



**LCH LIMITED**

**PROCEDURES SECTION 2C**

**SWAPCLEAR CLEARING SERVICE**

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SCM has, on a cumulative net basis, paid NPV Payments to the Clearing House. In a negative interest rate environment where the applicable Price Alignment Amount Rate is negative, the Clearing House will, for a SCM, either (i) pay a Price Alignment Amount if that SCM has, on a cumulative net basis, received NPV Payments from the Clearing House, or (ii) charge a Price Alignment Amount if that SCM has, on a cumulative net basis, paid NPV Payments to the Clearing House.

#### 1.7.6 *Non-deliverable Interest Rate Swaps*

The Clearing House will calculate variation margin, NPV Payments, Price Alignment Interest and Price Alignment Amount in relation to SwapClear Contracts that are non-deliverable interest rate swaps in USD, and all amounts due or payable under such SwapClear Contracts must be paid in USD.

### 1.8 **Coupon Payments**

#### 1.8.1 *Calendars and Coupons*

Payment dates for coupon payments will be set based on the SwapsMonitor Financial Calendar (see Section 1.2.3). Changes to the calendar that affect SwapClear Contracts will be published and made available to SCMs by the Clearing House in a Clearing Member report. The central control and publication of these calendars will assist the reconciliation of coupon payments between SCMs and the Clearing House. Coupon payments will be adjusted, in the event of a holiday amendment, in accordance with the Contract Terms.

Notwithstanding the foregoing, with respect to SwapClear Contracts ~~denominated in where the Currency is~~ Israeli Shekel (~~ILS~~), the Clearing House will not recognize Sunday as a Business Day.

#### 1.8.2 *Calculation of Fixed Amount*

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

- (a) if an amount is specified for the SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, such amount; or
- (b) if an amount is not specified for the SwapClear Contract as the Fixed Amount payable by that party for that Payment Date or for the related Calculation Period, an amount calculated on a formula basis for that Payment Date or for the related Calculation Period as follows and in accordance with the ISDA Definitions:

$$\text{Fixed Amount} = \text{Calculation Amount} \times \text{Fixed Rate} \times \text{Fixed Rate Day Count Fraction}$$

### 1.8.3 Calculation of Floating Amount

Subject to Section 1.8.5, the Clearing House will calculate the Floating Amount payable by a party on a Payment Date as an amount calculated on a formula basis for that Payment Date or for the related Calculation Period as follows and in accordance with the ISDA Definitions:

$$\text{Floating Amount} = \text{Calculation Amount} \times \text{Floating Rate (+/- Spread)} \times \text{Floating Rate Day Count Fraction}$$

### 1.8.4 Calculation of Compounding Floating Amounts

If applicable, Clearing House will calculate the compounding floating amount payable in respect of a SwapClear Contract on a Payment Date as an amount calculated in accordance with Sections 6.2.2, 6.2.3 or 6.2.4 of the ISDA Definitions (as applicable).

### 1.8.5 Calculation of FRA Discounting (Section 4.7 of the ISDA Definitions)

Where FRA Discounting is specified for CAD, CHF, CZK, DKK, EUR, HUF, JPY, NOK, PLN, SEK, USD or ZAR, the FRA Amount will be calculated in accordance with the formulae in the ISDA Definitions.

### 1.8.6 Business Day and Business Day Convention

In determining whether a day is a Business Day, the Clearing House will ~~only~~ apply the Financial Centres specified in the matched SwapClear Transaction message, except that, with respect to SwapClear Contracts denominated in Israeli Shekel, the Clearing House will not recognise Sunday as a Business Day.

The Clearing House will, in the event of non-Business Days, apply the Business Day Conventions in accordance with, and as specified in, the matched SwapClear Transaction message, except that, with respect to the effective date of a SwapClear Contract, the Clearing House will adjust such effective date as specified under Section 3.10 of the SwapClear Contract Terms.

### 1.8.7 Payment of Coupons

If applicable, the Clearing House will credit or debit Clearing Members' accounts with the appropriate Fixed Amount or Floating Amount with a value date matching the related Payment Date, after adjustment in accordance with the applicable Business Day Conventions. In the event of SwapClear being closed on a Payment Date, it will pay the Fixed Amounts and Floating Amounts on the next business day following such Payment Date.

### 1.8.8 Calculation Periods

In respect of any Calculation Period that is a not a whole calendar month (a stub period), the applicable rate for the Reset Date in respect of that Calculation