishes it to be returned, then a Clearing Member should request the return of that security before the relevant maturity date in accordance with Paragraph 3.10.

Where a security provided as Eligible Collateral matures, LCH.Clearnet SA will credit (in accordance with Paragraph 3.7(b)) the Clearing Member's

TARGET2 Accounts (or the relevant cash accounts of such Clearing Member's TARGET2 Payment Agent) on the same day if funds are received before 16:00 CET, or will credit the Clearing Member's TARGET2 Accounts (or the relevant cash accounts of such Clearing Member's TARGET2 Payment Agent) on the next day if the funds are received after 16:00 CET.

### 3.13 ELIGIBLE COLLATERAL TRANSFERRED TO LCH.CLEARNET SA'S PLEDGED ACCOUNTS AT EUROCLEAR BANK

A Clearing Member may provide Eligible Collateral by way of a collateral arrangement taking the form of a Pledge Agreement put in place in accordance with this Paragraph 3.13.

(a) Collateral arrangement in the form of a Pledge Agreement

The Pledge Agreement shall be implemented as follows:

- i) A Clearing Member wishing to post Eligible Collateral pursuant to the collateral arrangement will be required to enter into a Pledge Agreement with LCH.Clearnet SA which is governed by Belgian law (in particular the Belgian Royal Decree n° 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated in 2004) and the Law of 15 December 2004 on financial collateral implementing the Directive 2002/47/EC on financial collateral arrangements);
- ii) LCH.Clearnet SA and the Clearing Member will be required to enter into standard form documentation with Euroclear Bank, taking the form of the Single Pledgor Pledged Account Terms and Conditions ("SPPA") and the Terms and Conditions Governing Use of Euroclear;
- iii) Under the SPPA, Euroclear Bank agrees to act as pledge holder in accordance with the terms set out in the SPPA;
- iv) LCH.Clearnet SA and each Clearing Member willing to post Pledged Eligible Collateral under the Pledge Agreement will open the following separate special pledged accounts in Euroclear Bank's books:
  - (x) a pledged account which shall be used to register Pledged Eligible Collateral recorded in the House Collateral Account of such Clearing Member (the "**House Pledged Account**"), and
  - (y) in the case of a CCM, a pledged account which shall be used to register Pledged Eligible Collateral recorded in its CCM Client Collateral Account(s) (the "**Client Pledged Account**").

The House Pledged Account and the Client Pledged Account shall be together referred to as the "**Pledged Accounts**".

## (b) Pledged Accounts

The Pledged Accounts shall be held in the name of LCH.Clearnet SA as pledgee. However, the title in the Pledged Eligible Collateral shall not be transferred to LCH.Clearnet SA (see Article 2 in fine and Article 13 of the Royal Decree 62 - the pledgee only acts as a "custodian" and does not become the owner of the securities (ownership stays with the pledgor (see in particular Article 2079 of the Belgian civil code)).

## (c) Use of Pledged Eligible Collateral

Subject to Paragraphs 3.13(d) and 3.13(e), LCH.Clearnet SA shall be prevented from using for any purpose, re-hypothecating or transferring Pledged Eligible Collateral which is pledged to LCH.Clearnet SA pursuant to the collateral arrangement described in this Paragraph 3.13.

## (d) Perfection and enforceability

Provided that LCH.Clearnet SA provides Euroclear Bank with a copy of the Default Notice issued by LCH.Clearnet SA in accordance with Article 4.3.1.3 of the CDS Clearing Rule Book, LCH.Clearnet SA shall be able to perfect and enforce the pledge on Pledged Eligible Collateral (meaning that it shall be entitled to apply the Pledged Eligible Collateral transferred by the Defaulting Clearing Member as envisaged by Article 4.3.3.1 of the CDS Clearing Rule Book), against the Defaulting Clearing Member, any other creditors of the Defaulting Clearing Member and/or the trustee in bankruptcy, without having to notify, or secure any further consent from the Defaulting Clearing Member or any other person, and without having to obtain any court approval (see article 8 of the Law of 15 December 2004).

In the event that LCH.Clearnet SA elects to enforce the pledge by appropriating the Client Pledged Eligible Collateral in accordance with the Article 4.3.2.6 of the CDS Clearing Rule Book, the Eligible Securities so appropriated shall be credited to the LCH Client Securities Account.

## (e) Transfer of Client Cleared Transactions and related Client Assets in respect of a CCM

Provided that:

- i) LCH.Clearnet SA provides Euroclear Bank with a copy of the Client Full Transfer Form transmitted by the Receiving Clearing Member to LCH.Clearnet SA, in accordance with Section 5 of the Procedures; and
- ii) the deadline for the Carrying Clearing Member to reject the transfer of Client Cleared Transactions and Client Assets, by submission of the Carrying Clearing Member Response Form in accordance with Section 5 of the Procedures, has expired,

LCH.Clearnet SA shall be able to instruct Euroclear Bank to transfer the relevant Client Pledged Eligible Collateral from the Carrying Clearing

Member's Client Pledged Account to the Receiving Clearing Member's Client Pledged Account in accordance with the conditions and timeline set out in Section 5 of the Procedures.

### 3.14 **US T-BILLS TRANSFERRED TO LCH.CLEARNET SA'S DEPOSITORY ACCOUNT AT BNYM US**

An FCM Clearing Member may provide US T-Bills by way of security interest governed by laws of the State of New York in accordance with this Paragraph 3.14 and the FCM CDS Clearing Regulations.

(a) Segregated depository account opened with BNYM US

To permit an FCM Clearing Member to transfer US T-Bills on behalf of its FCM Clients, LCH.Clearnet SA has opened a segregated depository account in BNYM US' books which shall be used to register US T-Bills in connection with FCM Cleared Transactions cleared for its FCM Clients (the "**LCH Client Depository Account**").

The LCH Client Depository Account forms part of the LCH Cleared Swaps Client Segregated Depository Account for purposes of the FCM CDS Clearing Regulations.

(b) Transfer of FCM Client Cleared Transactions and related Account Assets

Provided that LCH.Clearnet SA provides BNYM US with a copy of the Client Full Transfer Form transmitted by the Receiving Clearing Member to LCH.Clearnet SA in accordance with Section 5 of the Procedures, LCH.Clearnet SA shall be able to transfer the relevant Eligible Collateral from the Carrying Clearing Member's LCH Client Depository Account to the Receiving Clearing Member's LCH Client Depository Account in accordance with the conditions and timeline set out in Section 5 of the Procedures.

### 3.15 **ELIGIBLE COLLATERAL TRANSFER PURSUANT TO THE PLEDGE AGREEMENT**

(a) Transfer of Pledged Eligible Collateral

On Day ~~minus one~~

If:

- (i) a Clearing Member wishes to transfer additional Pledged Eligible Collateral to be recorded in its House Collateral Account and, in the case of a CCM, in any of its CCM Client Collateral Accounts; or
- (ii) a Clearing Member wishes to transfer Pledged Eligible Collateral to be recorded in any of its Collateral Accounts for the purpose of substituting such Pledged Eligible Collateral for any Collateral recorded in its Collateral Accounts,

it shall notify LCH.Clearnet SA of its request to transfer Pledged Eligible Collateral to the relevant Pledged Account by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or [collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. The process that a Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash Collateral), 3.8(i) (for USD denominated Cash Collateral), 3.10(c) (for Eligible Collateral transferred with full title) or 3.17(b) (for US T-Bills), as applicable.

In respect of a CCM only, if such CCM notifies to LCH.Clearnet SA that Pledged Eligible Collateral will be transferred to the Client Pledged Account but the CCM does not specify to which CCM Client Collateral Account(s) some or all such Pledged Eligible Collateral should be recorded, LCH.Clearnet SA will not accept the request to transfer such Pledged Eligible Collateral.

**Mis en forme : Motif :**  
Transparente (Blanc)

The Clearing Member must notify LCH.Clearnet SA as set out above by no later than ~~16:00~~**17:15** CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to enable the transfer to occur on Day. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by ~~16:00~~**17:15** CET by a phone call to LCH.Clearnet SA's collateral management team on + 33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

#### On Day

A Clearing Member must submit instructions (Franco or Sell Free of payment) via Euroclear Bank and LCH.Clearnet SA must submit instructions (Buy free of payment) if Clearing Member uses Sell free of payment, for matching through Euroclear Bank.

If LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank:

- i) before 10:30 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the First Intraday Call on Day;
- ii) at or after 10:30 CET and prior to 11:45 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of calculations in relation to a Collateral substitution request which is to be effected using the Additional Specific Collateral Slot;
- ~~iii)~~ **iii)** before at or after 11:45 CET and prior to 14:30 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin

**Mis en forme : Hiérarchisation + Niveau : 4 + Style de numérotation : i, ii, iii, ... + Commencer à : 1 + Alignement : Gauche + Alignement : 2,75 cm + Tabulation après : 4,02 cm + Retrait : 4,02 cm**



Balance and be taken into account for the purposes of the Second Intraday Call on Day;

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iv) iv) ~~iv) at or after 14:30 CET but prior to 17:15 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account solely for the purposes of novating Intraday Transactions;~~

v) if LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank at or after ~~14:30~~17:15 CET on Day, the Pledged Eligible Collateral will form part of the relevant Margin Balance and be taken into account for the purposes of the Morning Call on the next following Business Day.

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(b) Release of Pledged Eligible Collateral

On Day minus one

A Clearing Member must notify LCH.Clearnet SA of a request to have Pledged Eligible Collateral released by (i) submitting the relevant form (which is available on the Website) by fax or by email to +33 1 70 37 65 06 or [collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice.

The Clearing Member must notify LCH.Clearnet SA by no later than 16:00 CET on a Business Day ("Day minus one") in order for the Clearing Member's request to be processed on the next following Business Day ("Day") and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer to occur on Day. It is the Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the Clearing Member should confirm the request by 16:00 CET by a phone call to LCH.Clearnet SA's collateral management team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA. Any request received by LCH pursuant to this process shall be deemed firm and irrevocable

On Day

Following the first intraday TARGET2 payment window (11:25-11:50 CET) and, in any event, by 12:00 CET latest, LCH.Clearnet SA will re-calculate the value of the Pledged Eligible Collateral to be released (the "**Pledged Eligible Collateral Value**") and if:

- 1- LCH.Clearnet SA holds Collateral (other than that which is to be released) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will process the release of the Pledged Eligible Collateral on request of the Clearing Member in accordance with the remaining provisions of this Paragraph 3.15(b); or

- 2- LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be released) to cover the Margin Requirement for the relevant Margin Account, LCH.Clearnet SA will notify the Clearing Member by 12:20 CET and debit an amount of Euro denominated Cash Collateral equal to the Pledged Eligible Collateral Value from the relevant TARGET2 Account(s) of the Clearing Member (or the relevant cash account(s) of its TARGET2 Payment Agent) during the Additional Specific Collateral Slot. Provided an amount of Euro-denominated Cash Collateral equal to the Pledged Eligible Collateral Value is received by LCH.Clearnet SA, LCH.Clearnet SA will process the return of the Pledged Eligible Collateral to the Clearing Member in accordance with the remaining provisions of this Paragraph 3.15(b).

In the event that LCH.Clearnet SA is required to, but has not been able to, debit an amount of Euro-denominated Cash Collateral equal to the Pledged Eligible Collateral Value from the Clearing Member's TARGET2 Accounts or the relevant cash accounts of its TARGET2 Payment Agent), the Clearing Member's request to have Pledged Eligible Collateral released to it will be deemed void and LCH.Clearnet SA shall not release Pledged Eligible Collateral to the Clearing Member. LCH.Clearnet SA's inability to debit Euro-denominated Cash Collateral equal to the Pledged Eligible Collateral Value intra-day through TARGET2 shall not constitute a Payment Failure in respect of the Clearing Member.

Save in the circumstances described above, LCH.Clearnet SA will send instructions (Sell Free of Payment) submitted via Euroclear Bank and the Clearing Member shall submit instructions (Buy Free of Payment), for matching through Euroclear Bank between 13:00 and 15:00.

LCH.Clearnet SA's instructions via Euroclear Bank shall constitute the release of the relevant Pledged Eligible Collateral.

Such instructions will, in any event, be sent on the same Business Day in advance of the relevant International Central Securities Depository cut-off time (except in exceptional circumstances, as judged in an objective and commercially reasonable manner).

### 3.16 **TRANSFER OF CLIENT PLEDGED ELIGIBLE COLLATERAL FOLLOWING AN EVENT OF DEFAULT**

In the event that a Defaulting Clearing Member or a Backup Clearing Member is a CCM, any transfer of Client Pledged Eligible Collateral shall be undertaken in accordance with this Paragraph 3.16 and the CDS Clearing Documentation.

- (a) Transfer of Client Pledged Eligible Collateral to LCH.Clearnet SA

In order to transfer Client Pledged Eligible Collateral to LCH.Clearnet SA, in order to satisfy a request made in accordance with Article 4.3.2.1(i) of the CDS Clearing Rule Book, the Defaulting Clearing Member must provide LCH.Clearnet SA with its consent to the debit of Client Pledged Eligible Collateral from its Client Pledged Account by Euroclear, pursuant to an

instruction of LCH.Clearnet SA, and credit of the Client Pledged Eligible Collateral to be credited to the LCH Client Securities Account. The Defaulting Clearing Member must evidence its consent by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or [collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) by any other means as specified in a Clearing Notice.

Following the receipt of the consent of the Defaulting Clearing Member, LCH.Clearnet SA will submit instructions via Euroclear Bank. When LCH.Clearnet SA receives the confirmation of settlement from Euroclear Bank or Euroclear France, as applicable, LCH.Clearnet SA shall update the relevant CCM Client Collateral Account(s) of the Defaulting Clearing Member to reflect that such Eligible Collateral has been transferred with full title to LCH.Clearnet SA.

Provided the Defaulting Clearing Member has sent its consent in accordance with this Paragraph 3.16(a), within the timeframe specified by LCH.Clearnet SA pursuant to Article 4.3.2.1(i), the Defaulting Clearing Member shall be treated as having satisfied its obligation to transfer ownership in the Client Pledged Eligible Collateral to LCH.Clearnet SA as required by the CDS Admission Agreement. If, however, the Defaulting Clearing Member has not sent its consent within the timeframe specified by LCH.Clearnet SA pursuant to Article 4.3.2.1(j), LCH.Clearnet SA shall be entitled to enforce the security interest granted to it under, and in accordance with, the Pledge Agreement and, in accordance with the CDS Clearing Rule Book by appropriation of the Defaulting Clearing Member's Client Pledged Eligible Collateral.

(b) Transfer of Eligible Collateral to the Backup Clearing Member

On the day prior to the registration of the Relevant Client Cleared Transactions and the Ported Collateral in the CCM Client Account Structure of the Backup Clearing Member, in accordance with the CDS Client Clearing DMP, LCH.Clearnet SA will update its books and records so that the Eligible Collateral recorded in the LCH Client Securities Account is recorded as Eligible Collateral which has been transferred with full title by the Backup Clearing Member to be recorded in the relevant CCM Client Collateral Account(s) of the Backup Clearing Member.

Once the books and records update has been processed, the relevant Eligible Collateral will form part of the CCM Margin Balance for the relevant CCM Client Margin Account of the Backup Clearing Member to be taken into account for the purposes of the Morning Call on the next following Business Day. If the Backup Clearing Member wishes that such Eligible Collateral be transferred to its relevant Client Pledged Account, it shall follow the process to substitute the Eligible Collateral for Pledged Eligible Collateral as set out in Paragraph 3.10(c) and 3.15(a) of this Section 3.

### 3.17 TRANSFER OF US T-BILLS ON BEHALF OF FCM CLIENTS

- (a) Transfer of Eligible Collateral consisting of US T-Bills on behalf of FCM Clients

On Day ~~minus one~~

If an FCM Clearing Member wishes to transfer Eligible Collateral consisting of US T-Bills to be recorded in its FCM Client Collateral Account for the purpose of substituting such Eligible Collateral for any Collateral recorded in its FCM Client Collateral Account, it shall notify LCH.Clearnet SA of its request to transfer such Eligible Collateral to the LCH Client Depository Account by (i) submitting the relevant form (which is available on the Website) by fax or by email to LCH.Clearnet SA at +33 1 70 37 65 06 or [collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice. The process that an FCM Clearing Member and LCH.Clearnet SA must follow to process the return of substituted Collateral to the FCM Clearing Member is set out in paragraph 3.7(g) (for Euro denominated Cash Collateral), 3.8(h) (for non-Euro denominated Cash Collateral) or 3.8(i) (for USD denominated Cash Collateral), as applicable.

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The FCM Clearing Member must notify LCH.Clearnet SA as set out above by no later than 17:00 CET on ~~a Business Day ("Day minus one")~~ Day in order for the FCM Clearing Member's request to be processed ~~and to enable the transfer to occur on the Business Day ("Day minus one")~~ before 18:00 CET ~~on the same Day~~. It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm the request by 17:00 CET by a phone call to LCH.Clearnet SA's collateral management team on + 33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA.

On Day ~~minus one~~

An FCM Clearing Member must submit instructions (Franco or Sell Free of payment) via BNYM US and LCH.Clearnet SA must submit instructions (Buy free of payment) if an FCM Clearing Member uses Sell free of payment, for matching through BNYM US.

If LCH.Clearnet SA receives the confirmation of settlement from BNYM US before 18:00 CET on Day ~~minus one~~, US T-Bills will be taken into account in the relevant Margin Balance ~~used for the Morning Margin Call on the following Business Day~~.

- ~~(b)~~ Release of Eligible Collateral consisting of US T-Bills on behalf of FCM Clients

On Day

An FCM Clearing Member must notify LCH.Clearnet SA of a request to have US T-Bills released by (i) submitting the relevant form (which is available on the Website) by fax or by email to +33 1 70 37 65 06 or

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numérotation ni puces, Pas de  
paragraphe solitaires

[collateral.ops.fr@lchclearnet.com](mailto:collateral.ops.fr@lchclearnet.com) or (ii) any other means as specified in a Clearing Notice.

The FCM Clearing Member must notify LCH.Clearnet SA as set out above by no later than 17:00 CET on a Business Day ("Day") in order for the FCM Clearing Member's request to be processed and to allow LCH.Clearnet SA to give instructions (in the circumstances described below) to make the transfer to occur on the Business Day ("Day") before 18:00 CET. It is the FCM Clearing Member's responsibility to ensure the due receipt by LCH.Clearnet SA of the relevant notification. Accordingly, the FCM Clearing Member should confirm the request by 17:00 CET by a phone call to LCH.Clearnet SA's collateral management team on +33 1 70 37 66 86/66 37/65 35, although a failure to do so shall not invalidate any request actually received by LCH.Clearnet SA. Any request received by LCH pursuant to this process shall be deemed firm and irrevocable.

#### On Day

By 17:00 CET at the latest, LCH.Clearnet SA will re-calculate the value of US T-Bills to be released (the "**Eligible Collateral Value**") and if:

- 1- LCH.Clearnet SA holds Collateral (other than that which is to be released) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will process the release of the Eligible Collateral consisting of US T-Bills on request of the FCM Clearing Member; or
- 2- LCH.Clearnet SA does not hold sufficient Collateral (other than that which is to be released) to cover the FCM Client Margin Requirement for the relevant FCM Client Margin Account, LCH.Clearnet SA will reject the FCM Clearing Member's request.

LCH.Clearnet SA will send instructions (Sell Free of Payment) submitted via BNYM US and the FCM Clearing Member shall submit instructions (Buy Free of Payment), for matching through BNYM US between 17:00 and 18:00.

LCH.Clearnet SA's instructions via BNYM US shall constitute the release of the relevant US T-Bills.

Such instructions will, in any event, be made on the same Business Day ("Day") at 18:00 CET, i.e. in advance of the BNYM US's cut-off time (except in exceptional circumstances, as determined by LCH.Clearnet SA in an objective and commercially reasonable manner).

### 3.18 CASH PAYMENTS

#### (a) Currencies for Cash Payments

A Clearing Member is required to satisfy the following Cash Payment obligations through TARGET2 in accordance with the following table.

Cash Payment Type	Cash Payment
CDS-related payments (Initial Payment Amount, Fixed Amounts, cash amounts due upon the occurrence of Credit Events and cash amounts due in connection with an MTM change)	Cash in Euro
Variation Margin, Price Alignment Interest	Cash in Euro
Clearing House Adjustments	Cash in Euro
Fees, remuneration	Cash in Euro

#### (b) Timing for Cash Payments

Where a Clearing Member is required to make a Cash Payment its relevant TARGET2 Account(s) (or the relevant cash account(s) of its TARGET2 Payment Agent) will be automatically debited or credited by LCH.Clearnet SA using its Power of Attorney. Such debiting or crediting will occur in accordance with the mandatory time slots set out in Paragraph 3.7(b) above, except when such debiting or crediting relates to Cash Payments made by an FCM Clearing Member in respect of its Client Variation Margin Requirements and which will occur in accordance with the following time slots:

- i) FCM Client VM initial slot: 08:30-09:05 CET (the “**FCM Client VM Initial Slot**”); and
- ii) FCM Client VM first intraday slot: 11:30-12:00 CET (the “**FCM Client VM First Intraday Slot**”).

The Initial Slot and First Intraday Slot are used for the purposes of making Cash Payments (other than those made by an FCM Clearing Member in respect of its Client Variation Margin Requirements as mentioned above).

Once the relevant cash amount has been debited by LCH.Clearnet SA it is immediately available to satisfy the Clearing Member’s Cash Payment obligations.

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LCH.Clearnet SA  
CDS Clearing Procedures  
Section 5 - CDS Clearing Operations  
16 December 2014



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Capitalised terms used in this CDS Clearing Operations Procedure and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation, as such term is defined in the document entitled "CDS Clearing Rule Book" published by LCH.Clearnet SA, as amended from time to time.

## 5.1 THE CDS CLEARING SERVICE

### (a) Membership of Industry Organisations or Systems

Pursuant to Article 2.2.6.1 of the CDS Clearing Rule Book, LCH.Clearnet SA designates:

- (i) the Approved Matching Providers identified in a Clearing Notice; and
- (ii) ISDA, TIW and the Approved Matching Providers,

as the industry organisations of which all Clearing Members must be a member (provided that, with respect to AMP membership, a Clearing Member must be a member of at least one (but is not required to be a member of each identified) Approved Matching Provider). LCH.Clearnet SA may, from time to time, and where it is reasonable for it to do so or is otherwise necessary for a Clearing Member to utilise the CDS Clearing Service, designate other industry organisations or systems, and will issue a Clearing Notice where this is the case.

### (b) Business Days

A "Business Day" is defined in the CDS Clearing Rule Book. It is every day, except days on which TARGET2 is closed, irrespective of public holidays in France or elsewhere.

### (c) Opening Hours

LCH.Clearnet SA is open from 08.00 CET until 19.30 CET on all Business Days. During the Opening Hours the operations team of LCH.Clearnet SA is available. The operations team handles all questions relating to trade management. The customer technical helpdesk is open from 07.00 CET until 22.00 CET for any problem concerning accessing files.

### (d) Clearing Days

A "Clearing Day" is defined in the CDS Clearing Rule Book. It is a day on which the CDS Clearing System is open for business. For the avoidance of doubt, all Clearing Days will be Business Days, but not all Business Days will be Clearing Days.

## 5.2 BACKLOADING TRANSACTIONS

Unless otherwise provided herein, any email required to be sent to LCH.Clearnet SA under this paragraph 5.2 should be sent to the Operations Department at the following email address: [lichclearnetsa\\_do\\_CDS@lichclearnet.com](mailto:lichclearnetsa_do_CDS@lichclearnet.com).

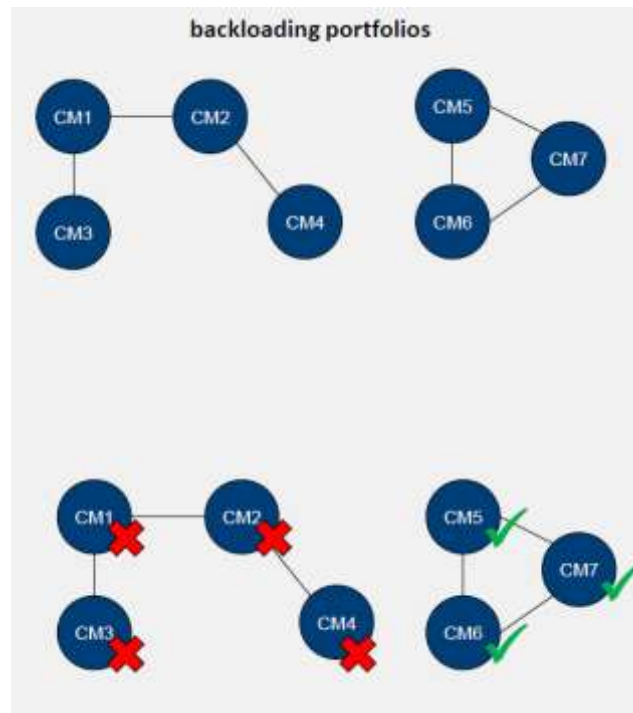
(a) **Backloading Failure**

Pursuant to Article 3.1.3.1 of the CDS Clearing Rule Book, if a Backloading Failure occurs in respect of one or more Clearing Member(s), the following will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle:

- (i) the trade leg of every Backloading Transaction which was due to give rise to the registration of a Cleared Transaction in the Trade Account(s) of the Failed Backloading Clearing Member(s);
- (ii) the corresponding trade leg(s) for each Backloading Transaction mentioned in Paragraph 5.2(a) (i) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Member other than the Failed Backloading Clearing Member(s) (the “**Counterparty Clearing Member(s)**”); and
- (iii) the following Backloading Transactions, which are “linked” to the Backloading Transactions referenced in Paragraph 5.2(a)(i) and (ii) above for the purposes of Article 3.1.3.1 of the CDS Clearing Rule Book, and comprise:
  - (a) the trade legs of any other Backloading Transactions due to give rise to the registration of a Cleared Transaction in any Trade Account of the Counterparty Clearing Member;
  - (b) the corresponding trade legs of each Backloading Transaction mentioned in Paragraph 5.3 (a)(iii)(a) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Members other than the Failed Backloading Clearing Member(s) and the Counterparty Clearing Member(s) (the “**Indirect Counterparty Clearing Member(s)**”).

The provisions of Paragraph 5.3(a)(iii) shall apply *mutatis mutandis* to the Backloading Transactions to which the Indirect Counterparty Clearing Member(s) are party; accordingly, any Backloading Transaction which is “linked” to a Backloading Transaction entered into by an Indirect Counterparty Clearing Member will also be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.

The following diagram illustrates the Backloading Transactions which will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.



In this diagram, Backloading Transactions entered into between seven Clearing Members have been considered:

- CM1 has entered into Backloading Transactions with CM2 and CM3;
- CM2 has entered into Backloading Transactions with CM1 and CM4;
- CM3 has entered into Backloading Transactions with CM1;
- CM4 has entered into Backloading Transactions with CM2; and
- CM5, CM6 and CM7 have entered into Backloading Transactions with each other.

Assuming CM1 is a Failed Backloading Clearing Member, the following Backloading Transactions will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle and shall become Rejected Transactions:

- Backloading Transactions entered into by CM1;
- Backloading Transactions entered into by CM2 and CM3, including any Backloading Transaction which has not been entered into with CM1; and
- Backloading Transactions entered into by CM4 (for the avoidance of doubt, which would also include any Backloading Transaction which was not entered into with CM2 but with other Clearing Members, should it be the case).

Only the Backloading Transactions entered into by CM5, CM6 and CM7 will be novated.

(b) **Weekly Backloading Cycle**

Pursuant to Section 3.1.1 of the CDS Clearing Rule Book, LCH.Clearnet SA operates a Weekly Backloading Cycle in accordance with the timetable set out below. For the avoidance of doubt, only CDS with two House Trade Legs can be submitted for clearing through the Weekly Backloading Cycle.

<b>PROCESSING SCHEDULE OF THE WEEKLY BACKLOADING CYCLE</b>		
<b>No.</b>	<b>Time (all references below are to Continental European Time)</b>	<b>Action</b>
Day 1	Monday (the Weekly Backloading Start Day):  By 02:00	LCH.Clearnet SA receives the Gold Records File from DTCC.
	Monday:  By:09:30	On the basis of the Gold Records File, LCH.Clearnet SA prepares the Clearing Eligibility Report which it makes available to each Clearing Member via any reporting mechanism specified in a Clearing Notice.  The Clearing Eligibility Report contains, in respect of each Clearing Member, the Weekly Backloading Transactions which have successfully passed the Eligibility Controls.
Day 2	Tuesday:  By 17:00	Each Clearing Member shall upload on any means of access specified in a Clearing Notice an updated Clearing Eligibility Report containing only the Weekly Backloading Transactions that such Clearing Member wishes to submit for clearing to LCH.Clearnet SA (the " <b>CM Clearing Eligibility Report</b> "). A Clearing Member may provide an amended CM Clearing Eligibility Report which will replace the previous CM Clearing Eligibility Report upon receipt by LCH.Clearnet SA.  If a Clearing Member does not return any CM Clearing Eligibility Report by 17:00, none of its Weekly Backloading Transactions will be included in the Weekly Backloading Cycle.
Day 3	Wednesday:  By 08:00	LCH.Clearnet SA shall carry out the following actions:  (i) reconcile the CM Clearing Eligibility Reports received from all Clearing Members in order to determine the Weekly Backloading Transactions for which both relevant Clearing Members have designated for clearing in their respective CM Clearing Eligibility Reports. Such matching Weekly Backloading

		<p>Transactions will constitute the Eligible Weekly Backloading Transactions,</p> <p>(ii) reconcile the Eligible Weekly Backloading Transactions with the latest Gold Records File to ensure that such Eligible Weekly Backloading Transactions have not been removed from the TIW,</p> <p>(iii) provide, on the basis of the results of the reconciliations set out in (i) and (ii) above, each Clearing Member with a DTCC Matching and Eligibility Report containing those of their Eligible Weekly Backloading Transactions which have not been removed from the TIW, and</p> <p>(iv) provide each Clearing Member with the Simulation Margin Requirements Result File which is (x) prepared on the basis of the End of Day Contributed Prices provided to LCH.Clearnet SA on Tuesday in accordance with paragraph 5.15 below and (y) contains an estimate of the House Margin Requirement that would be required if the Eligible Weekly Backloading Transactions contained in the DTCC Matching and Eligibility Report were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of such estimate.</p>
Day 3	<p>Wednesday: By 11:00</p>	<p>An Eligible Weekly Backloading Transaction may be removed from the Weekly Backloading Cycle provided that (i) both relevant Clearing Members agree to such removal and (ii) each relevant Clearing Member sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Eligible Weekly Backloading Transaction which should be removed from the Weekly Backloading Cycle.</p>
	<p>Wednesday: By 11:00</p>	<p>If it appears that an error has been made by LCH.Clearnet SA in a DTCC Matching and Eligibility Report and the Eligible Weekly Backloading Transactions included in such report are not the same as the Weekly Backloading Transactions of the relevant Clearing Members (save where there is a discrepancy owing to particular Weekly Backloading Transactions having been removed from the TIW between 19:30 on Tuesday and the issuance of the DTCC Matching and Eligibility Report), the relevant Clearing Member shall notify this error by email to LCH.Clearnet SA.</p>
	<p>Wednesday: By 12:00</p>	<p>If LCH.Clearnet SA confirms that an error has been made in a DTCC Matching and Eligibility Report, the Weekly Backloading Cycle will be cancelled and LCH.Clearnet SA shall inform each Clearing Member of such cancellation by 12:00.</p>
	<p>Wednesday: By 12:00</p>	<p>LCH.Clearnet SA will confirm to each Clearing Member whether the Weekly Backloading Cycle will proceed or not. Upon such confirmation, all Eligible Weekly Backloading Transactions (excluding any Weekly Backloading Transactions that have become Rejected Transactions) shall become Irrevocable Weekly</p>

		Backloading Transactions.
Day 4	Thursday: (the Weekly Backloading Novation Day)  02:00 – 04:00	Irrevocable Weekly Backloading Transactions will be pre-registered in the House Account Structure of each relevant Clearing Member save:  (i) Irrevocable Weekly Backloading Transactions which have been removed from the TIW, if any, and/or  (ii) Irrevocable Weekly Backloading Transactions which no longer meet all the Eligibility Requirements, if any.  Where an Irrevocable Weekly Backloading Transaction is not pre-registered in a Clearing Member's House Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Weekly Backloading Transaction shall become a Rejected Transaction.
	Thursday: (the Weekly Backloading Novation Day)  As soon as technologically practicable after the Morning Call	Novation of the pre-registered Irrevocable Weekly Backloading Transactions which have not become Rejected Transactions will be undertaken by LCH.Clearnet SA.

(c) **Daily Backloading Cycle**

Pursuant to Section 3.1.2 of the CDS Clearing Rule Book, LCH.Clearnet operates the Daily Backloading Cycle in accordance with the timetable set out below. For the avoidance of doubt, CDS having either House Trade Legs or Client Trade Legs can be submitted for clearing through the Daily Backloading Cycle.

<b>PROCESSING SCHEDULE OF THE DAILY BACKLOADING PROCESS</b>		
<b>No.</b>	<b>Time</b> (all references below are to Continental European Time)	<b>Action</b>
Day 1	On any Business Day	Upon receipt of Original Transaction Data relating to a Daily Backloading Transaction from an Approved Matching Provider,

	(D): During the Real Time Session	LCH.Clearnet SA will, in the following order, perform:  (i) the Eligibility Controls, and  (ii) in respect of Client Backloading Transactions only, the Client Transaction Checks (i.e. the process to ensure that each Nominated Clearing Member has consented to the registration of the relevant Client Trade Leg(s), in the relevant Client Trade Account(s)).
	D By 19:30	(i) If a Daily Backloading Transaction does not satisfy the Eligibility Controls, or  (ii) in respect of a Client Backloading Transactions only, if either Nominated Clearing Member rejects, or fails to respond to, a Consent Request (as defined in paragraph 5.3(a) below) by 19:30,  the relevant Daily Backloading Transaction will become a Rejected Transaction and LCH.Clearnet SA will inform the relevant Approved Matching Provider and each relevant Clearing Member.
	D Until 19:30	A Daily Backloading Transaction, which has successfully passed the Eligibility Controls and the Client Transaction Checks (if applicable), can be removed at any time prior to 19:30 from the Daily Backloading Cycle, provided that each of the relevant Clearing Members agrees to such removal and sends an email to LCH.Clearnet SA which specifies the Transaction Data of the Daily Backloading Transaction which should be removed from the Daily Backloading Cycle.
	D By 19:30	All Daily Backloading Transactions which:  (i) have successfully passed the Eligibility Controls and Client Transaction Checks (if applicable), and  (ii) have not been removed from the relevant Daily Backloading Cycle by 19:30 by the relevant Clearing Members,  will become Irrevocable Daily Backloading Transactions.
Day 2	D+1 (provided that it is a Clearing Day):  02:00 – 04:00	Irrevocable Daily Backloading Transactions will be pre-registered in the relevant Client Account Structures of each Clearing Member save:  (i) Irrevocable Daily Backloading Transactions which have been removed from the TIW (where LCH.Clearnet SA is able to ascertain such fact), if any, and/or  (ii) Irrevocable Daily Backloading Transactions which no longer meet all the Eligibility Requirements, if any.  It is anticipated that LCH.Clearnet SA will be able to ascertain the fact mentioned in (i) above only in respect of House Trade Legs because it is unlikely that Clients will authorise DTCC to provide LCH.Clearnet

		SA with the details of their entire CDS portfolio.  Where an Irrevocable Daily Backloading Transaction is not pre-registered in a Clearing Member's Client Account Structure in accordance with this Section 5 of the Procedures, such Irrevocable Daily Backloading Transaction shall become a Rejected Transaction.
	D+1 (provided that it is a Clearing Day):  As soon as technologically practicable after the Morning Call	Novation of the pre-registered Irrevocable Daily Backloading Transactions which have not become Rejected Transactions shall be undertaken by LCH.Clearnet SA.

### 5.3 CLEARING OF CLIENT TRADE LEGS

#### (a) The Client Transaction Checks

Upon successful completion of the Eligibility Controls of:

- (i) an Intraday Transaction comprising one or more Client Trade Leg(s), or
- (ii) a Client Backloading Transaction,

LCH.Clearnet SA will request the consent (the "**Consent Request**") of the Nominated Clearing Member(s) by carrying out the following process:

- (i) If such Intraday Transaction or Client Backloading Transaction has two Client Trade Legs and the relevant Clients do not have the same Nominated Clearing Member: LCH.Clearnet SA will send a Consent Request to each Nominated Clearing Member.
- (ii) If such Intraday Transaction or Client Backloading Transaction has two Client Trade Legs and the relevant Clients have the same Nominated Clearing Member, LCH.Clearnet SA will send two separate Consent Requests, in relation to the relevant Intraday Transaction or Client Backloading Transaction, to such Nominated Clearing Member.
- (iii) If such Intraday Transaction or Client Backloading Transaction has only one Client Trade Leg, LCH.Clearnet SA will send (x) a Consent Request to the Nominated Clearing Member and (y) an automated message to the Clearing Member holding the House Trade Leg confirming the submission for clearing to LCH.Clearnet SA of such Intraday Transaction or Client Backloading Transaction.

A Consent Request shall be processed in accordance with either paragraph 5.3(a) or paragraph 5.3(b).



(b) **Intraday Transactions and Client Backloading Transactions – Automatic Clearing Member take-up process**

Each Clearing Member may, in respect of each of its Clients, configure the CDS Clearing System so that Intraday Transactions and/or Client Backloading Transactions:

- (i) which are entered into by any such Clients, and
- (ii) in respect of which it is a Nominated Clearing Member,

are deemed to be automatically accepted for clearing upon the sending of the relevant Consent Request(s) to such Nominated Clearing Member (the “**Automatic Take-up Process**”). For the avoidance of doubt, such Nominated Clearing Member shall not be requested to respond to the relevant Consent Request(s).

(c) **Intraday Transactions and Client Backloading Transactions – Manual Clearing Member take-up process**

For each Client in respect of which no Automatic Take-up Process has been set up by its Clearing Member:

- (i) LCH.Clearnet SA shall send a Consent Request to such Clearing Member, acting in its capacity as Nominated Clearing Member, for each Intraday Transaction or Client Backloading Transaction entered into by such Client; and
- (ii) the relevant Nominated Clearing Member must accept or reject such Consent Request (the “**Manual Take-up Process**”). If the relevant Nominated Clearing Member has not responded to such Consent Request by the End of Real Time on the relevant Clearing Day, the Nominated Clearing Member will be deemed to have rejected the Consent Request and the related Intraday Transaction or Client Backloading Transaction will become a Rejected Transaction.

(d) **Intraday Transactions and Client Backloading Transactions - Notifications**

Following the Automatic Take-up Process or the Manual Take-up Process, LCH.Clearnet SA will notify the relevant Approved Matching Provider and Clearing Member(s) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted for clearing.

(e) **Indirect clearing**

When a CCM Individual Segregated Account Client providing indirect clearing services to CCM Indirect Clients submits a Client Trade Leg of a CDS for the account of a CCM Indirect Client for clearing by LCH.Clearnet SA via an Approved Matching Provider, that CCM Individual Segregated Account Client will indicate the specific trading code allowing for the proper identification of Client Trade Legs submitted for all its CCM Indirect Clients. LCH.Clearnet SA will then use that specific trading code, together with the Original Transaction Data, received from the Approved Matching Provider to determine whether such Client Trade Leg shall be registered in the relevant CCM Indirect Client Segregated Account Structure or CCM Direct Client Segregated Account Structure.

## 5.4 CDS CLEARING MEMBER REPORTING

### (a) Means of access and reporting mechanisms

LCH.Clearnet SA will ensure that all CDS Clearing System reports and files are accessible by Clearing Members through any means of access or reporting mechanism specified in a Clearing Notice.

### (b) Clearlink gateway

Messages relating to the acceptance or rejection of Consent Requests, the novation and registration of Original Transactions and the various reports related to Cleared Transactions will be sent and received by LCH.Clearnet SA, the Clearing Members, the Approved Matching Providers using the ClearLink gateway.

## 5.5 TRADE COMPRESSION

LCH.Clearnet SA will provide trade compression services to Clearing Members on an ad hoc and on an automatic basis to allow Clearing Members to reduce the number of Cleared Transactions they hold in their House Trade Account and in each of their Client Trade Accounts. This allows, among other things, Clearing Members to reduce the administration associated with their portfolio of Cleared Transactions. For the avoidance of doubt, LCH.Clearnet SA will provide trade compression to Clearing Members on both an ad hoc and automatic basis on any Clearing Day.

Each Clearing Member may elect to compress any or all of its Cleared Transactions in any of its Trade Accounts provided that:

- (i) such Cleared Transactions are of the same CDS Type, and
- (ii) the Initial Payment Amounts relating to such Cleared Transactions have been settled.

The Fixed Rate Payer Calculation Amount for the new Cleared Transaction will be the absolute value of the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer less the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is greater than the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then the Clearing Member will be the CDS Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the CDS Seller on the resultant Cleared Transaction.

If the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is equal to the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then no resultant trade is booked.

For the avoidance of doubt, compression only affects Cleared Transactions held in the Trade Account and has no effect on the net position held in the Margin Account. Furthermore, compression has no effect on the risk calculation which is based on the net position held in the Margin Account.

(a) **Ad-hoc compression**

A Clearing Member may request ad-hoc compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book by up-loading an Ad-Hoc Compression Order File. The Ad-Hoc Compression Order File lists the Cleared Transactions that are to be compressed and also defines the resulting Cleared Transaction. The Ad-Hoc Compression Order File should be up-loaded by the Clearing Member on any means of access specified in a Clearing Notice.

Clearing Members may only request ad-hoc compression in relation to Index Cleared Transactions and/or Single Name Cleared Transactions which have already been registered in the TIW, in accordance with Article 3.3.1.1(i) of the CDS Clearing Rule Book.

The Ad-Hoc Compression Order File must be received by LCH.Clearnet SA on any Clearing Day through any means of access specified in a Clearing Notice between 09.15 CET and 19.00 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH.Clearnet SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH.Clearnet SA will publish such Cleared Trades Report and Compression Results File via any reporting mechanism specified in a Clearing Notice as soon as practicable on the same Clearing Day as such Clearing Member's request for compression and following the implementation of such Clearing Member's request for compression. Where LCH.Clearnet SA receives such request after 19:00 CET, such request shall be deemed to not have been up-loaded and shall be of no effect.

As a contingency solution in case of disruption of any means of access or reporting mechanism specified in a Clearing Notice, the Clearing Member should send the request to the Operations Department by email ([lchclearnetsa\\_do\\_CDS@lchclearnet.com](mailto:lchclearnetsa_do_CDS@lchclearnet.com)) by 17:00 CET. Where LCH.Clearnet SA receives such contingency request by 17:00 CET the request will be processed and the related Cleared Transactions will be compressed on the same day (day "D"). Where LCH.Clearnet SA receives such contingency request after 17:00 CET, LCH.Clearnet SA may, in its sole discretion, process such request and compress the related Cleared Transactions on the same day (day "D") provided that if LCH.Clearnet SA does not, in its sole discretion, process such a request and compress the related Cleared Transactions on the same day, LCH.Clearnet SA will process such request and the related Cleared Transaction will be compressed on the next Clearing Day (day "D+1") unless the relevant Clearing Member instructs the Operations Department to withdraw such request.

A Clearing Member may request ad hoc compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book and this paragraph 5.5(a) in respect of Cleared Transactions notwithstanding that such Clearing Member has also requested automatic compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book and paragraph 5.5(b) below.

(b) **Automatic Compression**

Automatic Compression as described under this paragraph 5.5(b) can be set up by a Clearing Member in respect of:

- (i) Cleared Transactions which have been novated as part of the Daily Backloading Cycle and/or Weekly Backloading Cycle but have not been yet registered in the

TIW; such Cleared Transactions may be compressed either with:(x) other Cleared Transactions which have been novated as part of the same Daily Backloading Cycle or Weekly Backloading Cycle, as applicable, and/or (y) other Cleared Transactions which have been already registered in the TIW (each a "**Backloading Compression**"); and/or

- (ii) Cleared Transactions which are already registered in the TIW.

A Clearing Member may configure the CDS Clearing System to perform automatic compression in respect of any Trade Account in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book. Such a configuration allows the relevant Clearing Member to make the following elections:

- (i) whether the automatic trade compression is processed at the level of (x) the relevant Trade Account or (y) different desks within the same Trade Account,
- (ii) in respect of an automatic compression (other than a Backloading Compression), whether it shall occur on a daily or weekly basis, and
- (iii) whether a list of desks shall be excluded for the purposes of automatic trade compression.

A Clearing Member may request LCH.Clearnet SA to change its previous election in respect of automatic compression through submitting a request via any means of access specified in a Clearing Notice at any time. Where LCH.Clearnet SA receives such a request by 19:00 CET via any means of access specified in a Clearing Notice on a Clearing Day (day "D"), the election will be effective from and including the following Clearing Day (day "D+1") unless and until a further request is made. Where LCH.Clearnet SA receives a request after 19:00 CET via any means of access specified in a Clearing Notice, such request will be effective from and including the second following Clearing Day (day "D+2") unless and until a further request is made.

Compression (other than a Backloading Compression) on a daily basis is performed on each Clearing Day as part of the morning batch process before 09.15 CET and after the registration in TIW has occurred.

Compression (other than a Backloading Compression) on a weekly basis is performed as part of the morning batch process before 09.15 CET on Wednesdays (or, if such Wednesday is not a Clearing Day, the next following Wednesday that is a Clearing Day) and after the registration in TIW has occurred.

Backloading Compression is performed as part of the Daily and/or Weekly Backloading Cycle and in any case before the registration in TIW has occurred.

(c) **Restructuring Credit Event**

Upon the occurrence of a Restructuring Credit Event relating to a Single Name Cleared Transaction, LCH.Clearnet SA will compress such Single Name Cleared Transaction resulting in a single position for a Trade Account, on the day determined by the industry for such purposes. If no automatic compression rules have been specified, then compression will be made per desk in respect of each Trade Account.

(d) **Registration of Single Names Cleared Transaction**

Single Name Cleared Transactions resulting from any compression as described under this paragraph 5.5 will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.6 **PRE-DEFAULT PORTABILITY**

In certain circumstances, LCH.Clearnet SA will transfer Client Cleared Transactions from a Carrying Clearing Member to a Receiving Clearing Member, pursuant to Title V Chapter 3 and Title VI Chapter 3 of the CDS Clearing Rule Book. Any actions required to be taken by a Clearing Member or LCH.Clearnet SA, in order to effect such transfer of Client Cleared Transactions, shall be effected in accordance with the timetable set out in paragraph 5.6 (d) of these Procedures. In the event that the relevant timing and notice requirements are not complied with, unless agreed otherwise between LCH.Clearnet SA and the relevant Clearing Members, the relevant transfer shall not take effect.

(a) **Partial Transfers**

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.3.1 of the CDS Clearing Rule Book, to receive a transfer of:
- (x) a portion of the portfolio of Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client; and/or
- (y) a portion of the portfolio of the Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client

held with a Carrying Clearing Member;

- (ii) Article 5.3.3.2 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for an Omnibus Client Set; or
- (iii) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

it shall provide LCH.Clearnet SA with a Client Partial Transfer Form (see Appendix 1), signed by or on behalf of the relevant Client(s). Such form shall list all of the Client Cleared Transactions that are to be transferred to it pursuant to these Procedures. Following receipt of a Client Partial Transfer Form, LCH.Clearnet SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions. In the event that any of the conditions set forth in Article 5.3.3.1, Article 5.3.3.2 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain of the conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new Client Partial Transfer Form in accordance with these Procedures.

(b) **Full Transfer**

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of:
  - (x) the Client Cleared Transactions registered in the CCM Direct Segregated Account Structure of a CCM Individual Segregated Account Client Individual Segregated Account Client; and/or
  - (y) Client Cleared Transactions registered in the CCM Indirect Client Segregated Account Structure of that CCM Individual Segregated Account Client registered in the CCM Client Trade Account(s) of the relevant CCM Individual Segregated Account Structure of a Carrying Clearing Member;
- (ii) Article 5.3.2.2 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of the CCM Omnibus Segregated Account Clients within a CCM Omnibus Client Set of a Carrying Clearing Member; or
- (iii) Article 6.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of all the Client Cleared Transactions registered in the FCM Client Trade Account of an FCM Client;

such Receiving Clearing Member shall provide LCH.Clearnet SA with a Client Full Transfer Form (see Appendix 2), in respect of (and signed by or on behalf of) each Client on behalf of whom the relevant transfer would be made. Each such form shall confirm that all Client Cleared Transactions registered in the Client Trade Account(s) shall be transferred pursuant to these Procedures.

Where a Receiving Clearing Member submits a Client Full Transfer Form, it must confirm whether or not the Client(s) also wishes to transfer Client Assets. Following receipt of a Client Full Transfer Form, LCH.Clearnet SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2 or Article 6.3.2.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied, using the Carrying Member Response Form (see Appendix 3), LCH.Clearnet SA shall not proceed with the transfer of the Client Cleared Transactions or the transfer of Client Assets (where applicable) and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of the Client Cleared Transactions, it shall be required to submit a new Client Full Transfer Form or a new Client Partial Transfer Form (see Appendix 1) in accordance with these Procedures.

Once a Carrying Clearing Member has been informed that a Client Full Transfer Form has been received, the Carrying Clearing Member shall not be permitted to submit additional Original Transactions, having Client Trade Leg(s) attributable to the relevant Client(s), for clearing. Such restriction will apply for the period commencing at the End of Real Time on the Business Day on which the relevant Clearing Member receives such notice from LCH.Clearnet SA and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected, fails or is rejected in accordance with Section 5.3.2 or Section 6.3.2, as applicable, of the CDS Clearing Rule Book and these Procedures.

**(c) Transfer of Client Assets**

Where a Receiving Clearing Member notifies LCH.Clearnet SA that a Client wishes to transfer Client Assets from the Carrying Clearing Member to the Receiving Clearing Member, LCH.Clearnet SA shall notify the Carrying Clearing Member of such request.

With respect to the transfer of a CCM Individual Segregated Account Client, in accordance with Article 5.3.2.1 of the CDS Clearing Rule Book, or a CCM Omnibus Client Set, in accordance with Article 5.3.2.2, LCH.Clearnet SA will provide details of the relevant Client Assets to the Receiving Clearing Member and give the Receiving Clearing Member opportunity to reject a transfer of some or all of the Client Assets in accordance with the timetable below.

With respect to the transfer of an FCM Client, in accordance with Article 6.3.2.1 of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH.Clearnet SA, using the Carrying Member Response Form (see Appendix 3) which Client Assets are attributable to the FCM Client and the Client Cleared Transactions. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, LCH.Clearnet SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's Client Financial Account. LCH.Clearnet SA shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Client Assets that will be transferred in accordance with the timetable below. Following receipt of such notification by LCH.Clearnet SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Client Assets in accordance with Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Articles 5.3.3.1 or Article 5.3.3.2 of the CDS Clearing Rule Book, as applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH.Clearnet SA that certain conditions have not been satisfied using the Carrying Member Response Form (see Appendix 3), such that the Client Cleared Transactions will not be transferred, LCH.Clearnet SA shall not proceed with the transfer of the relevant Client Assets.

In the event that LCH.Clearnet SA transfers Client Assets pursuant to these Procedures and the CDS Clearing Rule Book, it will also transfer the aggregate Variation Margin and next day settlement coupons and fees associated with the transferring Client Cleared Transactions.

**(d) Timetable for Client Transfers**

<b>No.</b>	<b>Time</b> (all references below are to Continental European Time)	<b><u>Partial Transfer</u></b>	<b><u>Full Transfer (with Collateral)</u></b>	<b><u>Full Transfer (without Collateral)</u></b>

<b>No.</b>	<b>Time</b> (all references below are to Continental European Time)	<b><u>Partial Transfer</u></b>	<b><u>Full Transfer (with Collateral)</u></b>	<b><u>Full Transfer (without Collateral)</u></b>
1	Day 0: 17:00	Deadline for receipt from Receiving Clearing Member of Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form and confirmation that the Client(s) wish Client Assets to be transferred.	Deadline for receipt from Receiving Clearing Member of Client Full Transfer Form.
2	Day 0: 19:00	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Partial Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.	Deadline for LCH.Clearnet SA to notify Carrying Clearing Member of receipt by LCH.Clearnet SA of Client Full Transfer Form.
3	Day 1: 10:00	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision by LCH.Clearnet SA of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.	Deadline for: (i) notification by LCH.Clearnet SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH.Clearnet SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred.
4	Day 2: 12:00	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.3.1(vi) or Article 5.3.3.2(v) of the CDS Clearing Rule Book).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii) or Article 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable)).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vii) or 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable)).
5	Day 2: 12:00 (For transfer of FCM Clients only)	N/A	Deadline for confirmation from Carrying Clearing	N/A



<b>No.</b>	<b>Time</b> (all references below are to Continental European Time)	<b><u>Partial Transfer</u></b>	<b><u>Full Transfer (with Collateral)</u></b>	<b><u>Full Transfer (without Collateral)</u></b>
			Member of the Client Assets which are available to be transferred to the Receiving Clearing Member.	
6	Day 2: 12:00 to 14:00	N/A	LCH.Clearnet SA notifies the Receiving Clearing Member of the Client Assets that would be transferred.	N/A
7	Day 2: 17:00	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions and notification of the rejection (if applicable) of some or all of the relevant Client Assets from the Receiving Clearing Member.	Deadline for receipt by LCH.Clearnet SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.
8	Day 2: By 24:00	N/A	Deadline for LCH.Clearnet SA to instruct Euroclear to transfer some or all of the relevant Client Assets from the Client Pledged Securities Account of the Carrying Clearing Member (in accordance with Section 3 of the Procedures).	N/A
9	Day 3: 08:00	Target deadline for notification by LCH.Clearnet SA to the Carrying Clearing Member and/or the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied effect the transfer.	Target deadline for notification by LCH.Clearnet SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied to effect the transfer.	Target deadline for notification by LCH.Clearnet SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement is required to be satisfied to effect the transfer.
10	Day 3: 08:30 - 09:00 Or in the case of an FCM Clearing Member (for the	The Carrying Clearing Member and/or the Receiving Clearing Member must satisfy the	The Receiving Clearing Member must satisfy the Margin Requirements during	The Receiving Clearing Member must satisfy the Margin Requirements

<b>No.</b>	<b>Time</b> (all references below are to Continental European Time)	<b>Partial Transfer</b>	<b>Full Transfer (with Collateral)</b>	<b>Full Transfer (without Collateral)</b>
	purposes of Cash Payments): 09.00 – 09.05	Margin Requirements during the Morning Call to effect the transfer.	the Morning Call to effect the transfer.	during the Morning Call to effect the transfer.
11	Day 3: 09:05	LCH.Clearnet SA transfers the Client Cleared Transactions to the Receiving Clearing Member.	LCH.Clearnet SA transfers the Client Cleared Transactions and (if applicable) some or all of the Client Assets to the Receiving Clearing Member.	LCH.Clearnet SA transfers the Client Cleared Transactions to the Receiving Clearing Member.

## 5.7 EARLY TERMINATION

A transfer pursuant to Article 5.4.1.1, Article 5.4.1.2 or Article 5.4.1.3 of the CDS Clearing Rule Book will be subject to the receipt by LCH.Clearnet SA of the following:

- (i) a copy of the notice from the relevant CCM to the relevant CCM Client or from the relevant CCM Client to the relevant CCM designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event having occurred; and
- (ii) a copy of a notice served by the relevant CCM on the relevant CCM Client alerting that CCM Client of its intention to request LCH.Clearnet SA to transfer the relevant Client Cleared Transactions.

Subject to the receipt of the documents listed in paragraphs 5.7 (i) to (ii) above, LCH.Clearnet SA will arrange a transfer of the relevant Client Cleared Transactions as soon as reasonably practicable (and usually within 24 hours of receipt of the documents).

## 5.8 UPDATING THE TRADE INFORMATION WAREHOUSE

### (a) Process

LCH.Clearnet SA will ensure that all Cleared Transactions are stored in the CDS Clearing System and replicated in the TIW.

There are two operations involved in the TIW update process, one or both of which will be relevant depending on the event leading to the update:

- the termination of old trades; and
- the creation of new trades.

The following events will require trades in the TIW to be updated by LCH.Clearnet SA:

- Novation of a Backloading Transaction:
  - Termination of the Backloading Transaction where the upfront amount has been paid;
  - Exit of the Backloading Transaction where the upfront amount has not been paid; and
  - Creation of Cleared Transactions
- Novation of an Intraday Transaction:
  - Creation of Cleared Transactions
- Trade Compression:
  - Termination of Cleared Transactions to be compressed, if applicable
  - Creation of compressed Cleared Transactions, if applicable
- Creation of Restructuring Cleared Transactions
  - Termination, if necessary, of Initial Single Name Cleared Transactions
  - Creation of the Restructuring Cleared Transactions
- Re-couponsing of the Cleared Transactions
  - Termination of Cleared Transactions affected by the re-couponsing
  - Creation of Cleared Transactions resulting from the re-couponsing
- Completion of Physical Settlement following a Credit Event
  - Termination of Cleared Transactions

LCH.Clearnet SA will make all relevant registrations in a timely fashion subject to receiving valid data from the relevant Clearing Members and DTCC being active and ensure that the registration is accurate and correct based on the information available to it.

In respect of sub-paragraphs (a) and (b) below, neither LCH.Clearnet SA nor a Clearing Member shall:

- (i) actively do anything that alters the trade confirmation or will prevent DTCC correctly calculating payments; or
- (ii) make any changes to trades in the TIW which prevent the automated DTCC process being correctly executed on that trade unless authorised by LCH.Clearnet SA. For the avoidance of doubt, the failure by a Clearing Member to match a trade in the TIW will not affect the validity and enforceability of the Cleared Transactions registered within the CDS Clearing System and the related obligations of the relevant Clearing Member.

**(b) Cleared Transactions**

In accordance with Article 2.2.1.1 (xix)(b) and Article 3.1.10.1 of the CDS Clearing Rule Book each Clearing Member authorises LCH.Clearnet SA to submit Cleared Transactions created in respect of Intraday Transactions to the TIW on the Clearing Member's behalf.

For all Cleared Transactions, LCH.Clearnet SA will book both trade legs in the TIW.

LCH.Clearnet SA will make all relevant registrations in a timely fashion subject to receiving valid data from the relevant Clearing Members and DTCC being active and ensure that the registration is accurate and correct based on the information available to it.

After a Cleared Transaction is booked in the TIW, the Clearing Member which is a party to such Cleared Transaction may modify the Trade Reference Identifier or workflow data (to the exclusion, for the avoidance of doubt, of any Transaction Data) registered in the TIW. LCH.Clearnet SA will ensure its own records are consistent with such modifications as soon as it receives the relevant TIW notification of such modifications.

**(c) Deemed Submission Authority**

A Clearing Member is deemed to have authorised LCH.Clearnet SA to book a trade on behalf of the Clearing Member in accordance with Section 3.1.10 of the CDS Clearing Rule Book and LCH.Clearnet SA will make all relevant registrations in a timely fashion, subject to receiving valid data from the relevant Clearing Members and DTCC being active, and ensure that the registration is accurate and correct based on the information available to it.

**(d) TRIRename function**

After a Clearing Member modifies its Trade Reference Identifier in respect of a Cleared Transaction in the TIW, the TRIRename function will allow the CDS Clearing System to be automatically updated with the new Trade Reference Identifier.

**5.9 REGISTRATION OF SINGLE NAME CLEARED TRANSACTIONS**

Single Name Cleared Transactions will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

**5.10 DIFFERENCES IN RECORDS**

Any differences noticed by Clearing Members between the record held by the CDS Clearing System and the TIW should be reported to LCH.Clearnet SA as soon as reasonably practicable.

To the extent that the terms of a Cleared Transaction either in the TIW or in the relevant report provided to the Clearing Member do not reflect, subject to and in accordance with the provisions of the CDS Clearing Rules and the CDS Clearing Supplement Documents, the Original Transaction that was submitted or the terms of the Restructuring Cleared Transaction, LCH.Clearnet SA will amend the records and/or reissue the relevant report, as applicable, to correct the differences as appropriate, to the extent it is authorised to do so.

### 5.11 NOTIFICATION OF REGISTRATION

Following registration of the Cleared Transactions reflecting an Original Transaction, the CDS Clearing System will publish the confirmation of novation via the Cleared Trade Report available through any reporting mechanism specified in a Clearing Notice. Details of Cleared Transactions are also available through any reporting mechanism specified in a Clearing Notice. Confirmation of novation will also be reported through the relevant Approved Matching Provider, if it has such functionality.

### 5.12 HEDGING TRANSACTIONS

LCH.Clearnet SA may enter into a CDS with a Clearing Member for hedging purposes (a "Hedging Transaction") pursuant to Clause 2.1.1 of the CDS Default Management Process. A Hedging Transaction will be executed as an OTC transaction by a Clearing Member on day D and will be cleared in the same manner as a Daily Backloading Transaction on D+1 save that it will be between LCH.Clearnet SA and a Clearing Member.

### 5.13 REVERSING OF TRADES

Where Clearing Members identify an Original Transaction that they have both cleared in error they may reverse the transaction by submitting an equal but opposite transaction via an AMP to LCH.Clearnet SA for clearing and then using compression pursuant to paragraph 5.5 of these Procedures. In such instances, for the avoidance of doubt the Clearing Members shall be solely responsible for entering into any bilateral transaction necessary to reverse the Original Transaction that was cleared in error.

### 5.14 MAXIMUM NOTIONAL AMOUNT

[This section is not used.]

### 5.15 RECOUPONING

In accordance with the CDS Clearing Supplement, LCH.Clearnet SA may, with the prior consent of all relevant Clearing Members, perform a re-couponing on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice is not delivered during the relevant CEN Triggering Period if the Fixed Rate of such Restructuring Cleared Transaction is not an Eligible Fixed Rate.

In the case of a re-couponing, the Restructuring Cleared Transaction will be terminated and replaced by two new Cleared Transactions: the "First Resulting Transaction" and the "Second Resulting Transaction".

The terms of the resulting Cleared Transactions will be identical to those of the Restructuring Cleared Transaction except that:

the Fixed Rate applicable for the First Resulting Transaction ("C1") will be the highest Eligible Fixed Rate that is inferior to the Fixed Rate of the Restructuring Cleared Transaction ("C");

the Fixed Rate applicable for the Second Resulting Transaction ("C2") will be the lowest Eligible Fixed Rate that is superior to the Fixed Rate of the Restructuring Cleared Transaction ("C");

The Floating Rate Payer Calculation Amount of the First Resulting Transaction ("N1") will be calculated as per below:

$$N1 = N \times \frac{(C - C2)}{(C1 - C2)}$$

Where N is the Floating Rate Payer Calculation Amount of the Restructuring Cleared Transaction.

The Floating Rate Payer Calculation Amount of the Second Resulting Transaction ("N2") will be calculated as per below:

$$N2 = N \times \frac{(C - C1)}{(C2 - C1)}$$

Where N is the Floating Rate Payer Calculation Amount of the Restructuring Cleared Transaction.

The Trade Date for the First Resulting Transaction and the Second Resulting Transaction will be the date on which the re-couponsing is performed;

The Transaction Type for the First Resulting Transaction and the Second Resulting Transaction will be Standard European Corporate.

Single Name Cleared Transactions resulting from a re-couponsing will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

## 5.16 REPORTS

The reports set out at paragraph 5.16(a)-(e) will be made available by LCH.Clearnet SA to Clearing Members on each Business Day at the times specified in paragraph 5.16(a)-(e).

The reports set out at paragraph 5.16(f) will be made available by LCH.Clearnet SA to Clearing Members on a monthly basis, on the dates and at the times specified in Section 5.16(f).

The reports set out at paragraph 5.16 (g) and (h) will be made available by LCH.Clearnet SA to Clearing Members on an ad hoc basis.

### (a) Backloading Transaction Reports

#### (i) Trade management reports

##### (A) Clearing Eligibility Report

"Clearing Eligibility Report " means the report described in this paragraph.

Description: sets out:

- the Gold Records received overnight by LCH.Clearnet SA from DTCC;

- details of the Gold Records which have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.2 of the CDS Clearing Rule Book.

Timing: published by LCH.Clearnet SA by 09:30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Clearing Eligibility Report will be published.

(B) **DTCC Matching and Eligibility Report**

**"DTCC Matching and Eligibility Report"** means the report described in this paragraph.

Description: sets out:

- the Gold Records of the Eligible Weekly Backloading Transactions and Irrevocable Weekly Backloading Transactions which have not been removed from the TIW; and
- the Gold Records of the Eligible Weekly Backloading Transactions and Irrevocable Weekly Backloading Transactions which have been removed from the TIW.

Timing: published by LCH.Clearnet SA between 02:00 and 04:00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant DTCC Matching and Eligibility Report will be published.

(C) **Simulation DTCC Matching and Eligibility Report**

**"Simulation DTCC Matching and Eligibility Report"** means the report described in this paragraph.

Description: sets out:

- the Gold Records of the Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) which have not been removed from the TIW; and
- the Gold Records of the Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) which have been removed from the TIW.

Timing: published by LCH.Clearnet SA between 02.00 CET and 04.00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Simulation DTCC Matching and Eligibility Report will be published.

(D) **Simulation Margin Requirements Result File**

Description: sets out the detailed components of the estimated calculation relating to the Margin Requirements that would be required to be posted if the relevant Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of the estimate.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Simulation Margin Requirements Result File will be published.

(E) **Bilateral Trades Report**

"**Bilateral Trades Report**" means the report described in this paragraph.

Description: contains all Original Transactions for the current Business Day including details of those that have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.3, Article 3.1.2.2 or Article 3.1.2.3 of the CDS Clearing Rule Book.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Bilateral Trades Report will be published but will not contain any data.

(F) **Cleared Trades Report**

"**Cleared Trades Report**" means the report described in this paragraph.

Description: this report will contain the private data relating to the Cleared Transactions of each individual Clearing Member in the CDS Clearing System, including:

- the financial value of each Cleared Transaction as at the date and time of publication of such Cleared Trades Report;
- the clearing time stamp confirming the time at which a Cleared Transaction is registered in the Trade Account of the relevant Clearing Member; and



- the total stock of Cleared Transactions relating to the relevant Clearing Member as at the date and time of publication of such Cleared Trades Report.

Timing: published by LCH.Clearnet SA by no later than 09.30 CET on each Business Day. For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Cleared Trades Report will be published.

(G) **TIW Operations File**

"**TIW Operations File**" means the file described in this paragraph.

Description: sets out, for each Clearing Member, the Original Transactions novated and the Cleared Transactions created as a result of compression since the previous TIW Operations File was generated.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day,.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant TIW Operations File will be published.

(H) **Clearing Member Restructuring Pair File**

"**Clearing Member Restructuring Pair File**" means the file described in this paragraph.

Description: in respect of a DC Credit Event Announcement relating to a Restructuring Credit Event, this file will provide Clearing Members with details of the relevant Restructuring Matched Pairs created in accordance with the CDS Clearing Supplement.

LCH.Clearnet SA will generate a file per Clearing Member on each Business Day, but these files will not contain any data unless a DC Credit Event Announcement relating to a Restructuring Credit Event occurs at any time, in which case, from (and including) the date when any relevant Restructuring Matched Pairs are created to (and including) the relevant movement option end date, the files will contain details of the relevant Matched Buyer and Matched Seller comprised within each relevant Restructuring Matched Pair including the identity of the other Clearing Member and the associated Restructuring Matched Pair Amounts.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day..

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Clearing Member Restructuring Pair File will be published.

(I) **Event Managements Reports**

**"Event Reports"** means the reports described in this paragraph.

Description: The event reports cover the following reports made to Clearing Members: "Restructuring Credit Event report", "Bankruptcy/Failure to Pay/Governmental Intervention Credit Event Report", "Rename Event Report" and "Succession Event Report". In respect of the DC Credit Event Announcements relating to Restructuring, Bankruptcy, Failure to Pay, Governmental Intervention and Succession Events, or of the market decisions for Rename Events, these reports will provide Clearing Members with the description of the ongoing events.

Timing: published by LCH.Clearnet SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Event reports will be published.

(ii) **Risk management reports**

The risk management reports are dedicated to providing Clearing Members with risk/margin calculations and reporting the resulting cash call calculations to Clearing Members.

(A) **Margin Requirements Results File**

**"Margin Requirements Results File"** means the file described in this paragraph.

Description: the Margin Requirements Results File is generated for each Clearing Member with an Open Position in respect of any of its Margin Accounts, and sets out the detailed components of the calculation relating to the Margin required to be transferred in relation to each related Margin Account, including the Credit Quality Margin applied to the Margin Account of such Clearing Member, if any. The file also specifies the Additional Margin that LCH.Clearnet SA is entitled to call from a Clearing Member on that Business Day.

The Margin Requirements Results File is made up of two sub-files:

- the Margin Result House File: containing the detailed components and the detailed calculations relating to the House Margin Requirement; and
- the Margin Result Client File: containing the detailed components and the detailed calculations relating to the Client Margin Requirement for each Client Margin Account of the Clearing Member).

For the avoidance of doubt, the Margin Requirements Results File generated at the above time will contain details of the Open Positions (including positions pre-registered in the Account Structure of the

relevant Clearing Member in accordance with Section 3.1.7 of the CDS Clearing Rule Book).

Timing: published by LCH.Clearnet SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.00 CET.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, the relevant Margin Requirements Results File will be published.

(B) **Portfolio File**

"**Portfolio File**" means the file described in this paragraph.

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member that have been entered for the purpose of calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH.Clearnet SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.00 CET.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Portfolio File will be published.

(iii) **Collateral management reports**

Timing: collateral management reports and files are sent to Clearing Members in two formats (XML and/or plain text). The following reports and files are published by LCH.Clearnet SA on each Business Day between 05.15 CET and 05.45 CET (and, with respect to the AC0102E Report, AC0103E Report and AC0113E Report, before each call for payment of the Additional Contribution Amount as the case may be)

(A) **AC0103E Report**

"**AC0103E Report**" means the report described in this paragraph.

(1) **CDS Global Cash Call Document**

"**CDS Global Cash Call Document**" means the section of the AC0103E Report described in this paragraph.

Description: the CDS Global Cash Call Document contains details for each Clearing Member on:

- the daily activity (including the cash available to such Clearing Member from the previous Business Day and cash flows associated with Cleared Transactions of such Clearing Member); and

- the monthly activity (including the statement of account and invoicing fees flow) of cash flows relating to such Clearing Member in the CDS Clearing System.

The CDS Global Cash Call Document will separately set out the details for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable.

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH.Clearnet SA will send to each relevant Clearing Member the updated CDS Global Cash Call Document.

(B) **AC0102E Report**

"**AC0102E Report**" means the section of the AC0102E Report described in this paragraph.

(1) **CDS Cash Call Document**

"**CDS Cash Call Document**" means the Report described in this paragraph.

Description: the CDS Cash Call Document contains the global amount of clearing flows (including Fixed Amounts in relation to Cleared Transactions of the relevant Clearing Member), credit event flow (including Cash Settlement Amounts and Fixed Amount rebates in relation to Cleared Transactions of the relevant Clearing Member) and collateral flows (including initial margin, short charge margin, recovery risk margin, self-referencing protection margin, interest rate margin, coupon, credit event margin, increase coverage, contingency variation margin and liquidity charge), which is calculated for value day "D" and compared to the amount of Collateral (bonds and shares, non-Euro and Euro cash) allocated from the previous Business Day for the relevant Clearing Member.

The CDS Cash Call Document will separately document the clearing and collateral flows for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable.

The sum of all these cash flows is reported at the end of the CDS Cash Call Document and, also, as a specific line, in the CDS Global Cash Call Document.

(2) **CDS Default Fund Cash Call Document**

"**CDS Default Fund Cash Call Document**" means the section of the AC0102E Report described in this paragraph.

Description: the CDS Default Fund Cash Call Document details the global amount of a Clearing Member's contribution to the CDS Default Fund which is compared to the amount of Collateral allocated from the previous Business Day.

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH.Clearnet SA will send to each relevant Clearing Member the updated CDS Default Fund Cash Call Document detailing the Additional Contribution Amount to be paid by such relevant Clearing Member in accordance with Section 6 of the Procedures.

(C) **AC0110E Report**

"**AC0110E Report**" means the report described in this paragraph.

(1) Initial and Global Financial Reports

"**Initial and Global Financial Reports**" means the Initial Financial Report and Global Financial Report sections of the AC0110E Report.

Description: LCH.Clearnet SA will send the Initial and Global Financial Reports to each Clearing Member using ~~Euro~~, non-Euro currencies, Bonds and shares, as Collateral.

(A) **Initial Financial Report**

"**Initial Financial Report**" means the section of the AC0110E Report described in this paragraph.

The Initial Financial Report contains the detail of available and allocated cash, bonds and shares and non Euro currencies, per market and per sub-account.

Timing: published by LCH.Clearnet SA before each ~~Collateral Call~~ **TARGET2 time slot** on each Business Day and upon a Clearing Member crediting LCH.Clearnet SA TARGET2 Account as described under Section 3.7(f). In the latter case, it will only be made available to the relevant Clearing Member. (B) **Global Financial Report**

"**Global Financial Report**" means the section of the AC0110E Report described in this paragraph.

The Global Financial Report contains details of the type of Eligible Collateral (ISIN code or code of non euro currency), and the related quotations, its value calculated in Euro, the applied haircut rate and its allocated and available amounts.

Timing: published by LCH.Clearnet SA before each ~~Collateral Call~~ **TARGET2 time slot** on each Business Day and upon a Clearing Member crediting LCH.Clearnet SA TARGET2 Account as described under Section 3.7(f). In the latter case, it will only be made available to the relevant Clearing Member.

(D) **AC0104E Report**

"**AC0104E Report**" means the report described in this paragraph.

(1) **Advice Accounting Notes Report**

"**Advice Accounting Notes Report**" means the section of the AC0104E Report described in this paragraph.

Description: the Advice Accounting Notes Report details all accounting operations recorded in LCH.Clearnet SA's books for each Clearing Member on the previous Business Day in accordance with its profile (market, sub-account, collateral, etc).

The Advice Accounting Notes Report is sent with the CDS Global Cash Call Document.

(E) **AC0111E Report**

"**AC0111E Report**" means the report described in this paragraph.

(1) **History of withdrawal/deposit requests and collateral balance after settlement**

Description: this report contains the recap of all the deposit and withdrawal demands of collateral (cash or securities) accepted or rejected, from the last report sent. This report contains also the total excess collateral. For each Collateral Account a balance after settlement is calculated with the global amount, the allocated amount and the available amount for each authorised type of collateral and such for each Collateral Account of the relevant Clearing Member.

(F) **AC0112E Report**

"**AC0112E Report**" means the report described in this paragraph.

(1) **Details of Regularisation of Cash Flow Operations**

"**Details of Regularisation of Cash Flow Operations**" means the section of the AC0112E Report described in this paragraph.

Description: the Details of Regularisation of Cash Flow Operations is published only if LCH.Clearnet SA operates any manual regularisation. The AC0112E Report will be sent with the CDS Default Fund Cash Call Document.

(G) **AC0113E Report**

"**AC0113E Report**" means the report described in this paragraph.

(1) **Net Payment Position of Cash Flow Operations**

Description: this report contains the sum of all the balances set out in the CDS Cash Call Document and the CDS Default Fund Cash Call Document, that are due by the Clearing Member to

LCH.Clearnet SA. This report will separately identify the amounts due in respect of the House Account Structure of a Clearing Member and each of its Client Account Structure(s), if applicable

(b) **Intraday Call Reports**

"**Intraday Call Reports**" means the reports listed in this paragraph 5.16(b) (the descriptions of which are as set out in paragraph 5.16 (a), above unless otherwise noted below) published by LCH.Clearnet SA on each Business Day on or around each Intraday Call and at the End of Day, as specified below.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the Intraday Call Reports will still be published.

(i) **Trade management reports**

(A) **Bilateral Trades Report**

Description: contains all details of the Intraday Transactions which have been novated on the current Business Day as well as details of those that have become Rejected Transactions in accordance with the CDS Clearing Rule Book.

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET (in respect of End of Day).

On a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Bilateral Trades Reports will not contain any data.

(B) **Cleared Trades Report**

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET (in respect of End of Day).

(C) **TIW Operations File**

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET (in respect of End of Day).

(ii) **Risk management reports**

(A) **Margin Requirements Results File**

Timing: published by LCH.Clearnet SA on each Business Day between 10.55 CET and 11.25 CET (in respect of the First Intraday Call), between 14.55 CET and 15.25 CET (in respect of the Second Intraday Call), and by 20.00 CET (in respect of End of Day).

At these times, LCH.Clearnet SA will provide two Margin Requirements Results Files to each relevant Clearing Member:

- (i) the first Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions recorded in the House Margin Account, on the basis of the relevant Clearing Member's Open Positions between 11:00 and 12:00 CET on that Business Day;
- (ii) the second Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions registered in each Client Margin Account which is calculated based on the Clearing Member's Open Positions at about 11.30 CET on that Business Day.

and in each case an indicator of whether such Margin Requirement Results File has been used for the purposes of the applicable Intraday Call.

(B) **Portfolio Files**

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member and the positions corresponding to Eligible Transactions pre-registered in the Account Structure of the relevant Clearing Member that have been entered for the purpose of calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH.Clearnet SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 14.55 CET and 15.25 CET (in respect of the Second Intraday Call), and by 20.00 CET (in respect of End of Day).

(iii) **Collateral management reports**

Description:

- (A) **AC0103E Report**
- (B) **AC0102E Report**
- (C) **AC0110E Report**
- (D) **AC0104E Report**
- (E) **AC0111E Report**
- (F) **AC0112E Report**
- (G) **AC0113E Report**



Timing: the above mentioned reports and files are published by LCH.Clearnet SA on each Business Day between 11.05 CET and 11.20 CET (in respect of the First Intraday Call), and between 15.05 CET and 15.20 CET (in respect of the Second Intraday Call) (the descriptions of the following reports are as set out in Section 5.16(a)(iii), above).

(c) **Other daily reports**

(i) **Product File**

"**Product File**" means the file described in this paragraph.

Description: the Product File contains the details of all the types of CDS then eligible for clearing in the CDS Clearing System and all the types of CDS which have ceased to be eligible for clearing within the period commencing 60 Clearing Days prior to the date of publication of the relevant Product File and ending on the date of publication of such Product File.

Timing: published by LCH.Clearnet SA on each Business Day by 21.00 CET. For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Product File will be published.

(ii) **Open Interest Report**

"**Open Interest Report**" means the report described in this paragraph.

Description: the Open Interest Report is a public report which contains the open interest per CDS Type registered in the CDS Clearing System. The open interest is calculated to be the sum of the net notional amounts for all Clearing Members who are net CDS Buyers for each CDS Type.

Timing: published by LCH.Clearnet SA (i) between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Open Interest Report will be published.

(iii) **Cross Trades Report**

"**Cross Trades Report**" means the report described in this paragraph.

Description: the Cross Trades Report contains details of those cross trades which are required to be executed by a Clearing Member in accordance with Paragraph 5.18.5.

Timing: published by LCH.Clearnet SA by 18.30 CET on each Clearing Day.

Where a Cross Trade Report is published on a Clearing Day that:

(a) is not a Firm Day; or

(b) is a Firm Day but, on which, none of the prices provided by the Clearing Member in accordance with Paragraph 5.18.5 result in the creation of cross trades,

then the Cross Trades Report will be published but will not contain any data.

For the avoidance of doubt, on a day that is a Clearing Day on which there is no Real Time Session, the relevant Cross Trades Report will be published.

(iv) **Variation Margin Report**

Description: the Variation Margin Report is generated for each Clearing Member and sets out the detailed components of the calculation relating to the Variation Margin Requirement. The file specifies:

- with respect to each Cleared Transaction registered in the Account Structure of the relevant Clearing Member, the Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following Morning Call; and
- with respect to each Irrevocable Backloading Transaction pre-registered in the Account Structure of the relevant Clearing Member, the Variation Margin which shall be paid to LCH.Clearnet SA or, as applicable, received from LCH.Clearnet SA at the same time as the following First Intraday Call, provided that such Irrevocable Backloading Transaction is novated following the Morning Call on the relevant Clearing Day.

Timing: published by LCH.Clearnet SA between 02:00 CET and 04:00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Variation Margin Report will be published.

(d) **Monthly reports**

(i) **AC0101E Report**

"**AC0101E Report**" means the report described in this paragraph.

(A) **Invoicing Cash Call Report**

"**Invoicing Cash Call Report**" means the section of the AC0101E Report described in this paragraph.

LCH.Clearnet SA will send the Invoicing Cash Call Report to each Clearing Member on the tenth Clearing Day of the month, listing the references and amounts of the invoices relating to the CDS Clearing System. Once available, this information is also set out as a specific line item in the CDS Global Cash Call Document.

(ii) **AC0106E Report**

"**AC0106E Report**" means the report described in this paragraph.

(A) **Interest Report**

"**Interest Report**" means the section of the AC0106E Report described in this paragraph.

LCH.Clearnet SA will send the Interest Report to each Clearing Member on the third Clearing Day of each month, containing the global monthly calculation per Margin/Collateral Account and a detailed calculation of interest to be paid to LCH.Clearnet SA, or due from LCH.Clearnet SA, relating to the Collateral transferred by such Clearing Member pursuant to Section 3 of the Procedures. The sum of interest is also reported as a specific line in the CDS Global Cash Call Document.

(iii) **AC0126E Report**

"**AC0126E Report**" means the report described in this paragraph.

(A) **Interest Scales Report Section**

"**Interest Scales Report**" means the section of the AC0126E Report described in this paragraph.

LCH.Clearnet SA will send the Interest Scales Report to each Clearing Member on the third Clearing Day of each month, containing the detail of the daily calculation of interest and fees for each Margin Account, including for each date, the amount of allocated collateral and applied daily rate.

(iv) **AC0129E Report**

"**AC0129E Report**" means the report described in this paragraph.

(A) **CDS Default Fund Contribution**

"**CDS Default Fund Contribution**" means the section of the AC0129E Report described in this paragraph.

LCH.Clearnet SA will send the CDS Default Fund Contribution to each Clearing Member on the fourth Business Day of the month, setting out the new calculation of such Clearing Member's monthly contribution to the CDS Default Fund for the next period.

This new contribution is also reported in the CDS Default Fund Cash Call Document.

(v) **AC0105E Report**

"**AC0105E Report**" means the report described in this paragraph.

(A) **Monthly Accounting Notes Report**

**"Monthly Accounting Notes Report "** means the section of the AC0105E Report described in this paragraph.

LCH.Clearnet SA will send the Monthly Accounting Notes Report to each Clearing Member on the first Clearing Day of each month detailing all accounting operations recorded in LCH.Clearnet SA's book for the relevant Clearing Member during the month in accordance with its profile (market, sub-account, collateral, etc).

Each AC0105E Report is sent with the CDS Global Cash Call Document.

(vi) **Billing and Invoicing Reports**

**"Billing and Invoicing Report"** means the report described in this paragraph.

LCH.Clearnet SA will send to each Clearing Member a CDS Billing and Invoicing Report on a monthly basis.

(e) **Collateral Holding Report**

**"Collateral Holding Report"** means the report described in this paragraph.

Euroclear Bank SA/NV will provide LCH.Clearnet SA and each Clearing Member with a Collateral Holding Report via SWIFT each time there is a movement on the pledged securities account contemplated by paragraph 3.13 of Section 3 of the Procedures (the "Pledged Account") on a Business Day. Such report will include: (i) details of the Eligible Collateral held in the Pledged Account; (ii) the ISIN code(s) of the relevant Eligible Collateral, if applicable; and (iii) the outstanding principal amount of the relevant Eligible Collateral. LCH.Clearnet SA shall grant Clearing Members simultaneous access to each such Collateral Holding Report via Euclid PC between 05.00 CET and 20.00 CET on each Business Day.

(f) **Compression Results File**

**"Compression Results File "** means the report described in this paragraph.

Description: A Compression Results File will contain confirmation of the details of the resultant compressed trades that have been created following the submission of an ad-hoc compression request by a Clearing Member.

Timing: Shortly after a Clearing Member submits an ad-hoc compression request in accordance with Section 5.5(a) above, LCH.Clearnet SA will publish a Compression Results File in respect of such request.

## 5.17 REGULATORY REPORTING

(a) **Reporting obligation under EMIR**

Pursuant to EMIR, LCH.Clearnet SA will report the details of any Cleared Transaction subject to the reporting obligation in accordance with EMIR Article 9.1 to a trade repository duly registered or recognised in accordance with EMIR. For this purpose, LCH.Clearnet SA will be using UnaVista Ltd as a trade repository ("**UnaVista**").

LCH.Clearnet SA will not report the details of any Cleared Transaction on behalf of the relevant Clearing Member and/or its Clients.

The details of any Cleared Transaction and any modification (including any correction of errors or inconsistencies contained in a report) or termination of such Cleared Transaction shall be reported to UnaVista no later than the Business Day following the day of occurrence of the event triggering the obligation to report pursuant to EMIR.

For the purpose of the above reporting, LCH.Clearnet SA will generate a Unique Trade ID (“**UTI**”) to identify a Cleared Transaction and will communicate such UTI to the relevant Clearing Members in due time. Such UTI will be used from the creation of the Cleared Transaction until its termination.

(b) **Reporting obligation under CFTC Regulations Part 45**

Pursuant to CFTC Regulations Part 45, LCH.Clearnet SA will send reports to a Swap Data Repository (“**SDR**”). For this purpose LCH.Clearnet SA will be using DTCC Data Repository (U.S.) LLC (“**DDR**”) as an SDR.

The reporting to DDR will include creation data, continuation data and valuation data on any relevant Cleared Transaction as described below and according to the below timing:

1. Creation data: any creation of a Cleared Transaction as a result of the novation process will be reported by LCH.Clearnet SA to DDR, upon occurrence of registration of the Cleared Transaction in accordance with Section 3.1.10 of the CDS Clearing Rule Book;
2. Continuation data: information on lifecycle events of the Cleared Transaction, including any termination, compression, credit events will be reported by LCH.Clearnet SA to DDR, upon occurrence of the relevant registration of such event;
3. Valuation data: the value of each relevant Cleared Transaction will be reported on a daily basis by LCH.Clearnet SA to DDR.

For the purpose of the above reporting, LCH.Clearnet SA will use:

- (i) a Unique Swap Identifier (“**USI**”) to identify a Cleared Transaction and such USI will be used from the creation of the Transaction until its termination;
- (ii) the CFTC Interim Compliant Identifier (“**CICI**”) of each Party to the Transaction.

## 5.18 END OF DAY PRICE CONTRIBUTION

References to times and deadlines in this paragraph 5.18 are to London local time (being Greenwich Mean Time (GMT) or British Summer Time (BST) as applicable).

### 5.18.1 Market Data submission obligation

LCH.Clearnet SA has appointed the Index Publisher to be a Third Party Data Aggregator for the purposes of the CDS Admission Agreement.

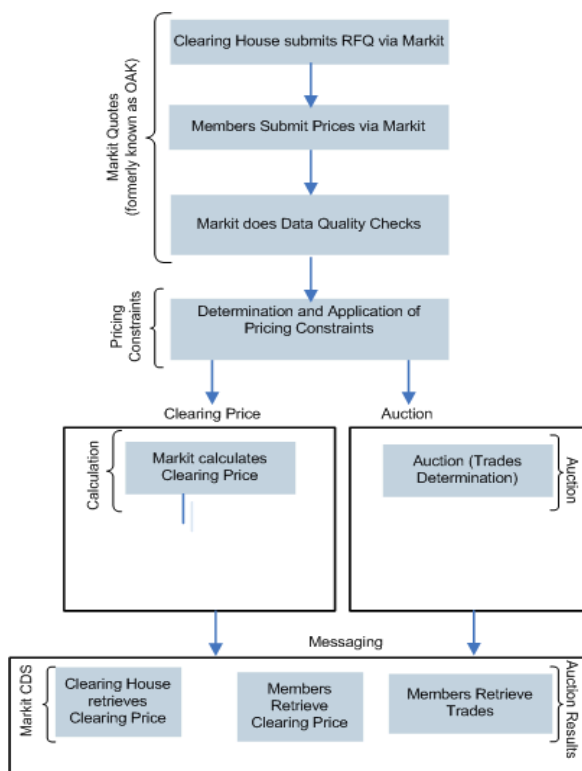
On each Clearing Day, LCH.Clearnet SA will request the Index Publisher to obtain Market Data from each Price Contribution Participant for CDS in respect of which they have Open Positions.

Price Contribution Participants are required to submit Market Data between 16.30 and 16.35 on each Clearing Day.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH.Clearnet SA. For that purpose, the relevant Clearing Member shall contact LCH.Clearnet SA's CDSClear Client Services & Relationship Management department ([cdsclear\\_clientservices@lchclearnet.com](mailto:cdsclear_clientservices@lchclearnet.com), +33 1 70376776) and shall provide such information as may be required by LCH.Clearnet SA. For the avoidance of doubt, LCH.Clearnet SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

### 5.18.2 Calculation of End of Day Contributed Prices

The following diagram illustrates the procedures and flows for the calculation of the End of Day Contributed Prices.



At a high level, for the Index Publisher, there are effectively 5 steps in the proposed process.

- (a) Receipt of Price Contribution Participants' Market Data
- (b) Application of bid/ask constraint
  - Selection of Benchmark Instruments
    - Index: iTraxx Main, HiVol and Cross Over "On the Run" 5yr

- Single Name: 5 Year Standard Coupon and Currency
- Observe “High Quality” Dealer Quoted Bid/Ask Spread
  - Observation Window: 14.00 to 16.00
  - Definition of Unique Quote: 2 minutes since last seen identical quote
  - Quote Markit Quality Score of 8 or higher
  - Minimum Quoting Dealers: To be set out in a risk notice
  - Quoting Dealers: Only Quotes from LCH.Clearnet SA Price Contribution Participants used
  - Minimum Unique Quotes: 20 for Indices/10 for Single Name
  - Non-Observed Process: 10 day rolling average
    - If the 10 day moving average is used for more than 1 day, the Risk Committee should be notified.
  - Fixed Initial Bid/Ask Spread: Used if no 10 Day rolling average available.
- (c) Determination of clearing price
- (d) Determination of any trades (potential)
- (e) Communication of clearing price

### 5.18.3 Price submission procedure

Price Contribution Participants should submit Market Data in accordance with the following procedure:

- LCH.Clearnet SA will transmit to the Index Publisher, on a daily basis, the Market Data for Clearing Members with Open Positions in Cleared Transactions;
- Price Contribution Participants will receive price requirement files listing the Open Positions in respect of which they are required to submit Market Data;
- The price requirement files will be available from the Index Publisher’s website for download daily between 14.30 and 15.00;
- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the price requirement file between 16.00 and 16.35;
- Market Data can be re-submitted during this time; where a Price Contribution Participant does this the latest submitted Market Data will be taken into account by the Index Publisher;
- Market Data should be supplied via a Markit spreadsheet or a Markit API;

- Price Contribution Participants' Market Data submission can either be Bid/Ask pairs or Mids;
- The Index Publisher carries out real time checks on the data submitted to take account of fat-fingering, invalid reference data, etc. A validation log will be available to Price Contribution Participants for erroneous submissions/warnings.

#### 5.18.4 Use of composite spreads/prices

To the extent LCH.Clearnet SA has not received End of Day Contributed Prices from the Index Publisher by 17:15 it will use:

- (a) With respect to Index Cleared Transactions, composite prices/spreads for the purposes of calculating the Variation Margin Requirement for each Margin Account of a Clearing Member on the next following Business Day;
- (b) With respect to Single Names Cleared Transactions, a computation of end of day contributed spreads and composite spreads for the purpose of calculating the Variation Margin Requirement for each Margin Account of a Clearing Member on the next following Business Day;

in accordance with Article 4.2.7.1 of the CDS Clearing Rule Book.

#### 5.18.5 Trade crossing

In order to validate the Market Data submitted by Price Contribution Participants in accordance with this Paragraph 5.18, LCH.Clearnet SA shall require Price Contribution Participants to undertake trade crossing in accordance with Article 4.2.7.7 of the CDS Clearing Rule Book.

##### (a) Firm Days

LCH.Clearnet SA shall determine a number of "Firm Days" being the last Clearing Day of each quarter and 30 other Clearing Days in any calendar year chosen at LCH.Clearnet SA's sole discretion, and shall communicate such Firm Days to Price Contribution Participants promptly after the closure of the submission window at 16:35 on each such Firm Day.

##### (b) Determination of cross trades

The Index Publisher will inform LCH.Clearnet SA on each Business Day where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not reflect the quoted daily spread for a particular CDS. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily spread for a particular CDS on such Firm Day will be required to execute a CDS with another Price Contribution Participant on pre-determined terms, as set out in Paragraph 5.18.5(c) below. CDS must be executed by a Price Contribution Participant prior to End of Day on the Clearing Day following the relevant Firm Day.

##### (c) Terms of cross trades

LCH.Clearnet SA shall notify the relevant Price Contribution Participant of the following required CDS terms by issuing a Cross Trade Report in accordance with Paragraph 5.16(c)(iii) above:



- trade reference identifier;
- CDS Type;
- Notional Amount;
- Initial Payment Amount;
- transaction date; and
- Price Contribution Participant counterparty.

(d) Notification of execution

Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH.Clearnet SA with the DTCC trade reference identifier (TRI) before End of Day on the Clearing Day following the relevant Firm Day by emailing this to LCH.Clearnet SA's Operations department at [lchclearnetsa\\_do\\_cds@lchclearnet.com](mailto:lchclearnetsa_do_cds@lchclearnet.com).


#### 5.18.6 Failure to submit prices

In the event that a Price Contribution Participant does not submit prices to the Index Publisher in accordance with Section 5.18.3, or execute cross trades in accordance with Section 5.18.5, of these Procedures, LCH.Clearnet SA shall be permitted to invoke Disciplinary Proceedings in respect of the Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, in accordance with Section 8 of these Procedures.

In circumstances where a failure to provide prices or execute cross trades in accordance with Section 5.18 of these Procedures is the only breach by that Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, of its obligations under the CDS Clearing Documentation, LCH.Clearnet SA shall not be permitted to declare an Event of Default in respect of that Price Contribution Participant, and as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, pursuant to Article 4.3.1.2 of the CDS Clearing Rule Book.

APPENDIX 1

CLIENT – PARTIAL TRANSFER FORM



**CLIENT - PARTIAL TRANSFER  
FORM**

V.[ ]: [ ] 20[ ]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Receiving Clearing Member

**Date:**

---

We, .....[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from ..... [insert name of transferring Client] (the "Client") to transfer (i) in the case of a Client which is either a CCM Individual Segregated Account Client or an FCM Client, part of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure; and (ii) the case of a Client which is a CCM Omnibus Segregated Account Client, part or all of its portfolio of Client Cleared Transactions registered in the relevant Client Account Structure, from ....[insert name of Carrying Clearing Member] to us. We hereby request the transfer of the Client Cleared Transactions as identified below pursuant to Article 5.3.3.1, 5.3.3.2 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book and Section 5 of the Procedures.

---

Please insert the LCH trade IDs of the transferring Client Cleared Transactions, using the Schedule below:

*\*\*Please insert the LCH trade ID and Approved Matching Provider (AMP) ID of the transferring Client Cleared Transactions.*

*\*\*Please append a list of additional Client Cleared Transactions to this form, if required*

LCH Trade ID	AMP Trade ID

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

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member

1.				
	(Authorised Signatory)	Name	Position	Date
2.				
	(Authorised Signatory)	Name	Position	Date

**Signatories for and on behalf of the transferring Client:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed above;
- ii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iii. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefor;
- iv. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA in satisfaction of an increased Margin Requirement (and/or by us to the Receiving Clearing Member listed above and/or by us to our Carrying Clearing Member), and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- v. that in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.3.1(vi) or 5.3.3.2(v), as applicable, of the CDS Clearing Rule Book; and
- vi. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with Section 5.3.3 or 6.3.3, as applicable, of the CDS Clearing Rule Book.

For and on behalf of the Client:

Authorised signatory	Authorised signatory
Date	Date

---

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)


Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
 department  
 18, rue du Quatre Septembre  
 75002 Paris



**APPENDIX 2**

**PART A: CCM INDIVIDUAL SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM**

	<p style="text-align: right;"><b>CCM CLIENT - FULL TRANSFER FORM</b></p> <p style="text-align: right;">V.[]: [] 20[]</p> <p><i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i></p> <p><b>To:</b> LCH.Clearnet SA</p> <p><b>From:</b> Receiving Clearing Member</p> <p><b>Date:</b></p>				
<p>We, ..... [insert name of Receiving Clearing Member] (the “Receiving Clearing Member”) have received a request from ..... [insert name of transferring Client] (the “Client”) to transfer its entire portfolio of Client Cleared Transactions registered in the relevant [[insert [CCM Direct Client Segregated Account Structure] [and/or]* [CCM Indirect Client Segregated Account Structure]*] from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p> <p style="text-align: right;">* Delete as appropriate</p>					
<p>Please insert:</p> <p>Name of Carrying Clearing Member:                  .....</p> <p>in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable).</p> <p><input type="checkbox"/> The Client wishes to transfer Client Assets</p> <p><input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p>					
<p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p> <p>1. _____</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%; text-align: center;">(Authorised Signatory)</td> <td style="width: 20%; text-align: center;">Name</td> <td style="width: 20%; text-align: center;">Position</td> <td style="width: 30%; text-align: center;">date</td> </tr> </table>		(Authorised Signatory)	Name	Position	date
(Authorised Signatory)	Name	Position	date		

2.

\_\_\_\_\_  
(Authorised Signatory)\_\_\_\_\_  
Name\_\_\_\_\_  
Position\_\_\_\_\_  
date**Signatories for and on behalf of the transferring Client:****To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
  - ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
  - iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
  - iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
  - v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
  - vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.1(vii) of the CDS Clearing Rule Book (as applicable);
  - vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.
- For and on behalf of the Client:

\_\_\_\_\_  
Authorised signatory\_\_\_\_\_  
Authorised signatory\_\_\_\_\_  
Date\_\_\_\_\_  
Date

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

**PART B: CCM OMNIBUS SEGREGATED ACCOUNT CLIENT – FULL TRANSFER FORM**



**CCM CLIENT - FULL TRANSFER FORM**

V.[]: [] 20[]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Receiving Clearing Member

**Date:**

We, .....[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from..... [insert name of all the CCM Omnibus Segregated Account Clients within a CCM Omnibus Client Set] (the "Clients") to transfer their entire portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Clients pursuant to Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable) and the Procedures.

Please insert:

Name of Carrying Clearing Member:

.....

in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.

Please tick the relevant box below to confirm whether the Clients wish to transfer the Client Assets in accordance with Articles 5.3.2.1 or 5.3.2.2 of the CDS Clearing Rule Book (as applicable).

- The Clients wish to transfer Client Assets
- The Clients do NOT wish to transfer Client Assets

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

We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member

1. \_\_\_\_\_  
(Authorised Signatory)      Name                      Position                      date
  
2. \_\_\_\_\_  
(Authorised Signatory)      Name                      Position                      date

**Signatories for and on behalf of the transferring CCM Omnibus Segregated Account Clients:**

**To:** Receiving Clearing Member

We acknowledge and confirm:

- i. the request to transfer as detailed herein;
- ii. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- iii. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- iv. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- v. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- vi. in order for the transfer detailed above to be effected, we will be required to satisfy any requirements as between ourselves and the Carrying Clearing Member at the time of, or arising as a result of, such transfer, to the extent LCH.Clearnet SA's CDS Clearing Rule Book states that such requirements must be satisfied in order for the transfer to be effected, including, without limitation, any outstanding obligations that are due and payable to the Carrying Clearing Member at the time of, or arising as a result of, such transfer, as provided for in Article 5.3.2.2(vi) of the CDS Clearing Rule Book (as applicable);
- vii. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 5.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Clients:

Authorised signatory	Authorised signatory
Date	Date
Authorised signatory	Authorised signatory
Date	Date
Authorised signatory	Authorised signatory
Date	Date



_____ Authorised signatory	_____ Authorised signatory
_____ Date	_____ Date

---


All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

**PART C : FCM CLIENT- FULL TRANSFER FORM**

	<p style="text-align: right;"><b>FCM CLIENT - FULL TRANSFER FORM</b></p> <p style="text-align: right;">V.[ ]: [ ] 20[ ]</p> <p><i>Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein</i></p> <p><b>To:</b> LCH.Clearnet SA</p> <p><b>From:</b> Receiving Clearing Member</p> <p><b>Date:</b></p>
<p>We, .....[insert name of Receiving Clearing Member] (the "Receiving Clearing Member") have received a request from ..... [insert name of transferring Client] (the "Client") to transfer its entire portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure from ..... [insert name of Carrying Clearing Member] to us. We hereby request the transfer of all Client Cleared Transactions registered in the name of the Carrying Clearing Member on behalf of the relevant Client pursuant to Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable) and the Procedures.</p>	
<p>Please insert:</p> <p>Name of Carrying Clearing Member: .....</p> <p>in order to enable LCH.Clearnet SA to identify the Client Cleared Transactions that are to be transferred.</p> <p>Please tick the relevant box below to confirm whether the Client wishes to transfer the Client Assets in accordance with Article 6.3.2.1 of the CDS Clearing Rule Book (as applicable).</p> <p><input type="checkbox"/> The Client wishes to transfer Client Assets</p> <p><input type="checkbox"/> The Client does NOT wish to transfer Client Assets</p>	
<p><b>Signatories for and on behalf of the Receiving Clearing Member:</b></p> <p>We acknowledge and confirm the above and are authorised to sign for and on behalf of the Receiving Clearing Member</p> <p>1. _____              (Authorised Signatory)      Name                      Position                      date</p> <p>2. _____              (Authorised Signatory)      Name                      Position                      date</p>	
<p><b>Signatories for and on behalf of the transferring Client:</b></p>	

**To:** Receiving Clearing Member

We acknowledge and confirm:

- viii. the request to transfer as detailed herein;
- ix. that our Carrying Clearing Member shall not be permitted to register additional Cleared Transactions on our behalf during the period commencing at the end of the CDS Clearing Services operating hours on the day on which it received notice that a FCM Client Full Transfer Form has been received and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected or is rejected;
- x. that LCH.Clearnet SA will contact our Carrying Clearing Member in relation to this transfer and will disclose our identity to such Carrying Clearing Member;
- xi. that, in accordance with LCH.Clearnet SA's CDS Clearing Rule Book, LCH.Clearnet SA is entitled to rely conclusively on the instructions and information received from the Receiving Clearing Member and the Carrying Clearing Member and shall have no liability or responsibility therefore;
- xii. that the transfer detailed above may require that additional Collateral be provided to LCH.Clearnet SA to satisfy an increased Margin Requirement (and/or by us to the Receiving Clearing Member) even where Client Assets are transferred, and that LCH.Clearnet SA is not required to effect the transfer if it has not received adequate Collateral in respect of the transfer or if any of the other conditions set forth in LCH.Clearnet SA's CDS Clearing Rule Book applicable to the transfer are unsatisfied;
- xiii. that, where we have requested the transfer of Client Assets, (x) we should contact our Carrying Clearing Member to ensure that they contact LCH.Clearnet SA to identify the correct Client Assets available for transfer, and (y) where our Carrying Clearing Member does not so identify the correct Client Assets available for transfer, LCH.Clearnet SA is permitted to transfer alternative Collateral as it deems appropriate in accordance with LCH.Clearnet SA's CDS Clearing Rule Book;
- xiv. that we are authorised to make these acknowledgements and confirmations and do so on behalf of the Client listed above in accordance with the Section 6.3.2 of the CDS Clearing Rule Book.

For and on behalf of the Client:

Authorised signatory	Authorised signatory
Date	Date

All forms should be returned to LCH.Clearnet SA for the attention of CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
 department  
 18, rue du Quatre Septembre  
 75002 Paris

## APPENDIX 3

## CCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM


**CCM CLIENT TRANSFER – CARRYING  
CLEARING MEMBER RESPONSE FORM**

[V]:[ ]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Carrying Clearing Member

**Date:**

We, .....[insert name of Carrying Clearing Member] (the "Carrying Clearing Member") have received a request from LCH.Clearnet SA in relation to .....s [insert name of transferring Client or Clients] [(the "Client")]/[(the "Clients")]\* request to transfer [[its entire]/[part of its/their]\*] portfolio of Client Cleared Transactions registered in the relevant CCM Client Account Structure held by us. We are writing to inform you that:

\* Delete as appropriate

*(Please tick if applicable)*

[The]/[A]\* transferring Client has become insolvent and no Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1, 5.3.2.2, 5.3.3.1 or 5.3.3.2 of the CDS Clearing Rule Book as applicable.

*(Please tick if applicable)*

If the transferring Client requests to transfer the entire, or a part of, the portfolio of Client Cleared Transactions registered in the relevant CCM Indirect Segregated Account Structure, one or more relevant CCM Indirect Clients have become insolvent and no relevant Client Cleared Transactions should therefore be transferred in accordance with Articles 5.3.2.1 or 5.3.3.1 of the CDS Clearing Rule Book as applicable.

*(Please tick if applicable)*

[The]/[A]\* transferring Client has, or would have as a consequence of the occurrence of the requested transfer, unsatisfied requirements which LCH.Clearnet SA's CDS Clearing Rule Book states must be satisfied in order for the transfer to be effected as between itself and us at the time of, or arising as a result of, such transfer, including, without limitation, outstanding obligations as described in Articles 5.3.2.1(vii), 5.3.2.2(vi), 5.3.3.1(vi) or 5.3.3.2(v) of the CDS Clearing Rule Book (as applicable) and therefore no Client Cleared Transactions should not be transferred.

\* Delete as appropriate

All forms should be returned to LCH.Clearnet SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

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

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying Clearing Member:

1.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

2.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

**APPENDIX 4: FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM**



**FCM CLIENT TRANSFER – CARRYING CLEARING MEMBER RESPONSE FORM**

[V]: [ ]

*Terms used in this form are as defined in LCH.Clearnet SA's CDS Clearing Rule Book unless defined herein*

**To:** LCH.Clearnet SA

**From:** Carrying Clearing Member

**Date:**

We, .....[insert name of Carrying Clearing Member] (the “Carrying Clearing Member”) have received a request from LCH.Clearnet SA in relation to .....’s [insert name of transferring Client] (the “Client”) request to transfer [[its entire]/[part of its]\*] portfolio of Client Cleared Transactions registered in the relevant FCM Client Account Structure 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 no Client Cleared Transactions should therefore be transferred in accordance with Articles 6.3.2.1 or 6.3.3.1 of the CDS Clearing Rule Book as applicable.

(Please tick if applicable)

The transferring Client has asked that Client Assets be transferred and the relevant Client Assets are described in the schedule below.

**Schedule of Client Assets:**

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

CASH AMOUNT & CURRENCY

The Client 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 SA for the attention of the CDSClear Operations department.

Email: [CDSClear.ops@LCHClearnet.com](mailto:CDSClear.ops@LCHClearnet.com)

Telephone: + 33 1 70 37 42 24

LCH.Clearnet SA - CDSClear Operations  
department  
18, rue du Quatre Septembre  
75002 Paris

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

We acknowledge and confirm the above and that we are authorised to sign for and on behalf of the Carrying Clearing Member:

1.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date

2.

_____	_____	_____	_____
(Authorised Signatory)	Name	Position	Date