LCH The Markets' Partner

Via CFTC Portal

19 April 2022

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

Re: Proposed amendments to LCH SA CDS Clearing Rules – Restructuring Process for Swaptions

Dear Mr. Kirkpatrick,

Pursuant to CFTC regulation §40.6(a), LCH SA ("**LCH SA**"), a derivatives clearing organization ("**DCO**") registered with the Commodity Futures Trading Commission (the "**CFTC**"), is submitting for self-certification the proposed amendments to its (i) CDS Clearing Supplement ("**Supplement**") and (ii) CDS Clearing Procedures ("**Procedures**") to incorporate new terms and to make conforming, clarifying and clean-up changes to implement a delegation mechanism for clients of CDSClear clearing members which applies in the context of the restructuring process for swaptions (the "**Proposed Rule Change**").[1]

The Proposed Rule Change is expected to be effective by early May, 2022 however, in no event, will either be implemented earlier than 10 business days after the proposed changes are filed with the CFTC.

The text of the Proposed Rule Change is attached hereto as Appendix.

Part I: Explanation and Analysis

LCH SA is proposing to amend the restructuring notification process applicable in respect of swaptions registered in a Client Account Structure. Currently, in the event of a restructuring which would be applicable to a component transaction of the underlying index transaction to which a set of swaptions relate, Clearing Members would be in charge of sending and receiving the relevant notices in respect of this restructuring and notifying LCH SA of any such notice delivered or received by no later than 5:00 pm on the cut-off date. Where such restructuring also relate to swaptions registered in a Client Account Structure, this also implies from the Client that it shall first deliver the restructuring notice to its Clearing Member and its Clearing Member delivers the equivalent notice to the other Clearing Member to allow for this notification requirement by the relevant Clearing Member to LCH SA by no later than 5:00 pm on the cut-off date.

[1] Capitalized terms used but not defined herein shall have the meaning specified in LCH SA's existing CDS Clearing Rule Book or Clearing Supplement.

The proposed amendments to the restructuring process for swaptions registered in a Client Account Structure will remove any dependency between the notification duties in the context of a restructuring. The Proposed Rule Change will provide for a delegation mechanism whereby Clearing Members shall appoint their Clients as their Restructuring Delegation Beneficiaries for the purposes of sending and receiving the relevant notices to the other Clearing Member(s) or Client(s) in the event of a restructuring affecting the swaptions registered in their relevant Client Account Structure. The notification duty vis-à-vis LCH SA following the sending or receiving of the notices will also rely on such Restructuring Delegation Beneficiary. These amendments replicate the current delegation legal mechanism which is used in the context of the exercise process in respect of swaptions registered in a Client Account Structure.

Part II: Description of Rule Changes

As specified in Appendix, LCH SA is proposing to make the following modifications :

1. Proposed amendments to the Supplement

LCH SA is proposing to modify Part C of the Supplement ("Part C") to incorporate terms for implementing the delegation mechanism for the restructuring process and to make certain conforming and clean-up changes to improve clarity of Part C.

Section 1.2 (Terms defined in the CDS Clearing Supplement) of Part C would be amended by adding the following new defined terms.

The term "Restructuring Delegation Beneficiary" would be added to refer to a Client of a Clearing Member designated by such Clearing Member pursuant to new Section 5.7 (Delegation by Clearing Members to Clients) as being entitled to send and receive Credit Event Notices and Notices to Exercise Movement Option in respect of the relevant Swaption Restructuring Cleared Transactions on such Clearing Member's behalf.

The term "Swaption Restructuring CCM Client Notice would be added to make a cross reference to its definition as set out in Mandatory Provision 7.3 (Duty to Deliver Swaption Restructuring CCM Client Notice) in Appendix VIII to Part C.

The existing term "Exercise Delegation Beneficiary" would be amended for clarification purpose as the current reference to "The" Client seems to imply that only a single Client of a Clearing Member could be appointed as an Exercise Delegation Beneficiary irrespective of whether the Clearing Member is acting on behalf of other Clients and therefore this reference will be replaced by "A" Client for the sake of clarity.

Because of the new Section 5.7 (Delegation by Clearing Members to Clients) added to Part C, any cross-references to Sections 5 following this new Section 5.7 should be renumbered. Therefore the cross-references in the definitions of "Swaption Restructuring Clearing Member Notice" and "Swaption Restructuring Clearing Member Notice Deadline" would be updated accordingly.

A new sub-paragraph (ii) would be added to Section 1.7 (c) (Application to FCM/BD Clearing Members) to provide that, notwithstanding an FCM/BD Clearing Member acting as agent for the account of an FCM/BD Client with respect to Index Swaption Cleared Transactions, an FCM/BD Clearing Member shall

designate its FCM/BD Client to send and receive the relevant restructuring notices on its behalf as its Restructuring Delegation Beneficiary in accordance with the relevant provisions of Part C. As a result, the current equivalent paragraph (c) in respect of the exercise process has been renumbered as a sub-paragraph (i).

Section 5 (Restructuring) of Part C would be amended to add new provisions to implement this delegation mechanism for the restructuring process involving swaptions registered in a Client Account Structure.

Sections 5.1, 5.3, 5.5 and 5.6 of Part C would be amended by adding references to the new defined term of Restructuring Delegation Beneficiary where needed.

An additional paragraph would be added at the end of Section 5.1 to provide for the express consent from the Clearing Member on the disclosure of its information needed for the purpose of the restructuring process.

A new Section 5.7 (Delegation by Clearing Members to Clients) is proposed to be added in order to provide for the legal mechanism of delegation which will apply for Clients and will replicate the equivalent provisions of Section 6.4 (Delegation by Clearing Members to Clients) applicable in respect of the exercise process. Specifically, Section 5.7 would provide that, with respect to the sending of the relevant notices for Swaption Restructuring Cleared Transactions of a Swaption Restructuring Matched Pair which are Client Cleared Transactions, Clearing Members shall designate their relevant Clients to act on their behalf and such designation will take effect as soon as reasonably practicable following receipt by LCH SA of duly completed and signed Delegation Forms. The Client so designated will be the Restructuring Delegation Beneficiary. Such designation may be withdrawn provided that there is no Swaption Restructuring Cleared Transaction registered in the relevant Client Account Structure. Where a Clearing Member designates its Client in accordance with new Section 5.7, any delivery or receipt of a restructuring notice by the designated Client will be deemed to constitute the delivery or receipt of a valid restructuring notice by its Clearing Member. Similarly, any reference in Part C to a restructuring notice delivered or received by a designated Client will be interpreted as delivery or receipt by a Clearing Member.

Because of the insertion of this new Section 5.7 (Delegation by Clearing Members to Clients) in Part C, the following Sections 5 would be renumbered and any cross-reference in Part C to the renumbered Sections would be amended accordingly.

Section 5.8 (Swaption Restructuring Clearing Member Notices) of Part C would be amended to include the appropriate references to the Client designated as a Restructuring Delegation Beneficiary which will notify LCH SA of the delivery or receipt of the relevant restructuring notices on behalf of its Clearing Member in order that LCH SA may give effect to the relevant restructuring notices exchanged between the parties to a Swaption Restructuring Cleared Transaction. There will be also references to the new defined term of Swaption Restructuring CCM Client Notice to be added and which, pursuant to Mandatory Provision 7.3 of Appendix VIII to Part C, will refer to the notice sent to LCH SA or the relevant Clearing Member by a Restructuring Delegation Beneficiary following receipt or delivery of a restructuring notice.

Paragraph (b) of Section 8.1 (General Rules relating to Notices) to remove the reference to the occurrence of an Electronic Exercise Platform ("EEP") Failure Event since the scope of this paragraph will be broader than the exercise process as it will include a new reference to a Restructuring Delegation Beneficiary.

Finally, Section 13 (Exclusion of Liability) of Part C would be amended to add a new Section 13(c) replicating the provisions of Section 13(b) and specifying that LCH SA would have no liability to a Clearing Member which has delegated to a Restructuring Delegation Beneficiary its power to send or receive the relevant restructuring notices on its behalf for any loss, cost or expense arising out of any failure of such Restructuring Delegation beneficiary to perform its obligations in relation with such delegation or in connection with or arising from the delivery of such notices.

Part C would be also amended to make the following conforming changes that are not related to the restructuring delegation.

In Section 6.1 (Creation and Notification of Exercise Matched Pairs) of Part C, the provisions on the content of the Protected Exercise Matched Pair Report would be amended to remove any reference to contact details of the relevant parties. Indeed, since such contract details will be the subject of a separate notification by LCH SA, a new paragraph would be added at the end of sub-paragraph (ii) of Section 6.5 (a) which would be entitled as "Access to the Protected Exercise Matched Pair Report and other information". As a result of this change, any reference to the Protected Exercise Matched Pair Report in Part C, including but not limited to Section 8, would be amended by either removing the reference to this report to keep general notification's references or adding a reference to any other information which is notified by LCH SA for the purpose of the exercise process for consistency purposes. Similarly to the amendment made under Section 5.1, an additional paragraph will be added at the end of Section 6.1 to require for the express consent from the Clearing Member on the disclosure of its information needed for the purpose of the exercise process.

In addition, and on the basis of new Section 5.7, Section 6.4 would specify that the designation of a Client as an Exercise Delegation Beneficiary may be withdrawn provided that there is no Exercise Cleared Transaction registered in the relevant Client Account Structure.

Appendix VIII (CCM Client Transaction Requirements) to Part C would be amended for the purposes of including references to the new delegation mechanism for the restructuring process. Any Client designated as a Restructuring Delegation Beneficiary will be in charge of sending and receiving the relevant restructuring notice for the relevant Swaption Index Cleared Transaction directly to the relevant Clearing Member or Client on behalf of its Clearing Member. As a result, there will be no longer the need for them to send restructuring notices to their Clearing Members to allow them to send equivalent notice to the other Clearing Member comprised in the relevant Matched Pair. Mandatory Provision 4 will be therefore amended to remove the reference to the restructuring notices that could be sent by a CCM Client to its CCM in respect of the mirroring transaction between such CCM Client and CCM.
The changes made to Section 6.1 (Creation and Notification of Exercise Matched Pairs) of Part C would be replicated in Mandatory Provisions 5.4 and 5.8 to remove the reference to the Protected Exercise Matched Pair Report which is too restrictive or refer to other notice details provided by LCH SA for the purposes of the exercise process.

Mandatory Provision 5.6 would be amended to add a reference to the CCM since contact details of a CCM Client could be also provided by a CCM to LCH SA.

The current Mandatory Provision 7 is entirely removed from Appendix VIII as it applies to the delivery of notices in respect of the mirroring transaction between a CCM Client and its CCM in the event of restructuring, which will be no longer needed following the implementation of the proposed rule change. New Mandatory Provision 7 will be entitled "Designation of CCM Client as a Restructuring Delegation Beneficiary by CCM" and replicates the equivalent provisions of Mandatory Provision 5 (Designation of CCM Client as an Exercise Delegation Beneficiary) subject to the necessary amendments linked to the restructuring process. New paragraph 7.1 will provide for the mandatory designation of a CCM Client as a Restructuring Delegation Beneficiary by its CCM in accordance with new Section 5.7 of Part C. New paragraph 7.2 will provide that neither the CCM nor the CCM Client shall send the relevant restructuring notices for the mirroring transaction between the CCM and its CCM Client but instead the CCM Client as the Restructuring Delegation Beneficiary shall send or receive the relevant restructuring notices for the corresponding CCM Client Cleared Transaction pursuant to Part C, such restructuring notices being deemed sent or received in respect of the relevant mirroring transaction. The following new paragraph 7.3 provides for the duty to deliver a Swaption Restructuring CCM Client Notice to LCH SA by the Restructuring Delegation Beneficiary. If such notification is not made within the required timeframe, LCH SA will decide either to give effect to the restructuring notices pursuant to Section 5.8 (c) of Part C or not to give effect to the restructuring notices then, following Exercise, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had the Swaption Restructuring CCM Client Notice been given to LCH SA within the required timeframe and the value of such contract in the absence of such Swaption Restructuring CCM Client Notice having been given. This amount shall be determined and paid in accordance with the provisions of this new paragraph. New paragraph 7.4 relates to the contact details of LCH SA and the CCM Client to be used for the purposes of delivering the relevant notices. Last paragraph 7.5 provides for a confidentiality waiver regarding the notice details provided by the CCM Client.

Finally, the proposed amendments to the Supplement also contain typographical corrections in Sections 3.1 and 8.1 (c) of Part C and Mandatory Provisions 5.1 and 5.4 of Appendix VIII to Part C without affecting the meanings of such Sections or Mandatory Provisions.

2) <u>Proposed amendments to the Procedures</u>

LCH SA also proposes to modify Section 5 of the Procedures to incorporate terms for implementing the new delegation mechanism for the purposes of the restructuring process applicable in respect of swaptions.

Section 5.19.1 which currently deals with the delegation applicable to the exercise process will be amended for taking into account the delegation for the restructuring process. Consequently, Section 5.19.1 will be entitled "Delegation by Clearing Members to Clients" and Section 5.19 "Delegation by Clearing Members to Clients and Electronic Exercise Platform".

Pursuant to amended Section 5.19.1, a Clearing Member which has delegated to a Client the power to send and receive the relevant notices in the context of a restructuring for swaptions in accordance with Section 5 of Part C shall notify such Restructuring Delegation by sending the relevant form to LCH SA which will be defined as the Delegation Form as it will contain both Exercise Delegation and Restructuring

Delegation. The defined term of "Exercise Delegation Withdrawal" will be also replaced by "Delegation Withdrawal" to cover the possibility for withdrawing the delegation applicable in respect of the restructuring process and references to provisions of Part C that are equivalent to the withdrawal for the exercise process will be added for the restructuring process.

Other amendments will be made to Section 5.19.1 in order to include the references to either the Restructuring Delegation Beneficiary or the Restructuring Delegation where relevant.

Part III: Core Principle Compliance

LCH SA has reviewed the Proposed Rule Changes against the requirements of Commission' regulations and DCO Core Principles, and finds that these changes will continue to comply with all the requirements and standards therein and in particular with the following principles and Commission's regulations including, but not limited to § 39.13 and 39.27.

DCO Core Principle D – Risk management. CFTC Regulation 39.13 requires a DCO to ensure that it possesses the ability to manage the risks associated with discharging the responsibilities of the derivatives clearing organization through the use of appropriate tools and procedures. As described above, the Proposed Rule Change is designed to implement the delegation legal mechanism to operationally facilitate any required restructuring notification process for swaptions which will improve the process for sending and receiving of restructuring notices to more promptly and accurately reflect the restructuring status of the cleared option transaction in LCH systems. The Proposed Rule Change will also enable LCH SA to more effectively manage the operational notification risks associated with the restructuring event process by providing an alternative solution with an operational delegation mechanism for the restructuring notification process. Specifically, the current bilateral notification process creates plausible operational and legal risks if LCH SA is not provided in due time by its Clearing Member with the relevant restructuring notice sent by the client. To remove any unnecessary dependency on the bilateral notification process and duties between the Clearing Members(s) and client(s) in the context of a restructuring event for swaptions, the Proposed Rule Change is designed to implement a delegation mechanism whereby clients of Clearing Members shall be appointed as their Restructuring Delegation Beneficiaries for the purposes of sending and receiving the relevant notices to the other Clearing Member(s) or Client(s) in the event of a restructuring affecting the swaptions registered in their relevant Client Account Structure.

DCO Core Principle R – Legal risk considerations. LCH SA has determined that the Proposed Rule Changes are consistent with the requirements of CFTC Regulation 39.27 to remain in good standing at all times in the relevant jurisdictions and to operate pursuant to a well-founded, transparent and enforceable legal framework that addresses each aspect of its activities. As explained above, by implementing a relevant and consistent delegation legal mechanism, the Proposed Rule Change is reducing potential legal risk at LCH SA and is therefore consistent with the CFTC requirements of a well-founded, transparent and enforceable legal framework.

Part IV: Public Information

LCH SA has posted a notice of pending certifications with the CFTC and a copy of the submission on LCH's website at: https://www.lch.com/resources/rulebooks/proposed-rule-changes

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Part V: Opposing Views

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

Certification

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

Should you have any questions please contact me.

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APPENDIX

Proposed changes to LCH SA CDS Clearing Rules:

1) CDS Clearing Supplement
2) CDS Clearing Procedures

LCH The Markets' Partner CDSClear

LCH SA
CDS Clearing Supplement

[●] 2022

This document is for use with the clearing of index linked credit derivative transactions, single name credit derivative transactions and swaption transactions in respect of index linked credit derivative transactions. The CDS Clearing Supplement is split into three parts, Part A, Part B and Part C.

Part A of the CDS Clearing Supplement shall only be used in connection with any single name credit derivative transactions or components of index linked credit derivative transactions that incorporate the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

Part B of the CDS Clearing Supplement shall only be used in connection with any single name credit derivative transactions or components of index linked credit derivative transactions that incorporate the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

Part C of the CDS Clearing Supplement shall only be used in connection with any swaption transactions, which give to a buyer the right to enter into an index linked credit derivative transaction with a seller, that incorporate the ISDA Swap Transaction Definitions (as such term is defined in Part C of the CDS Clearing Supplement) and the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

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PART A

CDS CLEARING SUPPLEMENT

FOR INDEX CLEARED TRANSACTIONS AND SINGLE NAME TRANSACTIONS INCORPORATING THE 2003 ISDA CREDIT DERIVATIVES DEFINITIONS

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1. GENERAL PROVISIONS

1.1 Incorporation of Defined Terms

Capitalised terms used in this CDS Clearing Supplement and not otherwise defined herein shall have the meaning given pursuant to the Index Cleared Transaction Confirmation, Single Name Cleared Transaction Confirmation, the 2003 ISDA Credit Derivatives Definitions or the CDS Clearing Rule Book, as applicable. In the case of any such terms defined in the CDS Clearing Rule Book, such terms shall be interpreted in accordance with the governing law specified therefore in the CDS Clearing Rule Book.

1.2 Terms defined in the CDS Clearing Supplement

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

2003 ISDA Credit Derivatives Definitions: The 2003 ISDA Credit Derivatives Definitions published by ISDA as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, including the DC Rules and Credit Derivatives Auction Settlement Terms (each as defined therein).

2014 ISDA Credit Derivatives Definitions: The 2014 ISDA Credit Derivatives Definitions published by ISDA.

Affected Cleared Transaction: Following a DC Credit Event Announcement or a publication by the DC Secretary of:

(a) a Succession Event Resolution; or

(b) a DC Resolution that a Substitute Reference Obligation has been determined,

a Cleared Transaction that references the affected Reference Entity and/or Reference Obligation, as applicable.

Buy-in Effective Date: As set out at Section 6.8 (*Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction).*

CCM Client Cleared Transaction: A Cleared Transaction between a CCM and LCH SA registered in a CCM Client Trade Account of a CCM.

CCM Client Transaction: A Transaction between a CCM and a CCM Client which is on the same economic terms as its corresponding CCM Client Cleared Transaction.

CCM Client Transaction Documents: The documentation entered into by a CCM and its CCM Client to document a CCM Client Transaction.

CDSClear Preferred Reference Obligation This term shall have the meaning set out in Section 4 of the Procedures.

CDSClear Product Committee: A committee composed of representatives of LCH SA and representatives of Clearing Members for the purposes of carrying-out the tasks apportioned to it by the CDS Clearing Documentation as further described in the terms of reference for such committee, agreed in consultation with the Clearing Members and as may be amended from time to time in consultation with the Clearing Members.

CDS Clearing Rule Book: The document entitled "CDS Clearing Rule Book" published by LCH SA, as amended from time to time.

CDS Type: A class of Cleared Transactions that are identical as to their terms, except that they may differ as to:

(a) the Trade Date;

(b) in respect of Index Cleared Transactions, the Original Notional Amount;

(c) in respect of Single Name Cleared Transactions, the Effective Date (provided that the current and future Fixed Rate Payer Calculation Periods for such Single Name Cleared Transactions are the same), the Floating Rate Payer Calculation Amount and the Reference Obligation (provided that LCH SA determines that the Reference Obligations of the Cleared Transactions are equivalent for the purposes of this CDS Clearing Supplement);

(d) the Initial Payment Payer;

(e) the Initial Payment Amount;

(f) the Initial Payment Date; and

(g) the identity of the relevant Buyer and Seller.

CEN Triggering Period: In relation to any Restructuring Cleared Transaction, the period during which the parties thereto may deliver a Restructuring Credit Event Notice in relation to all or part of such Restructuring Cleared Transaction, such period starting at 9:00 a.m. on and including the earlier to occur of:

(a) the Transaction Business Day following publication of the related Final List; and

(b) the tenth calendar day following the No Auction Announcement Date,

and ending on and including the Exercise Cut-off Date.

Clearing Member Acknowledgement: As set out at Section 7.7 (*Clearing Member Acknowledgements*).

Clearing Member Communications Failure Event: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

Clearing Member Self Referencing Transaction: A Single Name Cleared Transaction which is registered in the House Account Structure of the Clearing Member and in respect of which,

the Reference Entity is either the relevant Clearing Member or an Affiliate of such Clearing Member.

Client Self Referencing Transaction: A Single Name Cleared Transaction (a) that is registered in the Client Account Structure of a Clearing Member; and (b) in respect of which, the Reference Entity is either the relevant Client or an Affiliate of such Client.

Compression Cut-off Date: The last date on which a Clearing Member may submit a request for any Cleared Transaction to be compressed pursuant to the ad hoc compression methodology and on which a daily automatic compression cycle will be run by LCH SA, in each case in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book and Section 5 of the Procedures, being:

(a) in respect of any Index Cleared Transaction, the date falling one Transaction Business Day prior to the Novation Cut-off Date in respect of the relevant Eligible Index Version;

(b) in respect of any Single Name Cleared Transaction and:

(i) a Restructuring Credit Event, the earlier of (A) the date of publication of the relevant Initial List (as defined in the DC Rules), (B) the date falling two Transaction Business Days prior to the relevant date on which the related RMP Notification Deadline falls and (C) such other date falling between the dates in (A) and (B), as determined by LCH SA in consultation with the CDSClear Product Committee and notified to the relevant Clearing Members prior to such date; and

(ii) a Failure to Pay Credit Event or a Bankruptcy Credit Event, the date falling one Transaction Business Day prior to the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date;

(iii) a Succession Event, a date determined by LCH SA in consultation with the CDSClear Product Committee, which shall be not later that the Transaction Business Day before the date on which DTCC will amend its records in respect of such Single Name Cleared Transaction to take into account the occurrence of such Succession Event, and notified to the relevant Clearing Members prior to such date; and

(iv) a Rename Event, the Transaction Business Day before the date on which DTCC will amend its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event.

For the avoidance of doubt, where a Clearing Member has specified automatic compression on a weekly basis then the last such weekly automatic compression cycle performed by LCH SA will be performed on the Clearing Day falling on the Thursday on or before the relevant Compression Cut-off Date.

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DC Restructuring Announcement Date: The date on which the DC Credit Event Announcement of a Restructuring Credit Event is made, *provided that* where such DC Credit Event Announcement is made after 6.30 p.m. on a Business Day or on a day which is not a Business Day, the DC Restructuring Announcement Date will be the first following Business Day.

DC Rules: This term shall have the meaning given to the term "Rules" in the 2003 ISDA Credit Derivatives Definitions.

DC Secretary: This term shall have the meaning set out in the DC Rules.

Deemed Buy-in Period: As set out at Section 6.8(b)(i).

Dispute: This term shall have the meaning set out in the CDS Dispute Resolution Protocol.

DTCC Failure Event: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

DTCC Failure Event Time: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

DTCC Notice Facility: A facility made available pursuant to the DTCC Rules for the delivery of Credit Event Notices relating to Restructuring Credit Events or Notices to Exercise Movement Option.

DTCC Resolution Time: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

DTCC Rules: The "Operating Procedures", as published by DTCC and as amended from time to time.

Failed Amount: As set out at Section 6.10 (*Failure to pay Physical Settlement Amount*).

First Novation Date: In respect of:

(a) an Index Cleared Transaction, the first date on which LCH SA will accept Original Transactions referencing the relevant Eligible Index Version for clearing pursuant to the CDS Clearing Documentation, being, in the case of any such version published pursuant to the occurrence of a Succession Event or Credit Event, the date on which credit default swap transactions referencing such version of such index are accepted for registration in the TIW in accordance with the DTCC Rules;

(b) a Single Name Cleared Transaction in respect of which a Novation Cut-off Date has previously occurred pursuant to the occurrence of a Restructuring Credit Event in respect of the relevant Reference Entity, the calendar day following the Transaction Business Day following the latest possible Exercise Cut-off Date for the relevant Restructuring Credit Event or such other date on which LCH SA determines in consultation with the CDSClear Product Committee that LCH SA will begin to again accept Original Transactions referencing the relevant Reference Entity; and

(c) a Single Name Cleared Transaction (other than in the circumstances set-out in (b) above), the first date on which LCH SA determines in consultation with the CDSClear Product Committee that LCH SA will accept or will begin to again accept (as applicable) Original Transactions referencing the relevant Reference Entity.

Index Cleared Transaction: A Cleared Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction (as defined in the Index Cleared Transaction Confirmation) in respect of each such Reference Entity, the terms of which are as evidenced by an Index Cleared Transaction Confirmation.

Index Cleared Transaction Confirmation: For

(a) any Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below, the form of confirmation which incorporates the iTraxx® Europe Legacy Untranched Standard Terms Supplement, each as published on 20 September 2014 by Markit Group Limited; and

(b) any Index Cleared Transaction which references a Markit CDX™ Index Series 22 or below, the form of confirmation which incorporates the CDX Legacy Untranched Transactions Standard Terms Supplement, each as published on 22 September 2014 by Markit Group Limited,

in each case as amended by this CDS Clearing Supplement and as completed by reference to the relevant Transaction Data (or such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book).

Index CCM Client Transaction: A CCM Client Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction (as defined in the Index Cleared Transaction Confirmation) in respect of each such Reference Entity and which is on the same economic terms as an Index Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

Initial Re-couponing Notice: As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

Initial Single Name Cleared Transaction: A Cleared Transaction entered into following the novation of an Original Transaction and which references a single Reference Entity, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

Initial Single Name CCM Client Transaction: A CCM Client Transaction which references a single Reference Entity and which is on the same economic terms as an Initial Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

ISDA: The International Swaps and Derivatives Association, Inc. and any successor thereto.

Mandatory Provisions: As set-out in Appendix XIII (*CCM Client Transaction Requirements*).

Matched Buyer: A CDS Buyer comprised in a Matched Pair.

Matched Buyer Contract: A Cleared Transaction (or part thereof) between a Matched Buyer and LCH SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

Matched Contract: A Matched Seller Contract or a Matched Buyer Contract, as applicable.

Matched Pair: A Restructuring Matched Pair or Settlement Matched Pair, as applicable.

Matched Seller: A CDS Seller comprised in a Matched Pair.

Matched Seller Contract: A Cleared Transaction (or part thereof) between a Matched Seller and LCH SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

Matching Information Notification Deadline: In respect of a Restructuring Cleared Transaction, 9.00 a.m. on the first day of the CEN Triggering Period, *provided that* the Matching Information Notification Deadline shall fall no earlier than the fifth Transaction Business Day following the relevant DC Credit Event Announcement.

Matrix Re-versioning Date: As set-out in Section 2.5 (*Physical Settlement Matrix Updates*).

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NEMO Triggering Period: In relation to any Restructuring Cleared Transaction for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable, the period starting at 9:00 a.m. on the day falling two Transaction Business Days prior to the relevant Movement Option Cut-off Date for the relevant Credit Event and ending at the last time for delivery of a valid Notice to Exercise Movement Option under the terms of the relevant Cleared Transaction.

No Physical Settlement Confirmation: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

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No Physical Settlement Confirmation Deadline: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

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Non-Deliverable Obligation: As set out at Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*).

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Non-DVP Obligation: In respect of any Physically Settled Cleared Transaction, a Deliverable Obligation validly specified in a Notice of Physical Settlement which does not, in accordance with then current market standards, settle on a delivery-versus-payment basis through the books and records of a central securities depository or securities settlement system.

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Notice Acknowledgement Deadline: As set out in Section 7.7 (*Clearing Member Acknowledgements*).

Notice Reconciliation Deadline: As set out in Section 7.7 (*Clearing Member Acknowledgements*).

Novation Cut-off Date: The date with effect from which LCH SA will no longer accept Original Transactions referencing an Eligible Index Version or Eligible Reference Entity for novation, being:

(a) following the occurrence of a Restructuring Credit Event, the earlier of:

(i) a date determined by LCH SA in consultation with the CDSClear Product Committee, which shall not be earlier than the DC Restructuring Announcement Date; and

(ii) the calendar day immediately following the No Auction Announcement Date,

provided that LCH SA in consultation with the CDSClear Product Committee may, but is not required to, determine that the Novation Cut-off Date for Index Cleared Transactions and the Novation Cut-off Date for Initial Single Name Cleared Transactions are to occur on different days;

(b) following the occurrence of a Failure to Pay Credit Event or a Bankruptcy Credit Event, the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date, as applicable;

(c) following the occurrence of a Succession Event:

(i) in respect of an Index Cleared Transaction, the date notified by DTCC to LCH SA as being the date on which DTCC will amend its records in respect of such Cleared Transaction to take into account a new version of such index published by the relevant index publisher taking into account the occurrence of such Succession Event; or

(ii) in respect of a Single Name Cleared Transaction, the day after the date on which ISDA publicly announces that the relevant Determinations Committee has resolved that a Succession Event has occurred;

(d) following the occurrence of a Rename Event in respect of Single Name Cleared Transactions, the date determined by LCH SA in consultation with the CDSClear Product Committee, which such date shall not be later than the date on which DTCC amends its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event; or

(e) otherwise, as determined by LCH SA in consultation with the CDSClear Product Committee.

Partial Cash Settlement Terms: As set out in Section 9.8 (*Partial Cash Settlement Terms*) of the 2003 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement.

Payer: As set out at Section 6.17 (*Physical Settlement Costs*).

Physical Settlement Confirmation: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

Physical Settlement Confirmation Deadline: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

Physically Settled Cleared Transaction: As set out at Section 6.3 (*Physically Settled Cleared Transactions*).

Physical Settlement Matrix: The Credit Derivatives Physical Settlement Matrix (as defined in the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions published on March 7 2005).

Recipient: As set out at Section 6.17 (*Physical Settlement Costs*).

Re-couponing Date: As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

Re-couponing Notice: As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

Rename Event: As set out in Section 4.7 (*Rename Events*).

Restructuring Cleared Transaction: A Cleared Transaction which references a single Reference Entity and is created following the creation of Restructuring Matched Pairs pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*), the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

Restructuring CCM Client Transaction: A CCM Client Transaction between a CCM and a CCM Client which references a single Reference Entity and which is on the same economic terms as a Restructuring Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

Restructuring Matched Pair: A pairing comprised of a Matched Buyer and a Matched Seller in respect of Restructuring Cleared Transactions created by LCH SA for the purposes of delivery of Credit Event Notices in respect of the relevant Restructuring Credit Event under Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*).

Restructuring Matched Pair Amount: In respect of a Restructuring Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Restructuring Cleared Transactions allocated by LCH SA to such Restructuring Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

Resulting Single Name Cleared Transaction: A Cleared Transaction which references a single Reference Entity and is created following the termination of a Restructuring Cleared Transaction pursuant to Section 5.15 (*Recouponing*) of the Procedures, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

RMP Notification Deadline: In respect of a notification by LCH SA to the relevant Clearing Members in relation to Restructuring Matched Pairs, 10.00 a.m. on the Transaction Business Day immediately prior to the first day of the CEN Triggering Period *provided that* the RMP Notification Deadline shall in no event fall prior to the second Transaction Business Day following the occurrence of the related DC Credit Event Announcement.

Self Referencing Transaction: A Clearing Member Self Referencing Transaction or a Client Self Referencing Transaction, as applicable.

Settlement Matched Pair: A pairing comprised of a Matched Buyer and a Matched Seller in respect of Physically Settled Cleared Transactions deemed to have been created by LCH SA under Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Settlement Matched Pair Delivery Amount: In respect of a Settlement Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Physically Settled Cleared Transactions allocated by LCH SA to such Settlement Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

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Single Name Cleared Transaction: An Initial Single Name Cleared Transaction, a Spin-off Single Name Cleared Transaction, a Restructuring Cleared Transaction and a Resulting Single Name Cleared Transaction.

Single Name Cleared Transaction Confirmation: The form of confirmation for use with the Physical Settlement Matrix that incorporates the 2003 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement and as completed by reference to:

(a) in the case of an Initial Single Name Cleared Transaction, the relevant Transaction Data; or

(b) in the case of any other type of Single Name Cleared Transaction, the relevant Cleared Transaction or Cleared Transactions that existed immediately prior to the relevant event that resulted in the creation of such Single Name Cleared Transaction (with such amendments as are required pursuant to the terms of the CDS Clearing Documentation),

or such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

Single Name CCM Client Transaction: A CCM Client Transaction between a CCM and a CCM Client which is on the same economic terms as a Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

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SMP Notification Deadline: In respect of a notification by LCH SA to the relevant Clearing Members in relation to Settlement Matched Pairs, noon on the Transaction Business Day following the day on which the Fallback Settlement Method first becomes applicable.

Spin-off Single Name Cleared Transaction: The separate Single Name Cleared Transaction formed in respect of a Reference Entity from a Component Transaction (as defined in the Index Cleared Transaction Confirmation) of an Index Cleared Transaction following the occurrence of a DC Credit Event Announcement in respect of a Restructuring Credit Event with respect to the Reference Entity of such Component Transaction in accordance with the terms of such Index Cleared Transaction, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

Transaction Business Day: A "Business Day", as defined in the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable.

Transaction Data: In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH SA as an Index Cleared Transaction or Initial Single Name Cleared Transaction, the data provided by an Approved Trade Source System to LCH SA for such purposes, which includes, without limitation:

(a) in respect of an Index Cleared Transaction, the relevant index, including details of the index name, series and version, the annex date, the Original Notional Amount and the currency of the Original Notional Amount;

(b) in respect of an Initial Single Name Cleared Transaction, the Reference Entity, Reference Obligation, applicable Transaction Type, Floating Rate Payer Calculation Amount, the currency of the Floating Rate Payer Calculation Amount and the Fixed Rate;

(c) the Trade Date;

(d) the Scheduled Termination Date;

(e) the Floating Rate Payer;

(f) the Fixed Rate Payer;

(g) the Fixed Rate Payer Payment Dates;

(h) the Initial Payment Payer;

(i) the Initial Payment Amount; and

(j) whether the 2003 Credit Derivatives Definitions or the 2014 Credit Derivatives Definitions are applicable to such Original Transaction (or, in the case of an Index Cleared Transaction, each component of such Original Transaction).

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1.3 **Inconsistency**

To the extent of any conflict between:

(a) any definition or provision contained in Appendix 1 (*CDS Default Management Process*) of the CDS Clearing Rule Book;

(b) the remaining sections of the CDS Clearing Rule Book;

(c) the CDS Admission Agreement;

(d) this CDS Clearing Supplement;

(e) an Index Cleared Transaction Confirmation or a Single Name Cleared Transaction Confirmation;

(f) the Procedures; or

(g) any Clearing Notices,

the first referenced document shall prevail except in relation to determining the existence and amount of any payment and delivery obligations under any Cleared Transactions, in respect of which this CDS Clearing Supplement, the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable, shall prevail to the extent permitted by law.

1.4 **Timing**

Pursuant to Article 1.2.8 (*Time reference*) of the CDS Clearing Rule Book, any reference to a time of day herein shall be deemed to be a reference to Central European Time unless otherwise provided herein.

1.5 **Third Party Rights**

Unless otherwise provided in this CDS Clearing Supplement or in the CDS Clearing Rulebook, a person who is not a party to a Cleared Transaction does not have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of such Cleared Transaction or this CDS Clearing Supplement as it relates to such Cleared Transaction.

1.6 **Recording of Conversations**

Each of LCH SA and each Clearing Member consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with any Cleared Transaction and agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and agrees, to the extent permitted by applicable law, that such recordings may be submitted as evidence in any related court or arbitral proceedings.

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1.7 **Application to FCM/BD Clearing Members**

(a) Upon the taking of any action pursuant to this CDS Clearing Supplement by an FCM/BD Clearing Member in respect of an FCM/BD Cleared Transaction entered into as agent for the account of an FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)), such FCM/BD Clearing Member shall be deemed to represent to LCH SA that it has the power and authority to, and has been duly authorised to, take such action for the account of such FCM/BD Client.

(b) For purposes of this CDS Clearing Supplement, with regard to any Cleared Transaction entered into by an FCM/BD Clearing Member acting as agent for the account of an FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)):

(i) references herein to "CDS Buyer" or "CDS Seller", as the case may be, shall be understood to be references to such FCM/BD Client (which shall not, for the avoidance of doubt, prejudice LCH SA's right to deal solely with the FCM/BD Clearing Member pursuant to Article 6.1.1.3(vi) of the CDS Clearing Rule Book); and

(ii) references herein to: (1) a Clearing Member entering into a Cleared Transaction with LCH SA; and (2) a Clearing Member forming part of a Matched Pair, shall each be understood as such FCM/BD Clearing Member acting as agent for the account of such FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)).

2. TERMS OF CLEARED TRANSACTIONS

2.1 General Terms of Cleared Transactions

(a) **Terms of Index Cleared Transactions and Initial Single Name Cleared Transactions**

Upon novation of an Original Transaction at the Novation Time in accordance with Title III (*Clearing Operations*) of the CDS Clearing Rule Book, each resulting Index Cleared Transaction or Initial Single Name Cleared Transaction is entered into by LCH SA and the relevant Clearing Member on the terms of the related Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation (as applicable).

(b) **Terms of Spin-off Single Name Cleared Transactions, Restructuring Cleared Transactions and Resulting Single Name Cleared Transactions**

If any Spin-off Single Name Cleared Transaction is deemed to have been entered into by the parties in accordance with the terms of any Index Cleared Transaction or if any Restructuring Cleared Transaction is created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or if any Resulting Single Name Cleared Transaction is created pursuant to Section 5.15 (*Recouponing*) of the Procedures, such Spin-off Single Name Cleared Transaction, Restructuring Cleared Transaction or Resulting Single Name Cleared Transaction is entered into by LCH SA and the relevant

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Clearing Member on the terms of the related Single Name Cleared Transaction Confirmation.

(c) **Trade Date of Cleared Transactions following Compression**

Notwithstanding paragraphs (a) and (b) above, where Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Trade Date of any resulting Cleared Transaction(s) shall be, in respect of any Cleared Transaction subject to:

(i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively received and processed in accordance with Section 5 of the Procedures, which shall be:

(A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing member via any means of access specified in a Clearing Notice or 5.00 p.m. (if such request is not submitted via any means of access specified in a Clearing Notice in the case of a disruption of the relevant means of access);

(B) the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. but LCH SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and

(C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. and LCH SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or

(ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Cleared Transaction is automatically compressed by LCH SA in accordance with Section 5 of the Procedures.

2.2 **Index Cleared Transaction Confirmation**

The Index Cleared Transaction Confirmation is amended, supplemented and completed as follows:

(d) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the words "between [●] (**Party A**) and [●] (**Party B**)" in the third line of the first paragraph; and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the words "between [Party A] ("Party A") and [counterparty's name] ("Party B")" in the third and fourth lines of the first paragraph,

and in each case replacing them with:

"between LCH SA (**"Party A"**) and Clearing Member, as identified in the relevant CDS Admission Agreement between such Clearing Member and Party A (**"Party B"**)";

(e) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the fifth paragraph thereof; and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the third paragraph thereof,

in each case replacing it with the following:

"This Confirmation supplements, forms a part of, and is subject to, the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

(f) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the sixth paragraph thereof and replacing it with the following:

"The terms of the iTraxx® Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";

(g) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the fourth paragraph thereof and replacing it with the following:

"The terms of the Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";

(h) by specifying that the “Calculation Agent” is Party A;

(i) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by inserting the following “Additional terms”:

"The Legacy Standard Terms Supplement is amended for the purposes of this Transaction by deleting paragraph 5.4 (*De Minimis Cash Settlement*) of Section A in its entirety": and

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(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by inserting the following "Additional terms":

"The CDX Legacy Standard Terms Supplement is amended for the purposes of this Transaction by deleting paragraph 5.3 (*De Minimis Cash Settlement*) of Section A in its entirety":

(j) by deleting the contact details for notices and the account details; and

(k) by deleting the signature blocks.

2.3 **Single Name Cleared Transaction Confirmation**

The Single Name Cleared Transaction Confirmation is amended, supplemented and completed as follows:

(a) by deleting the words "between us" from the first paragraph thereof and replacing them with:

"between LCH SA (**"Party A"**) and Clearing Member, as identified in the relevant CDS Admission Agreement between Clearing Member and Party A (**"Party B"**)";

(b) by deleting the words "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" in the second paragraph thereof and replacing them with the words "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";

(c) by deleting the third paragraph thereof and replacing it with the following:

"This Confirmation supplements, forms a part of and is subject to the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

(d) by specifying the Matrix Publication Date as the date of publication of the Relevant Physical Settlement Matrix;

(e) by specifying that the "Calculation Agent" is Party A;

(f) notwithstanding the terms of the relevant Original Transaction, by specifying that the Reference Obligation is the CDSClear Preferred Reference Obligation;

(g) by deleting references to the Initial Payment Payer and the Initial Payment Amount in part 2 in relation to Single Name Cleared Transactions in respect of which there is no Initial Payment Payer and Initial Payment Amount;

(h) by deleting parts 4, 5, 6 and 7 in their entirety;

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(i) by inserting the following provision in the "Additional Terms" section of the Confirmation:

"Section 2.31 (*Merger of Reference Entity and Seller*) of the Credit Derivatives Definitions shall not apply."; and

(j) by deleting the signature blocks.

2.4 **Amendments to 2003 ISDA Credit Derivatives Definitions**

(a) For the purposes of this CDS Clearing Supplement, Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions as incorporated in any Cleared Transaction shall be amended such that, where LCH SA is the designator in relation to any Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable, it is permitted to designate any relevant CDS Buyer or CDS Seller, as applicable, in accordance with Section 8 (*Matched Pair Designations and Notices*) as its designee, notwithstanding that such relevant CDS Buyer or CDS Seller, as applicable, is not its Affiliate and for the additional purposes of:

(i) delivering or receiving any Credit Event Notice relating to a Restructuring Credit Event or Notice to Exercise Movement Option (in each case, to the extent not delivered via a DTCC Notice Facility);

(ii) delivering or receiving any Notice of Physical Settlement or NOPS Amendment Notice;

(iii) making or receiving payment of any Physical Settlement Amount and any costs and expenses of Physical Settlement; and

(iv) delivering or receiving any notice and otherwise exercising any rights or performing any obligations of LCH SA for the purposes of Sections 9.9 (*Buy-in of Bonds Not Delivered*) or 9.10 (*Alternative Procedures Relating to Loans Not* Delivered) of the 2003 ISDA Credit Derivatives Definitions.

(b) Section 9.1(c)(iii) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting both occurrences of the words "master agreement between Buyer and Seller that governs the relevant Credit Derivative Transaction" and replacing each with the words "CDS Clearing Documentation".

(c) Section 9.2(a) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" at the end thereof and replacing them with the words "the CDS Clearing Documentation".

(d) Section 9.2(c)(ii) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" at the end of the third sentence thereof and replacing them with the words "the CDS Clearing Documentation".

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(e) Section 9.2(c)(iii) of the 2003 ISDA Credit Derivatives Definitions is amended by deleting both occurrences of the words "a master agreement governing the Credit Derivative Transaction" and replacing each with the words "the CDS Clearing Documentation".

(f) The Protocol Effectiveness Condition (as defined in the 2014 ISDA Credit Derivatives Definitions Protocol published by ISDA on 21 August 2014 and supplemented by the Supplement thereto published by ISDA on 15 September 2014 and as further supplemented from time to time (the "**2014 Protocol**")) being satisfied, then from and including the Implementation Date (as defined in the 2014 Protocol) the amendments set forth in Part 1 (*Global Amendments*) of Schedule 1 (*Amendments to Protocol Covered Transactions)* of the 2014 Protocol shall apply to each Cleared Transaction which incorporates the 2003 ISDA Credit Derivatives Definitions and each such Cleared Transaction shall be a Protocol Covered Transaction for the purposes of the 2014 Protocol provided that:

(i) the First Novation Date in respect of such Cleared Transaction is prior to the Implementation Date;

(ii) such Cleared Transaction is not an Excluded Transaction (as defined in the 2014 Protocol) provided that if such Cleared Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2014 Protocol) therein, such Affected Portion shall be excluded for the purposes of this Section 2.4(f) and the remaining portion of such Cleared Transaction shall be deemed to be a Protocol Covered Transaction;

(iii) the Scheduled Termination Date in respect of such Cleared Transaction is on or after the Implementation Date;

(iv) no Event Determination Date has occurred in respect of such Cleared Transaction prior to the Implementation Date;

(v) from and including the Implementation Date the provisions of Part B of the CDS Clearing Supplement shall apply to such Cleared Transaction or the portion of such Cleared Transaction other than the Affected Portion, as applicable and such Cleared Transaction shall be treated as if it had been entered into and is subject to the 2014 ISDA Credit Derivatives Definitions. In the event of any inconsistency between the provisions of Part B of the CDS Clearing Supplement and the amendments set forth in this paragraph 2.4, the provisions of Part B of the CDS Clearing Supplement shall prevail.

2.5 **Physical Settlement Matrix Updates**

(a) **Publication of Revised Matrix**

Where ISDA publishes a new version (the "**Revised Matrix**") of the Physical Settlement Matrix that is the Relevant Physical Settlement Matrix in respect of an Eligible

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Reference Entity (the "**Existing Matrix**"), LCH SA will, in consultation with the CDSClear Product Committee, determine whether the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing such Eligible Reference Entity.

If there are any changes between the terms of the Revised Matrix and the Existing Matrix that would apply to Single Name Cleared Transactions referencing the Eligible Reference Entity and the Existing Matrix were they to reference the Revised Matrix instead, then the Existing Matrix and the Revised Matrix shall be deemed not to be fungible and paragraph (c) below shall apply.

(b) **Revised Matrix Fungible**

If LCH SA determines in consultation with the CDSClear Product Committee that the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing an Eligible Reference Entity (such date of determination, a **Matrix Re-versioning Date**), then:

(i) LCH SA will promptly notify all Clearing Members of such determination; and

(ii) each Single Name Cleared Transaction referencing such Eligible Reference Entity and the Existing Matrix will, as of the close of business on the Matrix Re-versioning Date, be deemed to have been amended so as to reference the Revised Matrix, which shall become the Relevant Physical Settlement Matrix in respect of such Eligible Reference Entity.

For the avoidance of doubt, following the publication of a Revised Matrix, there may be different Matrix Re-versioning Dates in respect of Single Name Cleared Transactions referencing different Eligible Reference Entities.

(c) **Revised Matrix not Fungible**

If it is determined that the Revised Matrix and the Existing Matrix are not fungible for the purposes of Single Name Cleared Transactions referencing an Eligible Reference Entity, then existing Single Name Cleared Transactions referencing such Eligible Reference Entity and the Existing Matrix shall continue to reference the Existing Matrix.

(d) **Original Transactions submitted prior to Matrix Re-versioning Date**

Pursuant to Section 2.3(d) above, any Original Transaction referencing an Eligible Reference Entity submitted for clearing after a Matrix Re-versioning Date in respect of such Eligible Reference Entity and which references the Existing Matrix prior to such Matrix Re-versioning Date will, following novation, result in an Initial Single Name Cleared Transaction referencing the Revised Matrix.

2.6 Terms of STM Cleared Transaction

The following terms of a registered STM Cleared Transaction are designated as the "**STM Cleared Terms**".

If a Cleared Transaction is designated as an STM Cleared Transaction in accordance with Article 3.1.10.7 of the CDS Clearing Rule Book the terms of such Cleared Transaction will automatically, and without any further action by either party, include the STM Cleared Terms.

(a) **Net present value**

(i) LCH SA shall, at least once per Cash Payment Day, determine the net present value of this STM Cleared Transaction in such manner and at such times as may be provided in Section 2 of the Procedures.

(ii) Immediately upon LCH SA making such a determination of the net present value of this STM Cleared Transaction:

(A) An amount (determined in accordance with Section 2.14 (*NPV Amount*) of the Procedures) of cash may become due and payable by the Clearing Member or LCH SA (as applicable, and as determined in accordance with Section 2.14 (*NPV Amount*) of the Procedures) under these STM Cleared Terms; and

(B) the net present value of this STM Cleared Transaction shall for all purposes be reset to zero.

(iii) The amount (if any) referred to in (ii)(A) above shall immediately become due and payable by the relevant party under the STM Cleared Terms applicable to this STM Cleared Transaction and shall be made in such manner and at such times as may be provided in Section 2 of the Procedures.

(iv) In any circumstance preventing the NPV Payments or Variation Margin Collateral Transfers from being performed in US Dollar, LCH SA shall be entitled to convert any amount denominated in US Dollar into Euro in accordance with Article 4.2.3.2 of the CDS Clearing Rule Book.

(b) **Price Alignment Amount**

(i) LCH SA shall, at least once per Cash Payment Day, determine the Price Alignment Amount in respect of this STM Cleared Transaction in such manner and at such times as may be provided in Section 2 of the Procedures.

(ii) Immediately upon LCH SA making such a determination of the Price Alignment Amount in respect of this STM Cleared Transaction, an amount (determined in accordance with Section 2.17 (*Price Alignment Amount*) of the Procedures) of cash may become due and payable by the Clearing Member or LCH SA (as

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applicable, and as determined in accordance with Section 2.17 (*Price Alignment Amount*) of the Procedures) under these STM Cleared Terms.

(iii) The amount (if any) referred to in (ii) above shall immediately become due and payable by the relevant party under the STM Cleared Terms applicable to this STM Cleared Transaction and shall be made in such manner and at such times as may be provided in Section 2 of the Procedures.

3. PAYMENTS AND DELIVERIES

3.1 Obligation to pay and deliver

Each of LCH SA and each Clearing Member will make each payment or delivery specified under the terms of each Cleared Transaction to be made by it, subject to the other provisions of the CDS Clearing Documentation.

Payments under any Cleared Transaction will be made on the due date for value on that date in the place of the account specified for the relevant party in the CDS Admission Agreement (or such other account as may be designated by it from time to time for such purpose in accordance with the CDS Admissions Agreement and/or the Procedures, as applicable) and otherwise in accordance with the CDS Clearing Documentation, in freely transferable funds and in the manner customary for payments in the required currency.

Deliveries under any Cleared Transaction will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in or pursuant to the CDS Clearing Documentation.

3.2 Payments under Original Transactions

(a) If any Initial Payment Amount or Fixed Amount is due and payable under the terms of an Original Transaction on or before the Clearing Day on which the related Cleared Transactions are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such amount shall be payable under and in accordance with the terms of such Original Transaction. In such event, no corresponding Initial Payment Amount or Fixed Amount shall be payable in respect of such Cleared Transactions.

(b) If the Initial Payment Date of an Original Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such Original Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book then the corresponding Initial Payment Date for the related Cleared Transactions shall occur on the Transaction Business Day which is also a Clearing Day immediately following the Clearing Day on which such related Cleared Transactions are created.

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4. CREDIT EVENTS, SUCCESSION EVENTS AND RENAME EVENTS

4.1 Determination of Credit Events and Succession Events

Notwithstanding any provision of any Cleared Transaction to the contrary:

(a) LCH SA (in its capacity as Calculation Agent with respect to such Cleared Transaction) shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Succession Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules*;* and

(b) neither LCH SA nor any Clearing Member shall be entitled to deliver a Succession Event Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any Restructuring Cleared Transaction and, where applicable, the DTCC Rules and Section 7.8 (*Failure to notify Matched Pairs*)).

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4.2 Credit Event Timeline

(a) Publication of Credit Event Timeline

Upon a DC Credit Event Announcement, LCH SA will publish and make available to Clearing Members a timeline in respect of the relevant Credit Event and related Affected Cleared Transactions, to notify, among other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall (i) be published and made available on the date of such DC Credit Event Announcement or, if LCH SA determines that such publication on such date is not practicably possible, as soon as practicable thereafter (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and (ii) in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) Amendment of Credit Event Timeline

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, only to reflect subsequent DC Resolutions, timing provisions of any relevant Transaction Auction Settlement Terms and/or actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

4.3 Novation and Compression following Credit Events

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 shall become eligible for compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*)

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of the CDS Clearing Rule Book on the Transaction Business Day following the related Exercise Cut-off Date applicable to the relevant Buyer.

By way of clarification to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, LCH SA shall effect compression of relevant Cleared Transactions if and to the extent requested by a Clearing Member.

4.4 **Re-couponing of Restructuring Cleared Transactions**

Following a Restructuring Credit Event, LCH SA may perform re-couponing in accordance with Section 5 of the Procedures on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice has not been delivered during the relevant CEN Triggering Period, provided that:

(a) LCH SA notifies (such notice, the "**Initial Re-couponing Notice**") all of the relevant Clearing Members of its intention to perform such re-couponing and the intended date of such re-couponing (such date, the "**Re-Couponing Date**");

(b) the Re-Couponing Date is no earlier than the later of (i) the end of the relevant CEN Trigger Period; and (ii) eight Transaction Business Days after the effective date of the Initial Re-couponing Notice;

(c) all of the relevant Clearing Members have subsequently consented to the proposed re-couponing, subject to confirmation of the terms of such re-couponing, within five Transaction Business Days of the effective date of the Initial Re-couponing Notice;

(d) after receiving consent from all relevant Clearing Members in accordance with paragraph (c) above, LCH SA notifies (such notice, the "**Re-couponing Notice**") the relevant Clearing Members, no later than three Transactions Business Days prior to the Re-Couponing Date, of the proposed terms of the Resulting Single Name Cleared Transactions determined by LCH SA in accordance with Section 5 of the Procedures; and

(e) all of the relevant Clearing Members have subsequently consented to the proposed terms of such re-couponing process as set out in the Re-couponing Notice within two Transaction Business Days of the effective date of the Re-couponing Notice.

For the avoidance of doubt, if, in respect of a proposed re-couponing process, LCH SA does not obtain consent from all of the relevant Clearing Members in accordance with paragraphs (c) or (e) above, then LCH SA may elect to propose a re-couponing process again in accordance with this Section 4.4 for so long as any relevant Restructuring Cleared Transactions remain outstanding.

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4.5 **Succession Events and Cleared Transactions**

If LCH SA determines that any Original Transaction submitted for novation or any Cleared Transaction subject to compression would have been subject to a Succession Event but will no longer be subject to such Succession Event upon novation or compression (as applicable)

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because of the Trade Date that would be specified with respect to the relevant Cleared Transactions, LCH SA may take such action as it deems necessary to ensure that such Succession Event is given effect with respect to such Cleared Transactions, including, without limitation, specifying an alternate Trade Date for purposes of Section 2.1 (*Reference Entity*) of the 2003 ISDA Credit Derivatives Definitions with respect to each relevant Cleared Transaction or, where LCH SA determines that an alternative course of action is not practicable, declining to accept such Original Transaction for novation or Cleared Transaction for compression (as applicable).

4.6 **Succession Event Timeline**

(a) **Publication of Succession Event Timeline**

Following the publication of a resolution of a relevant Credit Derivatives Determinations Committee to the effect that one or more Successors have been identified with respect to any Reference Entity for the purposes of any Cleared Transaction, LCH SA will publish and make available to Clearing Members a timeline in respect of the relevant Succession Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall be published and made available as soon as practicable (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and shall in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Succession Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, to reflect subsequent DC Resolutions and any relevant actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

4.7 **Rename Events**

In respect of Single Name Cleared Transactions, if a Reference Entity changes its name (a "**Rename Event**"), LCH SA will publish and make available to Clearing Members as soon as practicable upon becoming aware of such Rename Event a timeline in respect of the relevant Rename Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, to reflect any relevant actions of DTCC. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

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4.8 **Updating Eligible Index Versions**

(a) **Publication of Revised Index**

Where the Index Publisher of an Eligible Index Version publishes a revised version of such index following:

(i) a DC Credit Event Announcement;

(ii) a DC Resolution becoming effective which specifies that a Succession Event has occurred; or

(iii) the determination of a Substitute Reference Obligation,

LCH SA will in consultation with the CDSClear Product Committee determine whether such revised index version is fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation.

(b) **Index Version not Fungible**

If LCH SA determines in consultation with the CDSClear Product Committee that such revised index version is not fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation, it shall notify DTCC accordingly so that DTCC does not automatically update the trade records for Index Cleared Transactions and Index CCM Client Transactions referencing the relevant Eligible Index Version in the TIW.

(c) **Index Fungible**

Unless LCH SA has notified DTCC in accordance with paragraph (b) above, following confirmation from DTCC that the trade records for Cleared Transactions referencing the relevant index have been updated in the TIW (such date a **DTCC Re-versioning Date**) so that such Cleared Transactions reference the revised index version (which such revised index version shall become the Eligible Index Version), LCH SA will update its corresponding records in the CDS Clearing System overnight following such DTCC Re-versioning Date. LCH SA will send the relevant reports referred to in Section 5 of the Procedures to the relevant Clearing Members on the Transaction Business Day following such DTCC Re-versioning Date which will be updated so as to refer to Cleared Transactions referencing the revised index version.

4.9 **Reversal of DC Credit Event Announcements and Margining**

If a DC Credit Event Announcement is reversed then, subject to Section 9.1(c)(iii)(B) of the 2003 ISDA Credit Derivatives Definitions, LCH SA shall be obliged in accordance with Section 3 of the Procedures to calculate and shall be entitled to call for Margin and/or be obliged to return Margin with respect to each Clearing Member on the basis that the DC Credit Event Announcement that is reversed had not been made.

5. RESTRUCTURING

5.1 Creation and Notification of Restructuring Matched Pairs

Following the occurrence of a Restructuring Credit Event, LCH SA will create (on one or, if the Novation Cut-off Date in respect of Index Cleared Transactions is prior to the Novation Cut-off Date in respect of Initial Single Name Cleared Transactions, two or more occasions) Restructuring Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*). Each such Restructuring Matched Pair shall be composed of two Restructuring Cleared Transactions created at the same time as and as a result of the termination of the relevant Single Name Cleared Transactions pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) below.

LCH SA shall notify the relevant Matched Buyer and Matched Seller comprised within each Restructuring Matched Pair of:

(a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of such other Clearing Member) of such Matched Pair; and

(b) the associated Restructuring Matched Pair Amount,

as soon as reasonably practicable following the related Compression Cut-off Date, but in any event, at or prior to the RMP Notification Deadline.

LCH SA will additionally provide to DTCC all relevant "Matching Information" (as defined in the DTCC Rules) on or prior to the Matching Information Notification Deadline.

5.2 Creation of Restructuring Cleared Transactions

Upon the notification to the relevant Clearing Members of Restructuring Matched Pairs, the relevant Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions entered into by each Clearing Member with LCH SA will be deemed terminated and new Restructuring Cleared Transactions of the same CDS Type will be deemed to be entered into between each such Clearing Member and LCH SA, with each such Restructuring Cleared Transaction having a Floating Rate Payer Calculation Amount corresponding to the Restructuring Matched Pair Amount of a Restructuring Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

5.3 Triggering of Restructuring Cleared Transactions

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may only deliver Credit Event Notices in relation to a Restructuring Credit Event during the CEN Triggering Period following notification of Restructuring Matched Pairs by LCH SA and subject

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always to the terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

Any Credit Event Notice delivered in respect of a Restructuring Matched Pair for an amount which is greater than the related Floating Rate Payer Calculation Amount shall be ineffective as to such excess.

5.4 **Notice to Exercise Movement Option**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), Clearing Members may only deliver a Notice to Exercise Movement Option during the NEMO Triggering Period, subject always to the other terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

5.5 **Reversal of DC Credit Event Announcements**

If a DC Credit Event Announcement made in relation to a Restructuring Credit Event is reversed then, subject to Section 9.1(c)(iii)(B) of the 2003 ISDA Credit Derivatives Definitions:

(a) LCH SA shall have no obligation to create Restructuring Matched Pairs in accordance with Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*), any such Restructuring Matched Pairs so created shall be deemed not to have been created and any Credit Event Notices delivered in connection with such Restructuring Matched Pairs shall be deemed to be ineffective;

(b) LCH SA shall, where applicable, make relevant registrations in the TIW in order to reflect such reversal which shall also automatically result in such registrations being made in respect of any related CCM Client Transactions; and

(c) Section 4.9 (*Reversal of DC Credit Event Announcements and Margining*) shall apply.

5.6 **Reports**

Without prejudice to the notification requirements set out elsewhere in the CDS Clearing Documentation, LCH SA will communicate to the relevant Clearing Members, on the basis of information received from DTCC or, as applicable, from Clearing Members, amongst other things:

(a) the aggregate Floating Rate Payer Calculation Amounts of Restructuring Cleared Transactions to which they are a party and which are the subject of Credit Event Notices; and

(b) the results of the exercise of any Movement Option in relation to Cleared Transactions to which they are a party,

at or around 7.00 p.m. on each day during each CEN Triggering Period and NEMO Triggering Period, as applicable, through the reports referred to in Section 5 of the Procedures.

For the avoidance of doubt, such communication shall not affect the validity or effectiveness of any Credit Event Notice or Notice to Exercise Movement Option which shall be subject to the terms of the relevant Restructuring Cleared Transaction.

6. PHYSICAL SETTLEMENT

6.1 General Terms relating to Physical Settlement

Where Physical Settlement is applicable as the Fallback Settlement Method pursuant to Section 12.1 (*Auction Settlement*) or 12.17 (*Movement Option*) of the 2003 ISDA Credit Derivatives Definitions, each Cleared Transaction will be subject to settlement in accordance with its terms and this Section 6 (*Physical Settlement*).

LCH SA has implemented a process, as set-out in this Section 6 (*Physical Settlement*), pursuant to which Clearing Members will manage the physical delivery process bilaterally in respect of any Cleared Transactions for which Physical Settlement is applicable.

Notwithstanding such process, LCH SA shall remain the legal counterparty for any such Cleared Transactions for which Physical Settlement is applicable and shall continue to be liable with respect to its obligations relating to such Physical Settlement, subject to its terms and this Section 6 (*Physical Settlement*).

6.2 Creation and Notification of Settlement Matched Pairs

LCH SA will create Settlement Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*) and notify Matched Buyer and Matched Seller comprised within each Settlement Matched Pair of:

(a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of each such other Clearing Member); and

(b) the associated Settlement Matched Pair Delivery Amount,

at or prior to the SMP Notification Deadline.

Notwithstanding the above, the Settlement Matched Pair for a Restructuring Cleared Transaction shall be the Restructuring Matched Pair previously created by LCH SA in accordance with Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) in respect of such Restructuring Cleared Transaction.

6.3 Physically Settled Cleared Transactions

Following the actual or deemed creation of such Settlement Matched Pairs, the relevant Cleared Transactions in respect of which the Fallback Settlement Method applies will be construed as if they had been terminated and new Cleared Transactions of the same CDS Type will be deemed to have been entered into between each such Clearing Member and LCH SA (each such deemed Cleared Transaction being a **"Physically Settled Cleared Transaction"**).

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Each such Physically Settled Cleared Transaction shall have a Floating Rate Payer Calculation Amount corresponding to the Settlement Matched Pair Delivery Amount of a Settlement Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

6.4 **Matched Seller Calculation Agent**

Notwithstanding any provision to the contrary in a Physically Settled Cleared Transaction (but subject as set out in Section 6.10 (*Failure to pay Physical Settlement Amount*), the "Calculation Agent" for the purposes of Article VIII (*Terms relating to Physical Settlement)* and Section 9.8 (*Partial Cash Settlement Terms*) of the 2003 ISDA Credit Derivatives Definitions shall be the relevant Matched Seller.

6.5 **Notices of Physical Settlement**

(a) **No Notices of Physical Settlement until Notification of Settlement Matched Pairs**

Subject as set out at Section 7.8 (*Failure to notify Matched Pairs*) and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may not deliver any Notices of Physical Settlement in respect of any Affected Cleared Transactions until they have been notified of their Settlement Matched Pairs.

(b) **Notice of Physical Settlement to contain Matched Buyer Account Information**

Each Notice of Physical Settlement delivered by Matched Buyer shall contain, in addition to the information required under the terms of the relevant Physically Settled Cleared Transaction, Matched Buyer's account information.

(c) **LCH SA not Liable**

LCH SA shall have no liability with respect to any loss, cost, damage or expense suffered or incurred by a Matched Seller as a result of any error or inaccuracy in any Notice of Physical Settlement or any NOPS Amendment Notice sent by a Matched Buyer and shall have no duty to verify any such notice or the contents thereof.

6.6 **Delivery of Non-DVP Obligations**

The following shall apply in relation to any Settlement Matched Pair where the relevant Matched Buyer specifies a Non-DVP Obligation in a Notice of Physical Settlement or NOPS Amendment Notice:

(a) The relevant Matched Buyer shall notify LCH SA that it is ready to Deliver the relevant Non-DVP Obligation at or prior to 5.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur. In such notice, the relevant Matched Buyer shall also specify the amount of any expenses payable to it under Section 9.2(c)(vi) of the 2003 ISDA Credit Derivatives Definitions.

(b) LCH SA shall notify the relevant Matched Seller at or prior to 6.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur

that it is obligated to pay LCH SA the amount of the relevant Physical Settlement Amount corresponding to the Outstanding Amount of such Non-DVP Obligation and any amounts in respect of expenses notified by the relevant Matched Buyer before 9.00 a.m. on the following Transaction Business Day.

(c) The relevant Matched Seller shall pay to LCH SA the amount(s) so requested on or prior to 9.00 a.m. on the Transaction Business Day immediately following the date on which the relevant Matched Buyer notified LCH SA of its readiness to Deliver provided that the request for payment has been made in a timely manner as set out above.

(d) LCH SA shall notify the relevant Matched Buyer that it has received payment at or prior to 5.30 p.m. on the Transaction Business Day in which LCH SA receives payment, provided that payment is received by LCH SA at or prior to 9.00 a.m. on such Transaction Business Day as set out above.

(e) The relevant Matched Seller shall notify LCH SA that Delivery has occurred by 5.30 p.m. on the Transaction Business Day on which Matched Seller receives Delivery of the relevant Non-DVP Obligations. Notices received after 3.30 p.m. will be deemed received on the next following Transaction Business Day, unless LCH SA agrees otherwise.

(f) If and to the extent that LCH SA has received payment from the relevant Matched Seller of the Physical Settlement Amount in full on a timely basis as set out above, LCH SA shall pay the Physical Settlement Amount and any expenses due to the relevant Matched Buyer under paragraph 9.2(c)(vi) of the 2003 ISDA Credit Derivatives Definitions on or prior to 9.00 a.m. on the Transaction Business Day following the Transaction Business Day on which LCH SA receives the notice referred to in sub-paragraph (e) above from the relevant Matched Seller.

(g) If and to the extent that Delivery of the relevant Non-DVP Obligations has not been effected by the relevant Matched Buyer in accordance with terms of the relevant Physically Settled Cleared Transaction as of the expiry of the third Transaction Business Day following delivery of the relevant Matched Buyer's notice referred to above, the relevant Matched Seller may request LCH SA to repay the Physical Settlement Amount not earlier than the first Transaction Business Day following the date on which such request is effectively delivered to LCH SA.

6.7 **Alternative Delivery Procedure**

A Matched Buyer and Matched Seller comprising a Settlement Matched Pair may elect to exercise their rights against and perform obligations to LCH SA in relation to the Settlement Matched Pair Delivery Amount (or any portion thereof) directly as between themselves. To exercise such option, the relevant Matched Buyer and Matched Seller must each notify LCH SA accordingly (in the form set out in Appendix V hereto) specifying the relevant Matched Contracts in respect of the related relevant Settlement Matched Pair Delivery Amounts and obtain the consent of LCH SA, which consent will not be unreasonably withheld or delayed

by more than one Transaction Business Day following receipt of such notification by Matched Buyer and Matched Seller.

With effect from the time that LCH SA confirms its consent, the Settlement Matched Pair Delivery Amount will be reduced by the amount specified in the joint notice of the relevant Matched Buyer and Matched Seller, and the relevant Matched Buyer and Matched Seller shall each perform their obligations to each other and shall each acquire enforcement rights in respect of the other party's obligations to it pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any such reduction as agreed between them.

6.8 **Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction**

The following provisions shall solely be applicable to a Matched Seller that is a CCM in respect of the Matched Contracts of the Settlement Matched Pair if such Matched Seller notifies Matched Buyer and LCH SA that it has a CCM Client Transaction which corresponds to the Matched Seller Contract:

(a) *Buy-in of Bonds – Settlement Matched Pair*

Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply in respect of the Matched Contracts of the Settlement Matched Pair.

(b) *Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller that is a CCM*

Provided that Physical Settlement has not already occurred in respect of the Matched Contracts of a Settlement Matched Pair, if:

(i) the Matched Seller that is a CCM receives a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client which is validly delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), then such Matched Seller shall notify Matched Buyer and LCH SA of its receipt of such Buy-in Notice and of the content thereof and Matched Buyer's right to Deliver the Relevant Bonds specified in the relevant Buy-in Notice shall be suspended until the fourth Business Day (inclusive) following the Buy-In Date specified in the relevant Buy-In Notice (the "**Deemed Buy-in Period**"); and

(ii) such Matched Seller notifies Matched Buyer and LCH SA that it has been notified by its CCM Client pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions that a Buy-in Price has been determined in respect of Relevant Bonds for the purposes of the CCM Client Transaction between such Matched Seller and its CCM Client, then on the third Business Day following receipt by Matched Seller of such notice from its CCM Client (which such date Matched Seller shall specify) (the "**Buy-in Effective Date**"):

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(A) Matched Buyer will be deemed to have Delivered to such Matched Seller an Outstanding Principal Balance of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which a Buy-in Price was determined by the CCM Client; and

(B) the Physical Settlement Amount to be paid by such Matched Seller to Matched Buyer in respect of the Matched Contracts of the Settlement Matched Pair shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to such Matched Seller by its CCM Client in respect of the CCM Client Transaction has been reduced pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions.

Such Matched Seller shall notify Matched Buyer and LCH SA of the Outstanding Principal Balance of the Deliverable Obligations and the Physical Settlement Amount reduction determined in respect of its CCM Client Transaction for the purposes of (A) and (B) above.

6.9 **Alternative Procedures relating to Loans – Buyer Right to Deliver (Section 9.10(a) 2003 ISDA Credit Derivatives Definitions)**

The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:

If a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that it has received a Bond or Loan from its CCM Client in respect of its CCM Client Transaction pursuant to Section 9.10(a) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions, then such Bonds or Loans shall be deemed specified in the Notice of Physical Settlement or any NOPS Amendment Notice for the purposes of the Matched Contracts of the Settlement Matched Pair.

6.10 **Failure to pay Physical Settlement Amount**

If, in relation to any Settlement Matched Pair, a Matched Seller fails to pay all or part of the Physical Settlement Amount (the **Failed Amount**) to the related Matched Buyer, as designee for LCH SA, when due:

(a) the relevant Matched Buyer may and the relevant Matched Seller shall, as soon as practicable, give notice in writing to LCH SA, giving all material details of the Settlement Matched Pair involved, the relevant failure to pay and the Failed Amount;

(b) such failure to pay shall not constitute or be deemed to constitute a breach of contract, event of default or failure to pay by LCH SA under the CDS Clearing Documentation or otherwise (but such failure to pay may, for the avoidance of doubt, constitute a breach of the CDS Clearing Documentation and/or a Payment Failure for

the purposes of Article 4.3.1.1 of the CDS Clearing Rule Book by or with respect to the relevant Clearing Member);

(c) if the relevant Matched Buyer elects to notify LCH SA of such failure to pay as contemplated above, such Matched Buyer may give any such notice as soon as reasonably practicable after the occurrence of such failure to pay by the relevant Matched Seller;

(d) upon notice being given to LCH SA by the relevant Matched Buyer, "Cash Settlement" between the relevant Matched Buyer and LCH SA and the relevant Matched Seller and LCH SA pursuant to the Partial Cash Settlement Terms (set out in Section 9.8 (*Partial Cash Settlement Terms*) of the 2003 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement) shall be deemed to apply to the relevant Physically Settled Cleared Transactions of the Settlement Matched Pair with respect to the Deliverable Obligations corresponding to the Failed Amount as though:

(i) the Deliverable Obligations not Delivered were Undeliverable Obligations;

(ii) the Latest Permissible Physical Settlement Date were the date on which the relevant Matched Buyer gave the relevant notice to LCH SA;

(iii) Indicative Quotations were not applicable;

(iv) the relevant Matched Buyer were the Calculation Agent in respect of the Physically Settled Cleared Transaction of the Settlement Matched Pair to which it is a direct party; and

(v) the Cash Settlement Amount determined in respect of the Physically Settled Cleared Transaction between Matched Buyer and LCH SA is also the Cash Settlement Amount in respect of the corresponding Physically Settled Cleared Transaction of the Settlement Matched Pair; and

(e) LCH SA and the relevant Matched Buyer will settle the relevant Physically Settled Cleared Transaction accordingly.

6.11 Partial Cash Settlement due to Impossibility or Illegality

Section 9.3 (*Partial Cash Settlement due to Impossibility or Illegality)* of the 2003 ISDA Credit Derivatives Definitions shall apply to a Physically Settled Transaction in the circumstances contemplated therein, provided that Matched Buyer or Matched Seller notifies the other Clearing Member comprised in the relevant Settlement Matched Pair and LCH SA accordingly.

In such case, the related Physically Settled Cleared Transaction entered into between LCH SA and the other Clearing Member comprised in the relevant Settlement Matched Pair shall likewise be subject to "Cash Settlement" pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*).

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6.12 **Fallback to Cash Settlement in respect of Non-Deliverable Obligations**

(a) If Matched Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the **Non-Deliverable Obligations**) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Matched Seller as designee for LCH SA in the relevant Matched Pair because:

(i) the amount of such Deliverable Obligation to be Delivered is less than the relevant minimum denomination of such Deliverable Obligation; or

(ii) such Matched Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.3 (*Partial Cash Settlement due to Impossibility or Illegality)* of the 2003 ISDA Credit Derivatives Definitions),

then it shall notify the relevant Matched Seller and LCH SA (in the form set out in Appendix VI hereto) accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to each relevant Physically Settled Cleared Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions.

(b) Upon notice being given to LCH SA by Matched Buyer under sub-paragraph (a) of this Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Matched Contracts in respect of the relevant Settlement Matched Pair with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement shall apply.

6.13 **Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM**

The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:

If a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that the corresponding CCM Client Transaction between such Matched Buyer and its CCM Client is to be settled (in whole or in part) by Cash Settlement pursuant to Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), then:

(a) "Cash Settlement" shall be deemed to apply (in whole or in part, as applicable) to the Matched Contracts of the Settlement Matched Pair pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*);

(b) the 'Undeliverable Obligations' for the purposes of the Partial Cash Settlement Terms shall be the Undeliverable Obligations or Non-Deliverable Obligations in respect of the corresponding CCM Client Transaction; and

(c) the Cash Settlement Amount and the Cash Settlement Date in respect of the Matched Contracts of the Settlement Matched Pair shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding CCM Client Transaction.

6.14 **Consequences of Cash Settlement**

If the circumstances set out in either Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) apply, then:

(a) the Latest Permissible Physical Settlement Date in respect of the relevant Physically Settled Cleared Transaction will be deemed to be the first date on which the relevant Matched Buyer or Matched Seller effectively gave the relevant notice to both LCH SA and the other Clearing Member as referred to in Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) above, as applicable, (and for these purposes, Section 9.7 (*Latest Permissible Physical Settlement Date)* of the 2003 ISDA Credit Derivatives Definitions shall not apply);

(b) the relevant Matched Buyer will be deemed to be the Calculation Agent;

(c) LCH SA and the relevant Matched Buyer will settle the applicable Matched Buyer Contract, and LCH SA and the relevant Matched Seller will settle the applicable Matched Seller Contract, accordingly; and

(d) where sub-paragraph (a)(ii) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

6.15 **Amendments to Section 9.8(k) of 2003 ISDA Credit Derivatives Definitions**

Solely for the purposes of Section 6.11 (*Partial Cash Settlement due to Impossibility or Illegality*), Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) and Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement, Section 9.8(k) of the 2003 ISDA Credit Derivatives Definitions is amended by inserting the following at the beginning thereof:

"(A) For the purposes hereof, in addition to the requirements of Section 7.10, each firm Quotation shall:

(1) be for a transaction with Matched Buyer (or its designee) (the **Relevant Buyer**) pursuant to which the Relevant Buyer agrees to Deliver the Deliverable Obligations to the Dealer submitting the firm quotation (the **Quoting Dealer**), which transaction shall be governed by documentation that is consistent with market practice applicable to the sale and purchase of Deliverable Obligations on the Valuation Date (which may be determined by the relevant Credit Derivatives Determinations Committee), including, without limitation, a representation that the Quoting Dealer has completed all "know your customer" or similar requirements under all applicable laws, regulations and internal compliance procedures relating to a transaction with the Relevant Buyer and in respect of the Reference Entity;

(2) be capable of acceptance by the Relevant Buyer (for such purposes, each firm Quotation must, *inter alia*, be obtained from a Dealer with whom the Relevant Buyer, in its sole and absolute discretion, determines that it is able, in accordance with all its internal compliance and policy requirements, to transact and to Deliver the Deliverable Obligations) and be open for acceptance by the relevant party for at least 30 minutes; and

(3) be obtained on the basis that if the Relevant Buyer agrees to Deliver the Deliverable Obligations to such Quoting Dealer on the terms set forth herein, such Quoting Dealer agrees to pay the settlement amount (calculated and payable for this purpose in accordance with the relevant market standard documentation and based on the price so quoted) that would be payable to the Relevant Buyer for such Deliverable Obligations.

(B) Otherwise,".

6.16 **Subsequent Determination by the Credit Derivatives Determinations Committee with respect to an Auction**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and a subsequent resolution of the Credit Derivatives Determinations Committee determines that Transaction Auction Settlement Terms will be published, LCH SA shall have no obligation to create Settlement Matched Pairs in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

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Unless settlement has occurred with respect to any Settlement Matched Pairs prior to such determination, any such Settlement Matched Pairs so created shall be deemed not to have been created and any notices delivered in connection with such Settlement Matched Pairs shall be deemed to be ineffective.

LCH SA shall effect any relevant registrations in the TIW in order to reflect the application of Auction Settlement as the Settlement Method in respect of the relevant Cleared Transactions.

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6.17 **Physical Settlement Costs**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and any amounts are payable in relation to any costs or expenses of Physical Settlement, then:

(a) where such amount would otherwise be payable by LCH SA to Matched Buyer or Matched Seller (the **Recipient**), such amount shall be payable to the Recipient by the other party to the Matched Contract who is not the Recipient, as designee to pay such amount on behalf of LCH SA; and

(b) where such amount would otherwise be payable to LCH SA by Matched Buyer or Matched Seller (the **Payer**), such amount shall be payable by the Payer to the other party to the Matched Contract who is not the Payer, as designee to receive such amount on behalf of LCH SA.

Any Matched Seller or Matched Buyer who is required to make any payment as designee on behalf of LCH SA pursuant to this Section 6.17 shall not be entitled to any reimbursement from LCH SA in respect of such amount.

Any Matched Seller or Matched Buyer who receives any payment pursuant to this Section 6.17 shall not be obliged to remit to LCH SA any such amount so received (without prejudice to any rights of LCH SA where there is a failure to Deliver).

LCH SA shall not be liable to a Matched Buyer or a Matched Seller for any of the costs and expenses of Physical Settlement of any Cleared Transaction.

6.18 **Representations and Agreements relating to Physical Settlement**

(a) **Claims by Matched Seller against LCH SA in respect of Obligations Delivered by Physical Settlement**

If a Matched Seller pursues a claim against LCH SA under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions in respect of any obligations Delivered by way of Physical Settlement of any Matched Seller Contract, then:

(i) notwithstanding any provision of the 2003 ISDA Credit Derivatives Definitions to the contrary, LCH SA shall only be liable to make payments to that Matched Seller in respect of that claim to the extent of amounts recovered, including, without limitation, any amounts recovered by way of set-off or netting, by LCH SA from or on behalf of the related Matched Buyer in respect of any corresponding claims under or in connection with the Matched Buyer Contract (including, without limitation, following the declaration of an Event of Default in respect of such Matched Buyer) and after deducting any costs and expenses reasonably incurred by LCH SA in pursuing such corresponding claims for recovery under or in connection with the Matched Buyer Contract;

(ii) LCH SA will use reasonable efforts to pursue any claim it may have against the related Matched Buyer but, notwithstanding Section 6.18(a)(i) above, LCH SA

will, in the pursuit of such claims, act as though its liability to Matched Seller under the Matched Seller Contract was not limited or restricted in any way; and

(iii) references to indemnity provisions set out in Section 9.2(a), 9.2(b) and 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions shall, in connection with a Matched Buyer Contract, be interpreted without regard to the limitations to Matched Seller's recourse to LCH SA under the corresponding Matched Seller Contract imposed by the provisions of this Section 6.18(a) and such limitations shall not restrict a Matched Seller from making a claim or raising a Dispute.

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(b) **Right of Matched Seller to enforce against Matched Buyer**

Without prejudice to paragraph (a) above, a Matched Seller shall be entitled to enforce Sections 9.2(a), (b), (c)(i) and (c)(iv) of the 2003 ISDA Credit Derivatives Definitions against the related Matched Buyer in respect of any obligations Delivered by way of Physical Settlement of any Physically Settled Cleared Transaction under the Contracts (Rights of Third Parties) Act 1999 as though Matched Seller were party to the relevant Matched Buyer Contract in place of LCH SA.

(c) **Satisfaction of Claim by Matched Buyer discharges Liabilities owed to and by LCH SA**

For the avoidance of doubt, if a Matched Buyer satisfies a claim made by a Matched Seller directly against the relevant Matched Buyer under Sections 9.2(a), (b), (c)(i) or (c)(iv) of the 2003 ISDA Credit Derivatives Definitions pursuant to the rights granted to such Matched Seller under paragraph (b) above, such satisfaction shall also constitute complete satisfaction and discharge of the corresponding liability of such Matched Buyer to LCH SA and the corresponding liability of LCH SA to such Matched Seller in respect of such claim.

(d) **Effect of Illegality or Tax or other Expense resulting from Designation through Creation of Matched Pairs**

The last sentence of Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions shall not operate so as to prevent LCH SA from creating any Matched Pair in accordance with this CDS Clearing Supplement, and LCH SA shall have no obligation to grant any indemnity with respect to any Tax, loss or cost to any Matched Buyer or Matched Seller thereunder.

If the circumstances contemplated at Section 9.2(c)(iv)(A) or (B) of the 2003 ISDA Credit Derivatives Definitions apply in respect of any Physically Settled Cleared Transaction and any related Settlement Matched Pair (in the case of (B), as notified by the Clearing Member which is the non-designating party for such purpose to the other Clearing Member comprised in the relevant Settlement Matched Pair prior to the first Delivery Date), then an impossibility shall be deemed to have occurred with respect to Physical Settlement of the relevant Physically Settled Cleared Transactions, and Section 9.3 (*Partial Cash Settlement due to Impossibility or Illegality)* of the 2003 ISDA

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Credit Derivatives Definitions (as amended by this CDS Clearing Supplement) shall apply.

6.19 **Miscellaneous Provisions relating to Physical Settlement**

(a) **Margin**

For the avoidance of doubt, LCH SA will continue to call all Margin and such Margin will remain due in relation to any Cleared Transaction to which Physical Settlement applies until:

(i) LCH SA has received a Notice of Physical Settlement from each Clearing Member;

(ii) LCH SA has received a No Physical Settlement Confirmation from each Clearing Member; or

(iii) in each case, any related dispute is referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

(b) **Notification of Completion of Physical Settlement**

Upon completion of Physical Settlement by the relevant Matched Pair of a Physically Settled Cleared Transaction, Matched Buyer and Matched Seller shall inform LCH SA as soon as reasonably practicable and in any event before the date falling two Transaction Business Days following such completion (the **Physical Settlement Confirmation Deadline**) by notice (a **Physical Settlement Confirmation**) in the form set out at Appendix VII hereto.

(c) **Notification that Physical Settlement will not occur**

If no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transaction and, accordingly, Physical Settlement will not, under the terms of the relevant Physically Settled Cleared Transaction, occur, Matched Buyer and Matched Seller shall inform LCH SA as soon as reasonably practicable thereafter and in any event before the date falling two Transaction Business Days following the relevant date after which delivery of a Notice of Physical Settlement is no longer permitted in accordance with the terms of the relevant Physically Settled Cleared Transaction (the **No Physical Settlement Confirmation Deadline**) by notice (a **No Physical Settlement Confirmation**) in the form set out at Appendix VIII hereto.

(d) **Dispute regarding Physical Settlement**

If LCH SA receives a Physical Settlement Confirmation or No Physical Settlement Confirmation from one relevant Matched Buyer or Matched Seller only at or prior to the relevant Physical Settlement Confirmation Deadline or No Physical Settlement

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Confirmation Deadline, as the case may be, there shall be deemed to be a Dispute with respect to the Physically Settled Cleared Transactions between LCH SA and each relevant Clearing Member.

7. DELIVERY OF NOTICES AND FALLBACKS

7.1 General Rules relating to Notices

(a) **Methods of Delivery and deemed Time of Delivery**

Subject to Section 7.2 (*Oral Notices*) and without prejudice to Section 1.10 (*Requirements Regarding Notices*) and the remaining provisions of the 2003 ISDA Credit Derivatives Definitions (including, for the avoidance of doubt, in relation to notices permitted to be given orally), any notice or other communication in respect of any Cleared Transaction may be given in any manner described below and will be deemed effective as indicated:

(i) if delivered in person or by courier, on the date and at the time it is delivered;

(ii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted; or

(iv) if sent by electronic messaging system (including e-mail or any other electronic access solution established by LCH SA for such purpose), on the date it is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Transaction Business Day or that communication is delivered (or attempted) or received, as applicable, pursuant to the above after 6.00 p.m. in the location of the recipient on a Transaction Business Day, in which case that communication will be deemed given and effective on the first following day that is a Transaction Business Day.

(b) **Notices from or to LCH SA**

Any such notice or communication given by LCH SA to a Clearing Member or vice versa shall (except where delivered via a relevant DTCC Notice Facility) be given to the address or number previously specified in or previously notified for the relevant purpose in accordance with the CDS Admissions Agreement or the Procedures.

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(c) **Manual Notices between Clearing Members**

Notices given by a Clearing Member to another Clearing Member comprised in a relevant Matched Pair and which are not delivered via a relevant DTCC Notice Facility shall be given to the address or number notified by LCH SA to the deliveror pursuant to Sections 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Such notices shall only be deemed to be delivered effectively by LCH SA through the relevant Clearing Member as its designee as against the recipient where the address or number so notified by LCH SA corresponds in all material respects to the address or number, as applicable, specified by such recipient in or pursuant to the CDS Admissions Agreement.

(d) **No Obligation on LCH SA to verify Signatories**

LCH SA shall have no obligation to verify the authority of any signatory of any notice delivered by any Clearing Member directly pursuant to this Section 7 (*Delivery of Notices and Fallbacks*).

7.2 **Oral Notices**

Notwithstanding the provisions of the 2003 ISDA Credit Derivatives Definitions, where, by way of exception as contemplated in this Section 7, Credit Event Notices and Notices to Exercise Movement Option are to be delivered directly to LCH SA (and not via a relevant DTCC Notice Facility), such notices may not be delivered by telephone.

7.3 **Credit Event Notices and NEMOs**

(a) **Credit Event Notices and NEMOs to be given via DTCC**

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in this Section 7 or expressly agreed by LCH SA. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

(b) **Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction**

If a Matched Buyer or a Matched Seller that is a CCM receives a valid Credit Event Notice or Notice to Exercise Movement Option from its CCM Client in respect of a CCM Client Transaction by way of the relevant DTCC Notice Facility, such notice shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of the corresponding Matched Contracts of the Restructuring Matched Pair.

7.4 **Notification of DTCC Failure and Resolution**

(a) **LCH SA to notify Clearing Members of DTCC Failure Event**

If DTCC notifies LCH SA or LCH SA otherwise becomes aware that the relevant DTCC Notice Facility is or will be unavailable to process all or substantially all Credit Event Notices or Notices to Exercise Movement Option, as applicable, with respect to a Restructuring Credit Event in a timely manner (a **DTCC Failure Event**), then LCH SA will, as soon as reasonably practicable and in any event within one hour of such notification or of LCH SA becoming aware of such non-availability, as applicable, notify all relevant Clearing Members of such occurrence, including the time at which such failure occurred (or, if LCH SA is not notified of such time by or on behalf of DTCC, the time at which LCH SA received the relevant notification from or on behalf of DTCC or becomes aware of the relevant non-availability) (the **DTCC Failure Event Time**). LCH SA shall also publish such information on its Website as soon as reasonably practicable after becoming aware of a DTCC Failure Event.

(b) **LCH SA to notify Clearing Members of Resolution of DTCC Failure Event**

If, subsequent to a DTCC Failure Event, DTCC (or a third party designated under the DTCC Rules from time to time) notifies LCH SA that a DTCC Failure Event previously notified to Clearing Members is no longer in effect, LCH SA will as soon as reasonably practicable notify all relevant Clearing Members accordingly, including the time (the **DTCC Resolution Time**) (which must be no earlier than 30 minutes following the time of such notification) at which such DTCC Failure Event is deemed to have been resolved and following which the relevant DTCC Notice Facility is operative for the purposes of delivery of relevant notices relating to Restructuring Cleared Transactions (including transactions in respect of which notices may have been delivered directly pursuant to Section 7.5 (*Consequences of DTCC failure*). LCH SA shall also publish such information on its Website as soon as reasonably practicable after notifying Clearing Members that the DTCC Failure Event is no longer in effect and of the DTCC Resolution Time.

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(c) **Notices given prior to DTCC Resolution Time to be confirmed to DTCC**

LCH SA and, to the extent so requested by LCH SA, each Clearing Member shall, as soon as reasonably practicable and to the extent permitted by DTCC, provide or confirm to DTCC details of any relevant notices (in the case of a Clearing Member, being any relevant notices delivered directly by such Clearing Member) given in respect of Cleared Transactions prior to the DTCC Resolution Time, so as to permit delivery of subsequent notices in respect of such Cleared Transactions via the relevant DTCC Notice Facility.

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7.5 **Consequences of DTCC Failure**

From (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

(a) Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);

(b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and

(c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

7.6 **Clearing Member Communications Failure Event**

(a) **Right to deliver Notices manually following Clearing Member Communications Failure Event**

If a Clearing Member is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such Clearing Member to deliver any Credit Event Notice in relation to a Restructuring Credit Event or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a **Clearing Member Communications Failure Event**) it may, notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

(b) **Clearing Member to notify LCH SA of Occurrence of Clearing Member Communications Failure Event**

Following the occurrence of a Clearing Member Communications Failure Event, the affected Clearing Member shall, within one hour of delivering any Credit Event Notice or Notice to Exercise Movement Option directly, deliver to LCH SA a notice (in the form set out at Appendix IX hereto) signed by a senior officer (such as a managing director or equivalent) of such Clearing Member certifying that it is affected by a Clearing Member Communications Failure Event (or, if such Clearing Member is unable to deliver such notice in writing, orally by telephone).

LCH SA shall notify all Clearing Members accordingly as soon as reasonably practicable and in any event within one hour of receipt of any such notification.

(c) **Notices to Clearing Member affected by Clearing Member Communications Failure Event**

For the avoidance of doubt, Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given to the affected Clearing Member by Clearing Members comprised in any Matched Pair in respect of which the affected Clearing Member is a Matched Buyer or Matched Seller.

(d) **Notification of Resolution of Clearing Member Communications Failure Event**

As soon as reasonably practicable upon a Clearing Member ceasing to be subject to a Clearing Member Communications Failure Event, it shall notify LCH SA accordingly (in the form set out at Appendix X hereto) and thereupon Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any Credit Event Notice or Notice to Exercise Movement Option thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

(e) **Clearing Member Duty to Mitigate**

A Clearing Member which is subject to a Clearing Member Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on other Clearing Members and LCH SA of any Clearing Member Communications Failure Event, to cure such Clearing Member Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Clearing Member Communications Failure Event do not recur.

(f) **Breach by Clearing Member does not Invalidate Valid Notices**

Without prejudice to any other rights or remedy of LCH SA, any breach by a Clearing Member of the provisions of this Section 7.6 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the relevant Restructuring Cleared Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

7.7 **Clearing Member Acknowledgements**

(a) **Duty to deliver Clearing Member Acknowledgements**

Each Clearing Member shall notify LCH SA or deliver a copy to LCH SA of any notice delivered or received by such Clearing Member to or from another Clearing Member comprised in a Matched Pair, including, without limitation, any Credit Event Notice or Notice to Exercise Movement Option which was delivered or received directly (and not via a DTCC Notice Facility) pursuant to Sections 7.5 (*Consequences of DTCC Failure*) or 7.6 (*Clearing Member Communications Failure Event*), and which such Clearing Member asserts or acknowledges was effective for the purposes of this CDS Clearing Supplement and the relevant Cleared Transactions (such notification, or delivery of

such copy, in respect of any relevant notice, a **Clearing Member Acknowledgement**) by no later than 6.00 p.m. on:

(i) in the case of a Notice of Physical Settlement or NOPS Amendment Notice, the date falling two Transaction Business Days following the date on which such notice was sent; or

(ii) in the case of any other notice, on the last date on which such notice could validly be sent,

(in each case, the **Notice Acknowledgement Deadline**).

(b) **Clearing Member Acknowledgement received from both Clearing Members**

Where LCH SA receives a Clearing Member Acknowledgement in respect of any notice from both relevant Clearing Members comprised in a Matched Pair at or prior to the Notice Acknowledgement Deadline, LCH SA shall perform its obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation.

(c) **Clearing Member Acknowledgement received from one Clearing Member**

Where LCH SA receives a Clearing Member Acknowledgement in respect of any notice from one relevant Clearing Member only at or prior to the Notice Acknowledgement Deadline, the provisions of Section 7.11 (*Disputes as to Notices*) shall apply and LCH SA and each relevant Clearing Member shall perform their obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation and the terms of any final resolution of the relevant dispute, as agreed between the relevant parties or as determined by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

In such case, LCH SA shall notify the Clearing Member from which it has not received a Clearing Member Acknowledgement of the asserted delivery or, as applicable, receipt of the relevant notice (in the case of a Credit Event Notice or Notice to Exercise Movement Option, through the reports referred to at Section 5.6 (*Reports*)).

(d) **No Clearing Member Acknowledgement received**

Where LCH SA does not receive Clearing Member Acknowledgement or confirmation of valid delivery in respect of any notice from either Clearing Member in the relevant Matched Pair on or prior to the relevant Notice Acknowledgement Deadline, the rights and obligations of LCH SA as against each relevant Clearing Member, and vice versa, shall be construed as if no such notice had been given.

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(e) **Consequences of no Clearing Member Acknowledgement being received**

Where sub-section (d) above is applicable, the following provisions shall apply:

(i) *Notices other than Notices of Physical Settlement and NOPS Amendment Notices*

Save in the case of a Notice of Physical Settlement or NOPS Amendment Notices, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had Clearing Member Acknowledgement been given to LCH SA on a timely basis and the value of such contract in the absence of such acknowledgement; such difference in value shall be determined as of the earlier of the day on which notice is given by any relevant Clearing Member that such amount is due and payable and, in the case of a Credit Event Notice or Notice to Exercise Movement Option, the eighth Transaction Business Day following the Auction Settlement Date, no Auction Announcement Date or Auction Cancellation Date, as applicable or otherwise the eighth Transaction Business Day following the last day on which such notice would validly have been delivered, by reference to the relevant Auction Settlement Amount or end of day contributed prices, in each case if available.

(ii) *Notices of Physical Settlement and NOPS Amendment Notices*

Where the relevant notice is a Notice of Physical Settlement or a NOPS Amendment Notice, the relevant Clearing Members shall acquire rights as against the other as though party to a bilateral credit default swap transaction on the terms of the related Matched Buyer Contract (including, without limitation, as to the satisfaction of the applicable Conditions to Settlement) and the Notice of Physical Settlement shall be deemed to have been given in respect of such transaction. Any resulting payment shall be due and payable two Transaction Business Days following the giving of a notice that such amount is due and payable.

In each case, the relevant Clearing Members shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1994 in respect of any resulting payments and deliveries; LCH SA shall have no liability in respect thereof.

7.8 **Failure to notify Matched Pairs**

Notwithstanding Section 5.3 (*Triggering of Restructuring Cleared Transactions*) and 6.5 (*Notices of Physical Settlement*), if LCH SA does not notify the relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline or Settlement Matched Pairs and related information specified in Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) by the SMP Notification Deadline, as applicable:

(a) the relevant Clearing Members may deliver Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement or NOPS Amendment Notices to LCH SA, and vice versa;

(b) the relevant Cleared Transactions shall be subject to Physical Settlement in accordance with their terms; and

(c) the provisions of Sections 2.4 (*Amendments to 2003 ISDA Credit Derivatives Definitions*), 6 (*Physical Settlement*) and 8 (*Matched Pair Designations and Notices*) shall not apply and the terms of this CDS Clearing Supplement shall be construed accordingly.

For such purpose, Section 7.3 (*Credit Event Notices and NEMOs*) shall not apply in respect of notices given by the affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility).

7.9 **Failure to notify Matching Information**

If LCH SA notifies relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline, but does not notify DTCC of relevant Matching Information on or prior to the RMP Notification Deadline, then Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply in respect of notices to be delivered by affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly as between Clearing Members (as designees of LCH SA) (and not via the relevant DTCC Notice Facility).

7.10 **Uncertain Delivery**

(a) **Manual Notice permitted if Delivery of Notice in DTCC uncertain**

Notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Section 7, and a Clearing Member is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it (or, in the case of a CCM, its CCM Client) attempted to deliver via a DTCC Notice Facility has:

(i) actually been delivered; or

(ii) was delivered prior to the DTCC Failure Time,

that Clearing Member shall be entitled to deliver such a notice directly to any Clearing Member comprised in a relevant Matched Pair (as designee of LCH SA) specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

(b) **Details to be provided of Uncertain Notice**

If a Clearing Member delivers a manual notice pursuant to sub-section (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such Clearing Member shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other Clearing Member and LCH SA to identify the communication concerned.

(c) **DTCC Notice delivered successfully**

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to sub-section (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above relates was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

7.11 **Disputes as to Notices**

If any Clearing Member comprised in a Matched Pair where one such party is acting as designee of LCH SA disputes the effective delivery in accordance with the terms of the relevant Cleared Transactions of any notice delivered directly (and not via a relevant DTCC Notice Facility) in accordance with this Section 7 (*Delivery of Notices and Fallbacks*) (and for such purposes, a dispute between the relevant Clearing Member and LCH SA shall be deemed to have arisen if LCH SA receives a Clearing Member Acknowledgement from one relevant Clearing Member only in respect of any such notice as contemplated at Section 7.7(c) (*Clearing Member Acknowledgement received from one Clearing Member*)):

(a) LCH SA shall be entitled in accordance with the Procedures to calculate and call for Margin with respect to each such Clearing Member on the basis of the maximum requirement for such Clearing Member that could result from any foreseeable outcome of such dispute;

(b) following final resolution of such dispute by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures, the Clearing Members comprised in the relevant Matched Pair shall take such actions with respect to the Cleared Transactions the subject of such dispute as LCH SA determines appropriate to give effect to any relevant binding resolution; and

(c) without prejudice to its obligations upon final resolution of the dispute, pending final resolution of any such dispute, LCH SA shall not be obliged to take any step pursuant to the terms of the relevant Cleared Transactions which would be required to have been taken by it had the relevant notice been validly delivered.

Each relevant Clearing Member must promptly notify LCH SA of any such disputes (in the form set out at Appendix XI hereto).

8. MATCHED PAIR DESIGNATIONS AND NOTICES

8.1 Creation of Matched Pairs

LCH SA will create Matched Pairs where required to do so pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*) using a matching procedure that matches CDS Sellers with CDS Buyers pursuant to an algorithm incorporating the following principles:

(a) the procedure seeks to create Matched Pairs between the same Clearing Member to the extent it is possible to do so before creating Matched Pairs between different Clearing Members and, for this purpose, in the context of CCMs, the procedure will create Matched Pairs separately for CCMs and their CCM Clients (individually where the CCM Client is allocated to a single CCM Client Margin Account or together where a set of CCM Clients is allocated to a single CCM Client Margin Account) and Clearing Member will be construed accordingly;

(b) the procedure seeks to minimise the number of Matched Pairs (and accordingly, largest positions will be matched first);

(c) each Matched Pair will, to the extent possible, have an aggregate Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount, which meets the criteria as set out in a Clearing Notice; and

(d) LCH SA will allocate a Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount to each Matched Pair such that:

(i) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Buyer is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of all (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Buyer is a party; and

(ii) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Seller is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous Restructuring Credit Event), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Seller is a party.

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Notwithstanding the above, if the Fallback Settlement Method applies in relation to a Cleared Transaction and a Restructuring Credit Event, the Restructuring Matched Pairs previously created pursuant to Section 5.1 (*Creation of Restructuring Matched Pairs*) and this Section 8.1 shall be deemed to be Settlement Matched Pairs created in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) and LCH SA shall have no obligation to create Settlement Matched Pairs in respect of such Cleared Transaction.

8.2 **Registration of new Cleared Transactions and Removal of original Cleared Transactions**

To the extent that any Cleared Transaction created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or Section 6.3 (*Physically Settled Cleared Transactions*) is not automatically registered in accordance with the DTCC Rules, LCH SA shall register such new Cleared Transaction in the TIW in accordance with the DTCC Rules prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls. In respect of CCMs and CCM Clients only, such registration by LCH shall also result in the automatic registration of any amendments made to the corresponding CCM Client Transactions.

In addition, LCH SA will, on behalf of the relevant Clearing Member, send an "Exit" message to the TIW in accordance with the DTCC Rules to terminate and remove the corresponding original Cleared Transaction(s) from the TIW prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls.

8.3 **Matched Buyer Contracts**

In respect of each Matched Buyer Contract which is the subject of a Matched Pair, LCH SA, pursuant to Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions (amended as set out at Section 2.4 (*Amendments to 2003 ISDA Credit Derivatives Definitions*)), as designator, shall be deemed to have designated Matched Seller in such Matched Pair as its designee:

(a) to receive on its behalf from, and to deliver on its behalf to, Matched Buyer of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);

(b) other than in respect of the Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to pay on behalf of LCH SA any applicable Physical Settlement Amount in accordance with the terms of the applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Buyer of the Matched Pair, in each case, on behalf of LCH SA, any other amounts due and payable (including costs and expenses of settlement due under the applicable Matched Buyer Contract); and

(c) to take Delivery, on behalf of LCH SA, of Deliverable Obligations from Matched Buyer of the Settlement Matched Pair.

The relevant Matched Seller shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

8.4 **Matched Seller Contracts**

In respect of each Matched Seller Contract which is the subject of a Matched Pair, LCH SA, pursuant to Section 9.2(c)(iv) of the 2003 ISDA Credit Derivatives Definitions (as amended pursuant to Section 2.4 (*Amendments to 2003 ISDA Credit Derivatives Definitions*) above), as designator, shall be deemed to have designated Matched Buyer in such Matched Pair as its designee:

(a) to receive on its behalf from, and to deliver on its behalf to, Matched Seller of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);

(b) other than in respect of any Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to receive on behalf of LCH SA the applicable Physical Settlement Amount in accordance with the terms of any applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Seller of the Matched Pair, in each case, on behalf of LCH SA, any other amounts due and payable (including costs and expenses of settlement due under the Matched Seller Contract); and

(c) to Deliver, on behalf of LCH SA, the relevant Deliverable Obligations to Matched Seller of the Settlement Matched Pair.

The relevant Matched Buyer shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

8.5 **Exercise of Rights**

In relation to each Matched Pair:

(a) the exercise of any rights by Matched Buyer against LCH SA under a Matched Buyer Contract (other than the right to give any notice via DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH SA against Matched Seller under the Matched Seller Contract of the relevant Matched Pair; and

(b) the exercise of any rights by Matched Seller against LCH SA under a Matched Seller Contract (other than a right to give notice under a DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH SA against Matched Buyer under the Matched Buyer Contract of the relevant Matched Pair.

8.6 **Clearing Member matched with Itself**

(a) **Notices**

In the event that:

(i) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and

(ii) notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), a notice or certification is permitted to be delivered in respect of one of the Cleared Transactions forming part of such Matched Pair by means other than the relevant DTCC Notice Facility pursuant to Section 7 (*Delivery of Notices and Fallbacks*),

such notice shall be deemed to be given upon such Clearing Member sending a Clearing Member Acknowledgement to LCH SA pursuant to Section 7.7(a) (*Duty to deliver Clearing Member Acknowledgements*) above in respect of such notice and Section 7.7(b) (*Clearing Member Acknowledgement received from both Clearing Members*) shall apply.

(b) **Payments and Deliveries**

In the event that:

(iii) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and

(iv) such Clearing Member is required to make a payment or delivery pursuant to the terms of one of the Cleared Transactions forming part of such Matched Pair as designate of LCH SA,

such payment or delivery shall be deemed to have been made upon such Clearing Member giving notice to LCH SA in accordance with Section 7.1 (*General Rules relating to Notices*) that such payment or delivery should be deemed to have been made for the purposes of such Cleared Transaction.

8.7 **Notices**

In relation to each Matched Pair:

(a) where Matched Buyer validly delivers or serves any notice to Matched Seller as designee of LCH SA in accordance with the terms of a relevant Matched Buyer Contract, such notice shall additionally be effective as a notice given by such Matched Buyer as designee of LCH SA to Matched Seller for the purposes of the relevant Matched Seller Contract; and

(b) where Matched Seller validly delivers or serves any notice to Matched Buyer as designee of LCH SA in accordance with the terms of a relevant Matched Seller

Contract, such notice shall additionally be effective as a notice given by such Matched Seller as designee of LCH SA to Matched Buyer for the purposes of the relevant Matched Buyer Contract.

9. SELF-REFERENCING TRANSACTIONS

9.1 Occurrence of Clearing Member Self Referencing Transaction

(a) **Duty to notify**

In respect of a Single Name Cleared Transaction that is registered in the House Account Structure of a Clearing Member, the relevant Clearing Member shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH SA as soon as reasonably practicable if:

(i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;

(ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or

(iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

(b) **Auction of Affected Transactions**

Following receipt of any such notification or occurrence of a Clearing Member Self Referencing Transaction due to a registration of Transfer Positions under Clause 6 of the CDS Default Management Process or a transfer of Client Cleared Transactions to the House Trade Account under TITLE V, Chapter 4 or TITLE VI, Chapter 4 of the CDS Clearing Rule Book, LCH SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the affected Clearing Member, and with the assistance of the CDS Default Management Group, conduct an auction process to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with a Clearing Member other than the affected Clearing Member.

(c) **Alternative Action**

If LCH SA, after consultation with the CDS Default Management Group and the affected Clearing Member, believes that the circumstances are such that an auction may be inappropriate, LCH SA may take such other action in consultation with the Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a Clearing Member being party

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to a Clearing Member Self Referencing Transaction, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of the primary aim, to avoid materially and adversely affecting the relevant Clearing Member.

(d) **Compression of Affected Transactions prior to Auction**

Prior to determining the Single Name Cleared Transactions to be subject to any auction pursuant to paragraph (b) above, where the affected Clearing Member acts as CDS Buyer and CDS Seller in respect of fungible Single Name Cleared Transactions, LCH SA shall, in consultation with the CDS Default Management Committee as to the transaction sizes of resulting Single Name Cleared Transactions to be auctioned, compress such Single Name Cleared Transactions up to the extent that, following such compression, Single Name Cleared Transactions representing in aggregate the Open Position of the affected Clearing Member in respect of such fungible Single Name Cleared Transactions are recognised.

For these purposes, LCH SA will provide the affected Clearing Member with a report detailing the Single Name Cleared Transactions to be subject to such compression.

The affected Clearing Member will be deemed to have submitted a request to LCH SA prior to 5.00 p.m. on the day on which LCH SA carries out the compression for ad hoc compression of such Single Name Cleared Transactions in accordance with Section 5 of the Procedures and such compression shall be carried out in accordance with Section 5 of the Procedures on the basis of such deemed request for ad hoc compression.

(e) **Auction Terms**

LCH SA shall determine the timing and other particular characteristics of each such auction in consultation with the CDS Default Management Committee, including determining the size of the bid/offer spread and/or of the Single Name Cleared Transactions to be auctioned, whether one or more such auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)).

Clearing Members (excluding the affected Clearing Member) may be requested, and will not be required, to submit actionable quotations in such an auction.

(f) **Creation of New Transactions and Termination of Existing Transactions**

LCH SA will enter into Single Name Cleared Transactions with Clearing Members, other than the affected Clearing Member, in the amount and at the prices determined pursuant to such auction.

At the time of entering into such Single Name Cleared Transactions, the corresponding Single Name Cleared Transactions of the affected Clearing Member shall be

terminated by reference to the prices at which LCH SA enters into such new Single Name Cleared Transactions.

The affected Clearing Member, LCH SA and the other Clearing Members, as applicable, shall submit such information as is required in accordance with the DTCC Rules so as to reflect the terms of any reduction to, termination of or entry into of any Single Name Cleared Transaction as a result of any such auction(s).

(g) **Costs of LCH SA**

The affected Clearing Member will bear the cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH SA in connection with such auction(s) and its entering into such new Single Name Cleared Transactions.

(h) **LCH SA to determine Amounts Owed and Payable**

Amounts owed by the affected Clearing Member to, or receivable by it from, LCH SA in connection with any such auction shall be determined by LCH SA.

In addition, any amounts payable (and the dates of settlement with respect thereto) relating to any Single Name Cleared Transactions created, reduced or terminated pursuant to any such auction shall be determined by LCH SA.

9.2 **Occurrence of Client Self Referencing Transactions**

(a) **Notification**

In respect of a Single Name Cleared Transaction registered in the Client Account Structure of a Clearing Member, the relevant Clearing Member shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH SA as soon as reasonably practicable if it receives a notice from the relevant Client that:

(i) the Client is or has consolidated or amalgamated with, or merged into, or has transferred all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction or entered into any agreement in respect of any of the foregoing;

(ii) the Client and the Reference Entity in relation to such Single Name Cleared Transaction are or have become Affiliates; or

(iii) in respect of a Restructuring Cleared Transaction, the Client is or has become the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

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(b) **Auction Process**

Following the giving of any such notification:

(i) LCH SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the relevant Clearing Member, conduct an auction process in consultation with the CDS Default Management Group and the relevant Clearing Member, to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with another Clearing Member; and

(ii) the provisions of Section 9.1 (*Occurrence of Clearing Member Self Referencing Transaction*) will apply *mutatis mutandis*, provided that:

(A) Section 9.1(a) (*Duty to Notify*) and 9.1(b) (*Auction of Affected Transactions)* shall not apply*;*

(B) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended by deleting the words "to paragraph (b) above" and replacing them with the words "as a result of Section 9.2 (*Occurrence of Client Self Referencing Transactions)*";

(C) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended in the case of CCM Clients only by inserting the words "that have a corresponding CCM Client Transaction with the affected CCM Client" immediately after the words "in respect of fungible Single Name Cleared Transactions";

(D) Section 9.1(e) (*Auction Terms*) is amended by deleting the words "(excluding the affected Clearing Member)" in the final paragraph thereof;

(E) Section 9.1(f) (*Creation of New Transactions and Termination of Existing Transactions*) is amended by deleting the words "other than the affected Clearing Member" in the first paragraph thereof; and

(F) Each reference to "affected Clearing Member" in Section 9.1 (*Occurrence of Clearing Member Self Referencing Transaction)* is deleted and replaced with a reference to "relevant Clearing Member".

(c) **Costs of LCH SA**

The cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH SA in connection with such auction(s) or any alternative action shall be allocated to the CCM Client Collateral Account or the FCM/BD Client Collateral Account as applicable.

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10. MANDATORY PROVISIONS FOR CCM CLIENT TRANSACTIONS

In Appendix XIII, certain provisions are set-out (the "**Mandatory Provisions**") for incorporation into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion or non-inclusion of the Mandatory Provisions in the CCM Client Transaction Documents.

11. AMENDMENTS

LCH SA may amend the provisions of this CDS Clearing Supplement (including, without limitation, the Mandatory Provisions) from time to time so as to comply with any legal or regulatory developments or any recommendations adopted by the industry in respect of CDS or Cleared Transactions or CCM Client Transactions, as applicable, or so as to reflect any technological advancements, in each case in accordance with the provisions of Section 1.2.2 (*Modification*) of Chapter 2 (*General Provisions*) of the CDS Clearing Rule Book.

12. FORMS OF NOTICES

A form of Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, notice to exercise alternative delivery procedure pursuant to Section 6.7 (*Alternative Delivery Procedure*), notice to fallback to Cash Settlement in respect of Non-Deliverable Obligations pursuant to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Physical Settlement Confirmation, No Physical Settlement Confirmation, notice of Clearing Member Communications Failure Event and where no longer subject to a Clearing Member Communications Failure Event, in each case pursuant to Section 7.6 (*Clearing Member Communications Failure Event*), notice of dispute relating to any Matched Pair as contemplated by Section 7 (*Dispute as to Notices*) and notice relating to Self-Referencing Transactions as contemplated by Section 9 (*Self-Referencing Transactions*) is set out in Appendix I, II, III, IV, V, VI, VII, VIII, IX, X, XI and XII respectively hereto.

Any of the above referenced notices shall be delivered in substantially the form appended hereto, provided, for the avoidance of doubt, that such notices may refer to multiple transactions and may have certain firm-specific variations.

For the avoidance of doubt, the above referenced notices shall be governed by and construed in accordance with English law.

13. EXCLUSION OF LIABILITY

Without prejudice to the provisions of Article 1.2.10.3 of the CDS Clearing Rule Book:

(a) **No liability for Failure of Designee to perform in respect of Matched Pair**

Without prejudice to its obligations under or in respect of a Cleared Transaction, LCH SA shall not be liable for any loss or cost arising out of any failure of any Clearing Member comprised in a Matched Pair to perform its obligations as designee of LCH SA against a related Matched Buyer or Matched Seller, as applicable.

(b) **No liability for Fault of Third Party or Force Majeure**

LCH SA shall have no liability to any person where Restructuring Cleared Transactions are not or are improperly created, Restructuring Cleared Transactions are not or are improperly terminated or the Movement Option process is not or is improperly implemented, in each case for the purposes of the DTCC Rules, because of a third party's fault or a force majeure event. In particular, LCH SA shall not incur any liability arising as a result of any action or omission of DTCC.

(c) **No Obligation to verify Notices received**

LCH SA shall have no responsibility to verify the contents of any notice received by it from any Clearing Member under the terms of any Cleared Transaction.

14. DISPUTE RESOLUTION

For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

15. GOVERNING LAW

For the avoidance of doubt, the governing law applicable to this CDS Clearing Supplement (excluding the Mandatory Provisions to the extent that such terms are incorporated by reference in the CCM Client Transaction Documents entered into between a CCM and its CCM Client in respect of a CCM Client Transaction), the 2003 ISDA Credit Derivatives Definitions and any Cleared Transactions (and any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the 2003 ISDA Credit Derivatives Definitions or any Cleared Transactions) and any non-contractual obligations arising out of, relating to or having any connection with them shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

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APPENDIX I: FORM OF CREDIT EVENT NOTICE

To: [*Restructuring Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

CREDIT EVENT NOTICE:

Credit Derivative Transaction Details: As set out in the Schedule hereto[1].

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction.

This letter is our Credit Event Notice to you that a [*insert type*] Credit Event occurred with respect to [*insert name of Reference Entity*] on or about [*insert date*], when [*describe Credit Event*].

Nothing in this letter shall be construed of a waiver of any rights we may have with respect to the Transaction.

Sincerely

[*Clearing Member*]

_____

Name:

Title:

[1] A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

[*Clearing Member*] acting as Seller/Buyer	**Restructuring Matched Pair ID**	**Trade ID**	**Reference Entity**	**Trade Date**	**Effective Date**	**Exercise Amount[2]**
[Seller] [Buyer]	[●]	[●]	[●]	[●]	[●]	[●]

[2] Where different to the outstanding Floating Rate Payer Calculation Amount

APPENDIX II: FORM OF NOTICE TO EXERCISE MOVEMENT OPTION

To: [*Restructuring Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Dear Sir/Madam

Notice to Exercise Movement Option

Credit Derivative Transaction Details: As set out in the Schedule hereto[3].

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Seller, and [ ], as Buyer; (b) the Credit Event Notice dated insert date], previously delivered to you on [insert date]; and (c) the occurrence of the No Auction Announcement Date on [insert date] pursuant to Section 12.12(b) of the 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the **Definitions**).

This letter constitutes a Notice to Exercise Movement Option. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction or, if no meaning is specified therein, in the Definitions.

We hereby exercise the Movement Option, confirm that each Transaction will be settled in accordance with the relevant Credit Derivatives Auction Settlement Terms specified in the column entitled "Auction Settlement Terms" corresponding to such Transaction in the Schedule hereto and require performance by you in accordance therewith.

Yours faithfully,

[*Matched Buyer/Matched Seller*]

_____

Name:

Title:

[3] A single Notice to Exercise Movement Option may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

Restructuring Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Auction Settlement Terms
[●]	[●]	[●]	[●]	[●]	[●]

APPENDIX III: FORM OF NOTICE OF PHYSICAL SETTLEMENT

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Notice of Physical Settlement

Credit Derivative Transaction Details: As set out in the Schedule hereto[4].

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Credit Event Notice [and Notice of Publicly Available Information] dated [*insert date*], previously delivered to you on [*insert date*].

This letter constitutes a Notice of Physical Settlement. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction (the **Relevant Confirmation**) or, if no meaning is specified therein, in the 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the **Definitions**).

We hereby confirm that we will settle the Transaction[s] and require performance by you in accordance with the provisions of the Relevant Confirmation and the Definitions relating to Physical Settlement. Subject to the terms of the relevant Transaction, we will Deliver to you on or before the Physical Settlement Date, an amount of the Deliverable Obligation(s) described in the column entitled "Deliverable Obligation(s)" in the Schedule hereto, corresponding to such Transaction:

[Further, in respect of each Transaction[s] we identify those Enabling Obligation(s) described in the column entitled "Enabling Obligation(s)" in the Schedule hereto, corresponding to such Transaction:]

Yours faithfully,

[*Matched Buyer*]

_____

Name:

Title:

---

[4] A single Notice of Physical Settlement may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

Settlement Matched Pair ID	**Trade ID**	**Reference Entity**	**Trade Date**	**Effective Date**	**Deliverable Obligation(s)[5]**	**Enabling Obligation(s)[6]]**
[●]	[●]	[●]	[●]	[●]	[Currency][Due and Payable Amount]][●]	[●]

[5] describe the Deliverable Obligation(s) to be Delivered, including the currency and Outstanding Principal Balanceor Due and Payable Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation)

[6] describe each such Enabling Obligation, including the CUSIP or ISIN number, if available and applicable (or, if such identifying number is not available, the rate and tenor), of such Enabling Obligation, or any other information necessary to establish that such obligation is an Enabling Obligation.

APPENDIX IV: FORM OF NOPS AMENDMENT NOTICE

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

NOPS Amendment Notice

Credit Derivative Transaction Details: [Trade Date], [Effective Date], [Reference Entity]

Reference is made to the Credit Derivative Transaction described above (the **Transaction**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Notice of Physical Settlement] NOPS Amendment Notice] dated [*insert date*], previously delivered to you on [*insert date*] dated [*insert date*].

This letter constitutes a NOPS Amendment Notice. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the Confirmation of the Transaction or, if no meaning is specified therein, in the CDS Clearing Supplement.

We hereby notify you that we are replacing the following Deliverable Obligation(s) specified in the Notice of Physical Settlement] NOPS Amendment Notice] specified above with the following Replacement Deliverable Obligation(s):

[*describe the Deliverable Obligation(s) to be replaced, including the Replaced Deliverable Obligation Outstanding Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation) and the Replacement Deliverable Obligation(s) for each Replaced Deliverable Obligation Outstanding Amount so specified and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Replacement Deliverable Obligation)*].

Yours faithfully,

[*Matched Buyer*]

_____

Name:
Title:

APPENDIX V: FORM OF NOTICE TO EXERCISE ALTERNATIVE DELIVERY PROCEDURE PURSUANT TO SECTION 6.7 (*ALTERNATIVE DELIVERY PROCEDURE*)

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To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice to Exercise Alternative Delivery Procedure[7]

Reference is made to: the Settlement Matched Pairs described in the Schedule hereto, being the Settlement Matched Pairs to which this notice relates and Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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The Settlement Matched Pair Delivery Amount relating to each Settlement Matched Pair is that amount specified in the column entitled "Settlement Matched Pair Delivery Amount" in the Schedule hereto, corresponding to such Settlement Matched Pair.

In respect of each Settlement Matched Pair and in accordance with Section 6.7 (*Alternative Delivery Procedure*) we hereby elect to exercise our rights against and perform obligations to you in accordance with the alternative delivery procedure in relation to such percentage and amount of the Settlement Matched Pair Delivery Amount as set out in the column entitled "Percentage and Amount of Settlement Matched Pair Delivery Amount" in the Schedule hereto corresponding to such Settlement Matched Pair.

This notice may be executed in any number of counterparts which together shall constitute one notice.

By countersigning this notice, you are deemed to have given your consent to the above in satisfaction of the requirement to obtain your consent contained in Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement.

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This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer/ Matched Seller*]

---

[7] A single Notice to Exercise Alternative Delivery Procedure may be submitted for multiple trades in respect of the same Counterparty

_____

Name:

Title:

Countersigned by LCH SA

_____

Name:

Title:

SCHEDULE

Credit Derivative Transaction Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Settlement Matched Pair Delivery Amount	Percentage and amount of Settlement Matched Pair Delivery Amount
[●]	[●]	[●]	[●]	[●]	[●]	[●]

APPENDIX VI: FORM OF NOTICE OF FALLBACK TO CASH SETTLEMENT OF NON-DELIVERABLE OBLIGATIONS PURSUANT TO SECTION 6.12 (*FALLBACK TO CASH SETTLEMENT IN RESPECT OF NON-DELIVERABLE OBLIGATIONS*)

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

Notice of fallback to Cash Settlement in respect of Non-Deliverable Obligations pursuant to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement

Reference is made to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement and [*insert details of the relevant Settlement Matched Pair(s)*], being the Settlement Matched Pair[s] to which this notice relates and to the [Notice of Physical Settlement][NOPS Amendment Notice] previously delivered to you on [*insert date*] dated [*insert date*]. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement we hereby notify you we are not permitted to Deliver the Deliverable Obligations specified below (such Deliverable Obligations, the **Non-Deliverable Obligations**) as specified in the [Notice of Physical Settlement][NOPS Amendment Notice] specified above for the following reasons:

[*Insert details of the relevant Non-Deliverable Obligations and reasonable detail of the relevant circumstances, as described paragraphs (a)(i) and (a)(ii) of Section 6.12 of the CDS Clearing Supplement*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]

_____

Name:

Title:

APPENDIX VII: FORM OF PHYSICAL SETTLEMENT CONFIRMATION AS CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS RELATING TO PHYSICAL SETTLEMENT*)

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[Contact details]

[*date*]

Dear Sir/Madam

Physical Settlement Confirmation

Reference is made to Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement, we hereby notify you that we have completed Physical Settlement with respect to such Settlement Matched Pair[s].

This notice is delivered in satisfaction of the requirement in Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

SCHEDULE

Settlement Matched Pair Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date
[●]	[●]	[●]	[●]	[●]

APPENDIX VIII: FORM OF NO PHYSICAL SETTLEMENT CONFIRMATION AS CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS RELATING TO PHYSICAL SETTLEMENT*)

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

No Physical Settlement Confirmation

Reference is made to Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement, we hereby notify you that no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transactions and, accordingly, that Physical Settlement will not, under the terms of such Physically Settled Cleared Transactions, occur.

This notice is delivered in satisfaction of the requirement in Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

SCHEDULE

Settlement Matched Pair Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date
[●]	[●]	[●]	[●]	[●]

APPENDIX IX: FORM OF NOTICE OF CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 7.6 (*CLEARING MEMBER COMMUNICATIONS FAILURE EVENT*)

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice certifying occurrence of a Clearing Member Communications Failure Event

Reference is made to Section 7.6(b) (*Clearing Member to notify LCH SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.6(b) (*Clearing Member to notify LCH SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are affected by a Clearing Member Communications Failure Event [*insert details of such failure*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

_____

Name:

Title:

[*Signed by a senior officer (such as a managing director or equivalent) on behalf of the Clearing Member*]

APPENDIX X: FORM OF NOTICE FOR CEASING TO BE SUBJECT TO A CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 7.6 (*CLEARING MEMBER COMMUNICATIONS FAILURE EVENT*)

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To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice that a Clearing Member is no longer subject to Clearing Member Communications Failure Event

Reference is made to Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement and the notice certifying the occurrence of a Clearing Member Communications Failure Event delivered by us to LCH SA on [●] (the **Notice of Clearing Member Communications Failure Event**). Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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In accordance with Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are no longer subject to the relevant Clearing Member Communications Failure Event described in the Notice of Clearing Member Communications Failure Event.

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This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

_____

Name:

Title:

APPENDIX XI: FORM OF NOTICE OF DISPUTE RELATING TO ANY MATCHED PAIR

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

[Restructuring][Settlement] Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

Notice of dispute relating to [*insert details of the relevant Matched Pairs subject to a dispute*]

Reference is made to Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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In accordance with Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement, notice is hereby given of the following dispute(s):

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[*insert details of Matched Pair(s) affected and the relevant dispute*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

APPENDIX XII: FORM OF NOTICE RELATING TO SELF-REFERENCING TRANSACTIONS

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice relating to Self-Referencing Transactions

Credit Derivative Transaction Details: As set out in the Schedule hereto[8].

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [●], as Seller and [●], as Buyer and to Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement, notice is hereby given of the following: [*insert details of one or more of the relevant events, as set out in paragraphs (i), (ii) and (iii) of Section 9.1(a) (Duty to notify) of the CDS Clearing Supplement*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

_____

Name:

Title:

[8] A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

[Restructuring] Matched Pair ID	**Trade ID**	**Reference Entity**	**Trade Date**	**Effective Date**
[●]	[●]	[●]	[●]	[●]

APPENDIX XIII: CCM CLIENT TRANSACTION REQUIREMENTS

The following provisions (the "**Mandatory Provisions**") are to be incorporated into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The terms of the corresponding CCM Client Cleared Transaction will be governed by the CDS Clearing Supplement. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion in the CCM Client Transaction Documents of the requirements set-out in this Appendix XIII.

The Mandatory Provisions, when they are incorporated into any CCM Client Transaction Documents, shall be governed by and construed in accordance with the governing law applicable to such CCM Client Transaction Documents of which they form part, or if different and applicable, in accordance with such CCM Client Transaction Documents, the governing law applicable to transactions entered into under such CCM Client Transaction Documents. The Mandatory Provisions shall be subject to such dispute resolution mechanisms and procedures and such courts or other forum for hearing disputes as are applicable in respect of such CCM Client Transaction Documents of which they form part. Each CCM and its CCM Client to which the Mandatory Provisions apply will waive any right to object to any such choice of law or proceedings on the basis of *forum non conveniens*, that the governing law or forum is not specified on the face of this document or otherwise.

In this Appendix XIII:

"**CCM Client Buyer**" means a CCM Client that is party to a CCM Client Transaction as protection buyer;

"**CCM Client Seller**" means a CCM Client that is party to a CCM Client Transaction as protection seller;

"**CCM Buyer/Matched Seller**" means a CCM that is party to a CCM Client Transaction as protection buyer and to the corresponding CCM Client Cleared Transaction as protection seller; and

"**CCM Seller/Matched Buyer**" means a CCM that is party to a CCM Client Transaction as protection seller and to the corresponding CCM Client Cleared Transaction as protection buyer.

1. ***Defined Terms***

Terms used in the Mandatory Provisions and not otherwise defined herein or in the 2003 ISDA Credit Derivatives Definitions shall have the meanings given to them in the CDS Clearing Supplement.

2. ***Terms of CCM Client Transactions***

2.1 *2003 ISDA Credit Derivatives Definitions*

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and

Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (the "**2003 ISDA Credit Derivatives Definitions**"), are incorporated into each CCM Client Transaction.

2.2 *Single Name CCM Client Transactions - Reference Obligation*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the CDSClear Preferred Reference Obligation in respect of the relevant Reference Entity.

2.3 *Single Name CCM Client Transactions - Updating Physical Settlement Matrix*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the Relevant Physical Settlement Matrix.

With effect from the close of business on any Matrix Re-versioning Date, any Single Name CCM Client Transaction referencing the Existing Matrix will be deemed to have been amended so as to reference the Revised Matrix.

2.4 *Index CCM Client Transactions - Updating Eligible Index Versions*

Upon the occurrence of a DTCC Re-versioning Date, any Index CCM Client Transaction shall be automatically amended so as to reference the portfolio of Reference Entities specified in the revised version of the index published by the Index Publisher and referenced in the TIW with effect from such DTCC Re-versioning Date.

2.5 *Initial Payment Date*

Notwithstanding anything to the contrary in the 2003 ISDA Credit Derivatives Definitions, if the Initial Payment Date specified in the CCM Client Transaction Documents in respect of any CCM Client Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such CCM Client Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Initial Payment Date in respect of such CCM Client Transaction shall be deemed to be the Transaction Business Day immediately following the Clearing Day on which the Cleared Transactions relating to such CCM Client Transaction are created.

2.6 *2014 ISDA Credit Derivatives Definitions Protocol*

The Protocol Effectiveness Condition (as defined in the 2014 ISDA Credit Derivatives Definitions Protocol published by ISDA on 21 August 2014 and supplemented by the Supplement thereto published by ISDA on 15 September 2014 and as further supplemented from time to time (the "**2014 Protocol**")) being satisfied, then from and including the Implementation Date (as defined in the 2014 Protocol) the amendments set forth in Part 1 (*Global Amendments*) of Schedule 1 (*Amendments to Protocol Covered Transactions)* of the 2014 Protocol shall apply to each Index CCM Client Transaction and each Single Name CCM Client Transaction which incorporates the 2003 ISDA Credit Derivatives Definitions and each

such CCM Client Transaction shall be a Protocol Covered Transaction for the purposes of the 2014 Protocol provided that:

(i) the date on which the CCM Client Cleared Transaction corresponding to such CCM Client Transaction is registered in the TIW is prior to the Implementation Date;

(ii) such CCM Client Transaction is not an Excluded Transaction (as defined in the 2014 Protocol) provided that if such CCM Client Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2014 Protocol) therein, such Affected Portion shall be exclude for the purposes of this Mandatory Provision 2.6(a) and the remaining portion of such CCM Client Transaction shall be deemed to be a Protocol Covered Transaction;

(iii) the Scheduled Termination Date in respect of such CCM Client Transaction is on or after the Implementation Date;

(iv) no Event Determination Date has occurred in respect of such CCM Client Transaction prior to the Implementation Date;

(v) from and including the Implementation Date the provisions of Appendix XIII of Part B of the CDS Clearing Supplement shall apply to such CCM Client Transaction or the portion of such CCM Client Transaction other than the Affected Portion, as applicable and the CCM Client Cleared Transaction corresponding thereto and such CCM Client Transaction shall be treated as if it had been entered into and is subject to the 2014 ISDA Credit Derivatives Definitions. In the event of any inconsistency between the provisions of Part B of the CDS Clearing Supplement and the amendments set forth in this paragraph 2.6, the provisions of Appendix XIII of Part B of the CDS Clearing Supplement shall prevail.

3. ***Additional CCM Client Transactions, Compression and Succession Events***

3.1 *Creation of Additional CCM Client Transactions*

Immediately following:

(a) the creation of Matched Pairs by LCH SA pursuant to Section 8.1 (*Creation of Matched Pairs*) of the CDS Clearing Supplement; or

(b) the creation of Resulting Single Name Cleared Transactions pursuant to Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*) of the CDS Clearing Supplement,

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if a CCM Client Transaction has been specified to have been split into or replaced by two or more separate CCM Client Transactions in the TIW as a result of the creation of such Matched Pairs or Resulting Single Name Cleared Transactions, such CCM Client Transaction shall be split into or terminated and replaced by two or more (as applicable) corresponding CCM Client Transactions. The Floating Rate Payer Calculation Amount and Fixed Rate of each such CCM Client Transaction shall correspond to the Floating Rate Payer Calculation Amount and Fixed Rate specified in TIW for such CCM Client Transaction. In respect of CCM Client

Transactions created as a result of the creation of Resulting Single Name Cleared Transactions, the Trade Date of such new CCM Client Transactions shall be the same as the Trade Date of the equivalent Resulting Single Name Cleared Transactions. Otherwise, each new CCM Client Transaction shall have the same terms as the original CCM Client Transaction.

3.2 *Reversal of Creation of Additional CCM Client Transactions*

If a CCM Client Transaction has been split into two or more CCM Client Transactions pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above and the relevant DC Credit Event Announcement that led to the creation of the Matched Pairs is reversed such that Section 5.5 (*Reversal of DC Credit Event Announcements*) of the CDS Clearing Supplement applies, then, subject to Section 9.1(c)(iii)(B) of the 2003 ISDA Credit Derivatives Definitions, any additional CCM Client Transactions created pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above shall be deemed not to have been created and any Credit Event Notices delivered in connection with such CCM Client Transactions shall be deemed to be ineffective.

3.3 *Compression of CCM Client Transactions*

If two or more CCM Client Transactions are specified in TIW to have been compressed into a single CCM Client Transaction pursuant to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such CCM Client Transactions shall be compressed into a single CCM Client Transaction with a Floating Rate Payer Calculation Amount equal to the aggregate Floating Rate Payer Calculation Amounts of the original CCM Client Transactions.

3.4 *Succession Events and Cleared Transactions*

If LCH SA takes any action with respect to a CCM Client Cleared Transaction pursuant to Section 4.5 (*Succession Events and Cleared Transactions*) of the CDS Clearing Supplement so as to give effect to a Succession Event, such action shall also be deemed to have been taken with respect to the corresponding CCM Client Transaction.

4. ***Notices***

4.1 *Validity of Notices*

Save if and as expressly stated to the contrary in the Mandatory Provisions, any notice delivered by a CCM Client to its CCM in respect of a CCM Client Transaction (including, without limitation, a Credit Event Notice, Notice of Physical Settlement, Notice to Exercise Movement Option or NOPS Amendment Notice) at a time or in a manner in which the CCM would not be permitted to deliver such a notice to LCH SA (or to a relevant Matched Buyer or Matched Seller as designee of LCH SA(as applicable)) in respect of the corresponding CCM Client Cleared Transaction pursuant to the terms of the CDS Clearing Supplement shall be deemed not to have been delivered.

4.2 *Credit Event Notices and NEMOs given via DTCC*

(a) *Credit Event Notices and NEMOs to be given via DTCC*

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in the Mandatory Provisions or otherwise agreed between the parties to the CCM Client Transaction. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

(b) *Credit Event Notices and NEMOs delivered in respect of corresponding CCM Client Cleared Transaction*

In respect of a CCM Client Transaction, if:

(i) CCM Seller/Matched Buyer or CCM Buyer/Matched Seller delivers a valid Credit Event Notice or Notice to Exercise Movement Option in respect of the corresponding CCM Client Cleared Transaction by way of the relevant DTCC Notice Facility; or

(ii) a Credit Event Notice or Notice to Exercise Movement Option is deemed to have been delivered in respect of the corresponding CCM Client Cleared Transaction pursuant to Section 7.3(b) (*Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction*) of the CDS Clearing Supplement as a result of the receipt of a valid Credit Event Notice or Notice to Exercise Movement Option (as applicable) by way of the relevant DTCC Notice Facility in respect of the CCM Client Transaction between the other CCM of a Matched Pair and its CCM Client,

and a Credit Event Notice or Notice to Exercise Movement Option (as applicable) has not already been given in respect of such CCM Client Transaction in accordance with Mandatory Provision 4.4 (*Communications Failure Event*) such notice (or deemed notice) shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of such CCM Client Transaction.

4.3 *Consequences of DTCC Failure*

If a DTCC Failure Event occurs, from (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

(a) Mandatory Provision 4.2(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);

(b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and

(c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

4.4 *Communications Failure Event*

(a) *Right to deliver Notices manually following Communications Failure Event*

If a party is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such party to deliver any Credit Event Notice in relation to a Restructuring Credit Event or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a "**Communications Failure Event**") it may, notwithstanding Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*), deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

Such party shall deliver, together with any Credit Event Notice or Notice to Exercise Movement Option delivered by it directly, a notice signed by a senior officer (such as a managing director or equivalent) of such party certifying that it is affected by a Communications Failure Event (or, if such party is unable to deliver such notice in writing, orally by telephone).

(b) *Notices to party affected by Communications Failure Event*

For the avoidance of doubt, Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given by the party not affected by the Communications Failure Event to the party affected by the Communications Failure Event.

(c) *Notification of Resolution of Communications Failure Event*

As soon as reasonably practicable upon a party ceasing to be subject to a Communications Failure Event, it shall notify the other party accordingly and thereupon Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

(d) *Duty to Mitigate*

A party which is subject to a Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on the other party of any Communications Failure Event, to cure such Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Communications Failure Event do not recur.

(e) *Breach does not Invalidate Valid Notices*

Without prejudice to any other rights or remedies of the parties, any breach by a party of the provisions of this Mandatory Provision 4.4 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the terms of the relevant CCM Client Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

4.5 *Uncertain Delivery*

(a) *Manual Notice permitted if Delivery of Notice in DTCC uncertain*

Notwithstanding Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Mandatory Provision 4 (*Notices*), and a party is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it attempted to deliver via a DTCC Notice Facility has:

(i) actually been delivered; or

(ii) was delivered prior to the DTCC Failure Time,

that party shall be entitled to deliver such a notice directly to the other party specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

(b) *Details to be provided of Uncertain Notice*

If a party delivers a manual notice pursuant to Mandatory Provision (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such party shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other party to identify the communication concerned.

(c) *DTCC Notice delivered successfully*

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to Mandatory Provision (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above related was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

5. ***Determination of Credit Events and Succession Events***

Notwithstanding any provision to the contrary:

(a) the Calculation Agent shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Succession Event Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and

(b) neither party shall be entitled to deliver a Succession Event Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any Restructuring CCM Client Transaction (including the Mandatory Provisions) and, where applicable, the DTCC Rules).

6. ***Timings for the Delivery of Manual Notices***

The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:

6.1 *Delivery of Manual Notices by CCM Client Buyer*

For the purposes of the delivery by CCM Client Buyer of any notice in respect of a CCM Client Transaction which is permitted pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions) to be delivered manually (rather than via the relevant DTCC Notice Facility), Section 1.10 (*Requirements Regarding Notices*) of the 2003 ISDA Credit Derivatives Definitions shall be amended so as to provide that, solely in respect of the final day on which such manual notice could validly be delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), any such notice shall be required to be delivered on or prior to 2:00 p.m. (Calculation Agent City time) in order to be effective.

A manual notice (including, without limitation, a Credit Event Notice or a Notice to Exercise Movement Option) delivered after 2:00 p.m. (Calculation Agent City time) on the final day on which such notice could validly be delivered pursuant to the terms of the relevant CCM Client Transaction (including the Mandatory Provisions) shall be deemed not to have been delivered.

6.2 *Onward Delivery of Certain Notices by CCM Seller/Matched Buyer to Matched Seller*

Any Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, any notice given pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered)* of the 2003 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.10 (*Alternative Procedures Relating to Loans Not Delivered)* of the 2003 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by CCM Client Buyer to CCM Seller/Matched Buyer in respect of and pursuant to the terms of a CCM Client Transaction (including the Mandatory Provisions) shall not be effective unless and until CCM Seller/Matched Buyer effectively delivers the relevant equivalent notice to the relevant Matched Seller in respect of and pursuant to the terms of the corresponding Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable.

CCM Seller/Matched Buyer undertakes to deliver such a notice to the relevant Matched Seller within two hours of its receipt of the equivalent notice from CCM Client Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent

City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9.00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

The following provision shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Seller and its CCM Buyer/Matched Seller:

6.3 *Receipt of Certain Notices by CCM Buyer/Matched Seller deemed to be Receipt by CCM Client Seller*

Any Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, any notice given pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered)* of the 2003 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.10 (*Alternative Procedures Relating to Loans Not Delivered)* of the 2003 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by the relevant Matched Buyer to CCM Buyer/Matched Seller in respect of and pursuant to the terms of a Restructuring Cleared Transaction or Physically Settled Cleared Transaction (as applicable) relating to a CCM Client Transaction between such CCM Buyer/Matched Seller and CCM Client shall be deemed to constitute simultaneous delivery by CCM Buyer/Matched Seller to CCM Client Seller of such notice in respect of such CCM Client Transaction.

CCM Buyer/Matched Seller undertakes to deliver such a notice to CCM Client Seller within two hours of its receipt of the equivalent notice from the relevant Matched Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9.00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

7. ***Physical Settlement***

7.1 *Fallback to Cash Settlement resulting from corresponding CCM Client Cleared Transaction*

If a CCM notifies its CCM Client that the Physically Settled Cleared Transaction corresponding to their CCM Client Transaction is to be settled (in whole or in part) by Cash Settlement pursuant to Section 6 (*Physical Settlement*) of the CDS Clearing Supplement and such CCM Client Transaction has not already been settled by Physical Settlement, such CCM Client Transaction shall also be settled (in whole or in part, as applicable) by Cash Settlement and the Cash Settlement Amount and the Cash Settlement Date shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding Physically Settled Cleared Transaction.

In respect of the CCM Client Transaction between CCM Client Buyer and CCM Seller/Matched Buyer, If CCM Client Buyer has already Delivered the Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer in whole (if Cash Settlement applies) or in part (if Partial Cash Settlement applies in which case CCM Seller/Matched Buyer shall retain a proportion of the Deliverable Obligations equal to the proportion of the Transaction to be settled by Physical Settlement).

7.2 *Fallback to Cash Settlement in respect of Non-Deliverable Obligations*

If, in respect of a CCM Client Transaction, Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the Non-Deliverable Obligations) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Seller because:

(a) the amount of such Deliverable Obligation is less than the relevant minimum denomination of such Deliverable Obligation; or

(b) Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions),

then it shall notify Seller accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to such CCM Client Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions and "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such CCM Client Transaction with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Mandatory Provision 7.3 (*Consequences of Cash Settlement*) below shall apply.

7.3 *Consequences of Cash Settlement*

If the circumstances set out in either Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) apply to a CCM Client Transaction, then:

(a) the Latest Permissible Physical Settlement Date in respect of such CCM Client Transaction will be deemed to be the first date on which the relevant Buyer or Seller effectively gave the relevant notice to the other pursuant to either Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) above, as applicable, (and for these purposes, Section 9.7

(*Latest Permissible Physical Settlement* Date) of the 2003 ISDA Credit Derivatives Definitions shall not apply); and

(b) where sub-paragraph (ii) of Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:

7.4 *Delivery of Deliverable Obligations by CCM Client Buyer to CCM Seller/Matched Buyer*

This Mandatory Provision 7.4 shall be applicable unless the CCM Client Buyer and CCM Seller/Matched Buyer agree that it shall not apply in respect of a specific CCM Client Transaction.

In respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations to be Delivered by CCM Client Buyer to CCM Seller/Matched Buyer shall be deemed not to have occurred for the purposes of such CCM Client Transaction unless and until CCM Seller/Matched Buyer Delivers equivalent Deliverable Obligations to Matched Seller pursuant to the Physical Settlement of the corresponding Physically Settled Cleared Transaction.

Unless in respect of the corresponding Physically Settled Cleared Transactions:

(a) Cash Settlement is applicable (in whole or in part);

(b) a Buy-in Period is applicable or Buy-in Price has been determined pursuant to Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions;

(c) a Deemed Buy-in Period is applicable pursuant to Section 6.8(b)(i) of the CDS Clearing Supplement or Section 6.8(b)(ii) of the CDS Clearing Supplement is applicable; or

(d) Section 9.10(a) of the 2003 ISDA Credit Derivatives Definitions is applicable or Matched Seller has required Matched Buyer to Deliver a Bond or Loan pursuant to Section 9.10(b) of the 2003 ISDA Credit Derivatives Definitions,

(each such event, a "**Non-delivery Event**"), CCM Seller/Matched Buyer undertakes to Deliver the Deliverable Obligations (or such portion of the Deliverable Obligations not affected by a Non-delivery Event) to Matched Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligation would, if effected on the day on which CCM Seller/Matched Buyer received the Deliverable Obligations from CCM Client Buyer or on which the relevant Non-delivery Event ceased to apply, as applicable, (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent after consultation with the parties.

For the purposes of Article VIII (*Terms relating to Physical Settlement*) of the 2003 ISDA Credit Derivatives Definitions, the Physical Settlement Amount shall not be payable by CCM Seller/Matched Buyer to CCM Client Buyer in respect of the CCM Client Transaction until the

Physical Settlement of the corresponding Physically Settled Cleared Transaction has occurred.

7.5 *Buy-in of Bonds not Applicable*

Section 9.9 (*Buy-in of Bonds Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

7.6 *Buyer's Right to Deliver suspended during Buy-in Period*

If CCM Seller/Matched Buyer notifies CCM Client Buyer in respect of a CCM Client Transaction that (i) it has received a Buy-in Notice from Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair or (ii) it has been notified by Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement that such Matched Seller has received a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client, such notice from CCM Seller/Matched Buyer specifying:

i) the Buy-in Date;

ii) the Relevant Bonds; and

iii) the Outstanding Principal Balance thereof sought to be bought-in,

then CCM Client Buyer's right to Deliver the specified Relevant Bonds shall be suspended until the fourth Business Day (inclusive) following such Buy-in Date.

7.7 *Buy-in of Bonds in respect of Matched Contracts of the Settlement Matched Pair*

Provided that Physical Settlement has not already occurred in respect of a CCM Client Transaction, if CCM Seller/Matched Buyer notifies CCM Client Buyer that a Buy-in Price has been (i) determined or (ii) deemed to be determined pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement, in respect of Relevant Bonds for the purposes of the Matched Contracts of the related Settlement Matched Pair, then on the Buy-in Effective Date:

i) CCM Client Buyer will be deemed to have Delivered to CCM Seller/Matched Buyer an Outstanding Principal Balance of the Deliverable Obligations equal to the Outstanding Principal Balance of the Deliverable Obligations Delivered or deemed to be Delivered by CCM Seller/Matched Buyer to Matched Seller in respect of the Matched Contracts; and

ii) the Physical Settlement Amount to be paid by CCM Seller/Matched Buyer to CCM Client Buyer in respect of this CCM Client Transaction shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to CCM Seller/Matched Buyer by Matched Seller in respect of the Matched Contracts is to be reduced.

CCM Seller/Matched Buyer shall notify CCM Client Buyer of such Outstanding Principal Balance of the Deliverable Obligations and such Physical Settlement Amount reduction for the purposes of i) and ii) above and of the Buy-in Effective Date.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an Outstanding Principal Balance equal to the Outstanding Principal Balance of the Deliverable Obligation(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.7.

7.8 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.10(b) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

7.9 *Alternative Procedures relating to Loans – Seller designates alternative Loan or Bond*

In respect of a CCM Client Transaction, CCM Seller/Matched Buyer shall notify CCM Client Buyer if it has purchased Bond(s) and/or Loan(s) pursuant to Section 9.10(b) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions on the instructions of the Matched Seller in respect of the corresponding CCM Client Cleared Transaction.

Following such notification, such Bond(s) and/or Loan(s) shall be deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer in Physical Settlement of the CCM Client Transaction and the Physical Settlement Amount payable by CCM Seller/Matched Buyer to CCM Client Buyer shall be reduced (but not below zero) by an amount equal to the price at which such Bond(s) and or Loan(s) were purchased.

CCM Seller/Matched Buyer shall provide CCM Client Buyer with details of such Bond(s) and/or Loan(s) and the related purchase price(s) in such notice.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an Outstanding Principal Balance equal to the Outstanding Principal Balance of the Bond(s) and/or Loan(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.9.

The following provisions shall solely be applicable in respect of a CCM Client Transaction between CCM Client Seller and CCM Buyer/Matched Seller:

7.10 *Delivery of Deliverable Obligations to CCM Client Seller*

This Mandatory Provision 7.10 shall be applicable unless the CCM Client Seller and CCM Buyer/Matched Seller agree that it shall not apply in respect of a specific CCM Client Transaction.

Subject to the proviso below, in respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations to be Delivered by CCM Buyer/Matched Seller to CCM Client Seller shall be deemed to have occurred for the purposes of such CCM Client Transaction upon receipt by CCM Buyer/Matched Seller of the Deliverable Obligations in respect of the Physical Settlement of the related Physically Settled Cleared Transaction; *provided, however, that* if the CCM Client Transaction is to be settled by Cash Settlement (in whole or in part) pursuant to Section 9.3 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2003 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) then such portion of the CCM Client Transaction which is to be settled by Cash Settlement shall not be deemed to be settled until such Cash Settlement occurs.

Provided that Cash Settlement is not applicable, CCM Buyer/Matched Seller undertakes to Deliver the Deliverable Obligations to CCM Client Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligation would, if effected on the day on which CCM Buyer/Matched Seller received the Deliverable Obligations from Matched Buyer (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent after consultation with the parties.

7.11 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.10(b) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

7.12 *Alternative Procedures relating to Loans in respect of Matched Contracts*

In respect of a CCM Client Transaction, if CCM Buyer/Matched Seller notifies CCM Client Seller that a deemed amendment has been made to the Notice of Physical Settlement or any NOPS Amendment Notice in respect of the Matched Contracts of the Settlement Matched Pair that corresponds to such CCM Client Transaction pursuant to (i) Section 9.10(a) or (b) of the 2003 ISDA Credit Derivatives Definitions or (ii) Section 6.9 (*Alternative Procedures relating to Loans – Buyer Right to Deliver (Section 9.10(a) 2003 ISDA Credit Derivatives Definitions*) of the CDS Clearing Supplement, then the Notice of Physical Settlement or any NOPS Amendment Notice in respect of such CCM Client Transaction shall be deemed to have been amended by the addition of the Bonds or Loans which have been deemed to be added to the Notice of Physical Settlement or any NOPS Amendment Notice for the purposes of the Matched Contracts of the related Settlement Matched Pair.

8. ***Self Referencing Transactions***

8.1 *Section 2.31 (Merger of Reference Entity and Seller) of the 2003 ISDA Credit Derivatives Definitions*

Section 2.31 (*Merger of Reference Entity and Seller*) of the 2003 ISDA Credit Derivatives Definitions shall not apply.

8.2 *Notification of Self Referencing Transactions*

In respect of any Single Name CCM Client Transaction, the CCM Client shall, unless prohibited from so doing by applicable law, notify the CCM as soon as reasonably practicable if:

i) the CCM Client is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name CCM Client Transaction or enters into any agreement in respect of any of the foregoing;

ii) the CCM Client and the Reference Entity in relation to such Single Name CCM Client Transaction are or become Affiliates; or

iii) in respect of a Restructuring CCM Client Transaction, the CCM Client is or becomes the Reference Entity in relation to such Restructuring CCM Client Transaction as a result of the occurrence of the relevant Restructuring Credit Event.

8.3 *Termination of Self Referencing Transactions*

A CCM Client Transaction shall be terminated (unless it has already been terminated) at the same time as the termination of the corresponding Single Name Cleared Transaction pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*) of the CDS Clearing Supplement and by reference to the price at which such Single Name Cleared Transaction is terminated and an amount will be payable:

(a) if the CCM receives an amount from LCH SA in relation to such Single Name Cleared Transaction pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*), by the CCM to the CCM Client equal to such amount and on the Business Day following receipt by the CCM of such amount from LCH SA; and

(b) if the CCM is obliged to pay an amount to LCH SA in relation to such Single Name Cleared Transaction pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*), by the CCM Client to the CCM equal to such amount and on the later of (I) the Business Day prior to the day on which the CCM is obliged to pay such amount to LCH SA and (II) the Business Day following the Business Day on which the CCM gives notices to the CCM Client of the relevant amount.

8.4 *Costs of Terminating Self Referencing Transactions*

Without prejudice to any other indemnity agreed between the CCM and the CCM Client in relation to CCM Client Transactions, the CCM Client agrees to indemnify and hold harmless the CCM from and against all costs and expenses that the CCM is obliged to bear pursuant to

Section 9.2 (*Occurrence of Client Self Referencing Transactions*) of the CDS Clearing Supplement.

8.5 *Compression of Self Referencing Transactions*

Where the CCM acts as Matched Buyer and Matched Seller in respect of fungible Single Name Cleared Transactions that have a corresponding CCM Client Transaction in respect of which CCM Client has given notice to CCM pursuant to Mandatory Provision 8.2 (*Notification of Self Referencing Transactions*) and the relevant Single Name Cleared Transactions are compressed pursuant to Section 9.2 (Occurrence *of Client Self Referencing Transactions*) of the CDS Clearing Supplement, the CCM Client will be deemed to have submitted to CCM a request to compress the corresponding CCM Client Transactions.

9. ***Calculation Agent***

9.1 *Appointment of Calculation Agent*

The Calculation Agent in respect of any CCM Client Transaction shall be the CCM.

9.2 *Calculations and Determinations of Calculation Agent*

In the event that the Calculation Agent is entitled or required to make any calculation or determination in respect of a CCM Client Transaction in respect of a matter that has already been or will be determined in respect of and pursuant to the terms of the corresponding CCM Client Cleared Transaction, the Calculation Agent in respect of the CCM Client Transaction shall be obliged to make the same calculation or determination in respect of such CCM Client Transaction as the determination in respect of the corresponding CCM Client Cleared Transaction (including, without limitation, any determination of any Cash Settlement Amount payable in respect of the CCM Client Transaction).

10. ***Amendments***

The Mandatory Provisions may be amended from time to time pursuant to Section 11 (*Amendments*) of the CDS Clearing Supplement. The parties agree that any amendments made to the Mandatory Provisions in accordance with Section 11 (*Amendments*) of the CDS Clearing Supplement shall be deemed to apply automatically to the CCM Client Transaction(s) with effect from the date of such amendment to the Mandatory Provisions.

PART B
CDS CLEARING SUPPLEMENT

FOR INDEX CLEARED TRANSACTIONS AND SINGLE NAME TRANSACTIONS INCORPORATING THE 2014 ISDA CREDIT DERIVATIVES DEFINITIONS

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1. GENERAL PROVISIONS

1.1 Incorporation of Defined Terms

Capitalised terms used in this CDS Clearing Supplement and not otherwise defined herein shall have the meaning given pursuant to the Index Cleared Transaction Confirmation, Single Name Cleared Transaction Confirmation, the 2014 ISDA Credit Derivatives Definitions or the CDS Clearing Rule Book, as applicable. In the case of any such terms defined in the CDS Clearing Rule Book, such terms shall be interpreted in accordance with the governing law specified therefore in the CDS Clearing Rule Book.

1.2 Terms defined in the CDS Clearing Supplement

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

2003 ISDA Credit Derivatives Definitions: The 2003 ISDA Credit Derivatives Definitions published by ISDA as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, including the DC Rules and Credit Derivatives Auction Settlement Terms (each as defined therein).

2014 ISDA Credit Derivatives Definitions: The 2014 ISDA Credit Derivatives Definitions published by ISDA.

Affected Cleared Transaction: Following

(i) a DC Credit Event Announcement or a publication by the DC Secretary of:

(a) a Successor Resolution; or

(b) a DC Resolution that a Substitute Reference Obligation has been determined in respect of a Non-Standard Reference Obligation; or

(ii) publication of a revised SRO List,

a Cleared Transaction (or the relevant Component Transaction(s) of such Cleared Transaction) that references the affected Reference Entity and also references a Transaction Type and/or a Reference Obligation affected by the event in (i) or (ii) above, as applicable.

Asset Package Cash Settlement Amount: In respect of an Asset Package, an amount in the Settlement Currency of the Physically Settled Cleared Transaction to which such Asset Package relates equal to the total amount of cash in such Settlement Currency (whether actual or deemed in accordance with Section 6.19(e) (*Asset Package Delivery)* comprising such Asset Package.

Asset Package Notice: A notice in the form set out in Appendix IVB.

Buy-in Effective Date: As set out at Section 6.8 (*Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction).*

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CCM Client Cleared Transaction: A Cleared Transaction between a CCM and LCH SA registered in a CCM Client Trade Account of a CCM.

CCM Client Transaction: A Transaction between a CCM and a CCM Client which is on the same economic terms as its corresponding CCM Client Cleared Transaction.

CCM Client Transaction Documents: The documentation entered into by a CCM and its CCM Client to document a CCM Client Transaction.

CDSClear Preferred Reference Obligation: This term shall have the meaning set out in Section 4 of the Procedures.

CDSClear Product Committee: A committee composed of representatives of LCH SA and representatives of Clearing Members for the purposes of carrying-out the tasks apportioned to it by the CDS Clearing Documentation as further described in the terms of reference for such committee, agreed in consultation with the Clearing Members and as may be amended from time to time in consultation with the Clearing Members.

CDS Clearing Rule Book: The document entitled "CDS Clearing Rule Book" published by LCH SA, as amended from time to time.

CDS Type: A class of Cleared Transactions that are identical as to their terms, and, as the case may be, following the determination made by LCH SA in accordance with Section 2.6 (*Markit Standard Terms Supplement Updates*), except that they may differ as to:

(a) the Trade Date;

(b) in respect of Index Cleared Transactions, the Original Notional Amount;

(c) in respect of Single Name Cleared Transactions, the Effective Date (provided that the current and future Fixed Rate Payer Calculation Periods for such Single Name Cleared Transactions are the same), the Floating Rate Payer Calculation Amount and the Reference Obligation (provided that LCH SA determines that the Reference Obligations of the Cleared Transactions are equivalent for the purposes of this CDS Clearing Supplement);

(d) the Initial Payment Payer;

(e) the Initial Payment Amount;

(f) the Initial Payment Date; and

(g) the identity of the relevant Buyer and Seller.

CEN Triggering Period: In relation to any Restructuring Cleared Transaction, the period during which the parties thereto may deliver a Credit Event Notice in respect of an M(M)R Restructuring in relation to all or part of such Restructuring Cleared Transaction, such period starting at 9:00 a.m. on and including the earlier to occur of:

(a) the Transaction Business Day following publication of the related Final List; and

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(b) the fifth calendar day following the No Auction Announcement Date,

and ending on and including the Exercise Cut-off Date.

Clearing Member Acknowledgement: As set out at Section 7.7 (*Clearing Member Acknowledgements*).

Clearing Member Communications Failure Event: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

Clearing Member Self Referencing Transaction: A Single Name Cleared Transaction which is registered in the House Account Structure of the Clearing Member and in respect of which, the Reference Entity is either the relevant Clearing Member or an Affiliate of such Clearing Member.

Client Self Referencing Transaction: A Single Name Cleared Transaction (a) that is registered in the Client Account Structure of a Clearing Member, and (b) in respect of which, the Reference Entity is either the relevant Client or an Affiliate of such Client.

Component Transaction: As defined in the Index Cleared Transaction Confirmation.

Compression Cut-off Date: The last date on which a Clearing Member may submit a request for any Cleared Transaction to be compressed pursuant to the ad hoc compression methodology and on which a daily automatic compression cycle will be run by LCH SA, in each case in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book and Section 5 of the Procedures, being:

(a) in respect of any Index Cleared Transaction, the date falling one Transaction Business Day prior to the Novation Cut-off Date in respect of the relevant Eligible Index Version;

(b) in respect of any Single Name Cleared Transaction and:

(i) an M(M)R Restructuring, the earlier of (A) the date of publication of the relevant Initial List (as defined in the DC Rules), (B) the date falling two Transaction Business Days prior to the relevant date on which the related RMP Notification Deadline falls and (C) such other date falling between the dates in (A) and (B), as determined by LCH SA in consultation with the CDSClear Product Committee and notified to the relevant Clearing Members prior to such date; and

(ii) a Failure to Pay Credit Event, a Governmental Intervention Credit Event, a Bankruptcy Credit Event or a Restructuring Credit Event (other than an M(M)R Restructuring), the date falling one Transaction Business Day prior to the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date;

(iii) a Succession Event, a date determined by LCH SA in consultation with the CDSClear Product Committee, which shall be not later that the Transaction Business Day before the date on which DTCC will amend its records in respect

of such Single Name Cleared Transaction to take into account the occurrence of such Succession Event, and notified to the relevant Clearing Members prior to such date; and

(iv) a Rename Event, the Transaction Business Day before the date on which DTCC will amend its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event.

For the avoidance of doubt, where a Clearing Member has specified automatic compression on a weekly basis then the last such weekly automatic compression cycle performed by LCH SA will be performed on the Clearing Day falling on the Thursday on or before the relevant Compression Cut-off Date.

DC Restructuring Announcement Date: The date on which the DC Credit Event Announcement of an M(M)R Restructuring is made, *provided that* where such DC Credit Event Announcement is made after 6.30 p.m. on a Business Day or on a day which is not a Business Day, the DC Restructuring Announcement Date will be the first following Business Day.

Deemed Buy-in Period: As set out at Section 6.8(b)(i).

Dispute: This term shall have the meaning set out in the CDS Dispute Resolution Protocol.

DTCC Failure Event: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

DTCC Failure Event Time: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

DTCC Notice Facility: A facility made available pursuant to the DTCC Rules for the delivery of Credit Event Notices relating to M(M)R Restructurings or Notices to Exercise Movement Option.

DTCC Resolution Time: As set out at Section 7.4 (*Notification of DTCC Failure and Resolution*).

DTCC Rules: The "Operating Procedures", as published by DTCC and as amended from time to time.

Failed Amount: As set out at Section 6.10 (*Failure to pay Physical Settlement Amount*).

First Novation Date: In respect of:

(a) an Index Cleared Transaction, the first date on which LCH SA will accept Original Transactions referencing the relevant Eligible Index Version for clearing pursuant to the CDS Clearing Documentation, being, in the case of any such version published pursuant to the occurrence of a Succession Event or Credit Event, the date on which credit default swap transactions referencing such version of such index are accepted for registration in the TIW in accordance with the DTCC Rules;

(b) a Single Name Cleared Transaction in respect of which a Novation Cut-off Date has previously occurred pursuant to the occurrence of an M(M)R Restructuring which is applicable to the relevant combination of Reference Entity, Transaction Type and

Reference Obligation, the calendar day following the Transaction Business Day following the latest possible Exercise Cut-off Date for the relevant M(M)R Restructuring or such other date on which LCH SA determines in consultation with the CDSClear Product Committee that LCH SA will begin to again accept Original Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation; and

(c) a Single Name Cleared Transaction (other than in the circumstances set-out in (b) above), the first date on which LCH SA determines in consultation with the CDSClear Product Committee that LCH SA will accept or will begin to again accept (as applicable) Original Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation.

Index Cleared Transaction: A Cleared Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction in respect of each such Reference Entity, the terms of which are as evidenced by an Index Cleared Transaction Confirmation.

Index Cleared Transaction Confirmation: For

(a) any Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 22 or above, the form of confirmation which incorporates the iTraxx® Europe Untranched Standard Terms Supplement, each being the latest version in force as published by Markit Group Limited or any affiliate of Markit Group Limited;

(b) any Index Cleared Transaction which references a Markit CDX™ Index Series 23 or above, the form of confirmation which incorporates the CDX Untranched Transactions Standard Terms Supplement, each being the latest version in force as published by Markit North America, Inc. or any affiliate of Markit North America, Inc.;

(c) any Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below, the form of confirmation which incorporates the iTraxx® Europe Legacy Untranched Standard Terms Supplement, each being the latest version in force as published by Markit Group Limited or any affiliate of Markit Group Limited; and

(d) any Index Cleared Transaction which references a Markit CDX™ Index Series 22 or below, the form of confirmation which incorporates the CDX Legacy Untranched Transactions Standard Terms Supplement, each being the latest version in force as published by Markit North America, Inc. or any affiliate of Markit North America, Inc.,

in each case as amended by this CDS Clearing Supplement and as completed by reference to the relevant Transaction Data (or, in each case, such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification)* of the CDS Clearing Rule Book).

Index CCM Client Transaction: A CCM Client Transaction which references a portfolio of Reference Entities specified in a credit default swap index and consists of a Component Transaction in respect of each such Reference Entity and which is on the same economic

terms as an Index Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

Initial Re-couponing Notice: As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

Initial Single Name Cleared Transaction: A Cleared Transaction entered into following the novation of an Original Transaction and which references a single Reference Entity, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

Initial Single Name CCM Client Transaction: A CCM Client Transaction which references a single Reference Entity and which is on the same economic terms as an Initial Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

ISDA: The International Swaps and Derivatives Association, Inc. and any successor thereto.

Mandatory Provisions: As set-out in Appendix XIII (*CCM Client Transaction Requirements*).

Markit Standard Terms Supplement: Any of the published Standard Terms Supplements as referred to in the definition of "Index Cleared Transaction Confirmation" in this Section 1.2.

Matched Buyer: A CDS Buyer comprised in a Matched Pair.

Matched Buyer Contract: A Cleared Transaction (or part thereof) between a Matched Buyer and LCH SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

Matched Contract: A Matched Seller Contract or a Matched Buyer Contract, as applicable.

Matched Pair: A Restructuring Matched Pair or Settlement Matched Pair, as applicable.

Matched Seller: A CDS Seller comprised in a Matched Pair.

Matched Seller Contract: A Cleared Transaction (or part thereof) between a Matched Seller and LCH SA which is the subject of a Matched Pair having the Restructuring Matched Pair Amount or the Settlement Matched Pair Delivery Amount, as the case may be, relating to that Matched Pair.

Matching Information Notification Deadline: In respect of a Restructuring Cleared Transaction, 9.00 a.m. on the first day of the CEN Triggering Period, *provided that* the Matching Information Notification Deadline shall fall no earlier than the fifth Transaction Business Day following the relevant DC Credit Event Announcement.

Matrix Re-versioning Date: As set-out in Section 2.5 (*Physical Settlement Matrix Updates*).

NEMO Triggering Period: In relation to any Restructuring Cleared Transaction, the period starting at 9:00 a.m. on the day falling on the relevant Movement Option Cut-off Date for the

relevant Credit Event and ending at the last time for delivery of a valid Notice to Exercise Movement Option under the terms of the relevant Cleared Transaction.

No Physical Settlement Confirmation: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

No Physical Settlement Confirmation Deadline: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

Non-Deliverable Obligation: As set out at Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*).

Non-DVP Asset Package Settlement Amount: As set out in Section 6.6(b) (*Delivery of Non-DVP Obligations*).

Non-DVP Obligation: In respect of any Physically Settled Cleared Transaction: (1) a Deliverable Obligation, validly specified in a Notice of Physical Settlement, which does not, in accordance with then current market standards, settle on a delivery-versus-payment basis through the books and records of a central securities depository or securities settlement system; or (2) any Asset forming part of an Asset Package validly specified in an Asset Package Notice given in accordance with the final paragraph of Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions.

Notice Acknowledgement Deadline: As set out in Section 7.7 (*Clearing Member Acknowledgements*).

Notice Reconciliation Deadline: As set out in Section 7.7 (*Clearing Member Acknowledgements*).

Novation Cut-off Date: The date with effect from which LCH SA will no longer accept Original Transactions referencing an Eligible Index Version or Original Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation for novation, being:

(a) following the occurrence of an M(M)R Restructuring, the earlier of:

(i) a date determined by LCH SA in consultation with the CDSClear Product Committee, which shall not be earlier than the DC Restructuring Announcement Date; and

(ii) the calendar day immediately following the No Auction Announcement Date,

provided that LCH SA in consultation with the CDSClear Product Committee may, but is not required to, determine that the Novation Cut-off Date for Index Cleared Transactions and the Novation Cut-off Date for Initial Single Name Cleared Transactions are to occur on different days;

(b) following the occurrence of a Failure to Pay Credit Event, a Bankruptcy Credit Event, a Governmental Intervention Credit Event or a Restructuring Credit Event (other than

an M(M)R Restructuring), the calendar day following the related Auction Final Price Determination Date, Auction Cancellation Date or No Auction Announcement Date, as applicable;

(c) following the occurrence of a Succession Event:

(i) in respect of an Index Cleared Transaction, the date notified by DTCC to LCH SA as being the date on which DTCC will amend its records in respect of such Cleared Transaction to take into account a new version of such index published by the relevant index publisher taking into account the occurrence of such Succession Event; or

(ii) in respect of a Single Name Cleared Transaction, the day after the date on which the DC Secretary publicly announces a Succession Resolution in respect of such Succession Event;

(d) following the occurrence of a Rename Event in respect of Single Name Cleared Transactions, the date determined by LCH SA in consultation with the CDSClear Product Committee, which such date shall not be later than the date on which DTCC amends its records in respect of Single Name Cleared Transactions to take into account the occurrence of such Rename Event; or

(e) otherwise, as determined by LCH SA in consultation with the CDSClear Product Committee.

Partial Cash Settlement Terms: As set out in Section 9.6 (*Partial Cash Settlement Terms*) of the 2014 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement.

Payer: As set out at Section 6.17 (*Physical Settlement Costs*).

Physical Settlement Confirmation: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

Physical Settlement Confirmation Deadline: As set out in Section 6.19 (*Miscellaneous Provisions relating to Physical Settlement*).

Physically Settled Cleared Transaction: As set out at Section 6.3 (*Physically Settled Cleared Transactions*).

Physical Settlement Matrix: The Credit Derivatives Physical Settlement Matrix (as defined in Section 13.2 (*Credit Derivatives Physical Settlement Matrix*) of the 2014 ISDA Credit Derivatives Definitions).

Recipient: As set out at Section 6.17 (*Physical Settlement Costs*).

Re-couponing Date: As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

Re-couponing Notice: As set-out in Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*).

Relevant Physical Settlement Matrix: As set out in Section 4.3 (*Eligible Reference Entities*) of the Procedures.

Rename Event: As set out in Section 4.7 (*Rename Events*).

Restructuring Cleared Transaction: A Cleared Transaction which references a single Reference Entity and is created following the creation of Restructuring Matched Pairs pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*), the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

Restructuring CCM Client Transaction: A CCM Client Transaction between a CCM and a CCM Client which references a single Reference Entity and which is on the same economic terms as a Restructuring Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

Restructuring Matched Pair: A pairing comprised of a Matched Buyer and a Matched Seller in respect of Restructuring Cleared Transactions created by LCH SA for the purposes of delivery of Credit Event Notices in respect of the relevant M(M)R Restructuring under Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*).

Restructuring Matched Pair Amount: In respect of a Restructuring Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Restructuring Cleared Transactions allocated by LCH SA to such Restructuring Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

Resulting Single Name Cleared Transaction: A Cleared Transaction which references a single Reference Entity and is created following the termination of a Restructuring Cleared Transaction pursuant to Section 5.15 (*Recouponing*) of the Procedures, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

RMP Notification Deadline: In respect of a notification by LCH SA to the relevant Clearing Members in relation to Restructuring Matched Pairs, 10.00 a.m. on the Transaction Business Day immediately prior to the first day of the CEN Triggering Period *provided that* the RMP Notification Deadline shall in no event fall prior to the second Transaction Business Day following the occurrence of the related DC Credit Event Announcement.

Self Referencing Transaction: A Clearing Member Self Referencing Transaction or a Client Self Referencing Transaction, as applicable.

Settlement Matched Pair: A pairing comprised of a Matched Buyer and a Matched Seller in respect of Physically Settled Cleared Transactions deemed to have been created by LCH SA under Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Settlement Matched Pair Delivery Amount: In respect of a Settlement Matched Pair, the amount of the Floating Rate Payer Calculation Amount in respect of the relevant Physically Settled Cleared Transactions allocated by LCH SA to such Settlement Matched Pair under Section 8.1 (*Creation of Matched Pairs*).

Single Name Cleared Transaction: An Initial Single Name Cleared Transaction, a Spin-off Single Name Cleared Transaction, a Restructuring Cleared Transaction and a Resulting Single Name Cleared Transaction.

Single Name Cleared Transaction Confirmation: The form of confirmation for use with the Physical Settlement Matrix that incorporates the 2014 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement and as completed by reference to:

(a) in the case of an Initial Single Name Cleared Transaction, the relevant Transaction Data; or

(b) in the case of any other type of Single Name Cleared Transaction, the relevant Cleared Transaction or Cleared Transactions that existed immediately prior to the relevant event that resulted in the creation of such Single Name Cleared Transaction (with such amendments as are required pursuant to the terms of the CDS Clearing Documentation),

or such other form of confirmation as may be adopted in respect of any CDS Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book.

Single Name CCM Client Transaction: A CCM Client Transaction between a CCM and a CCM Client which is on the same economic terms as a Single Name Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client.

SMP Notification Deadline: In respect of a notification by LCH SA to the relevant Clearing Members in relation to Settlement Matched Pairs, noon on the Transaction Business Day following the day on which the Fallback Settlement Method first becomes applicable.

Spin-off Single Name Cleared Transaction: The separate Single Name Cleared Transaction formed in respect of a Reference Entity from a Component Transaction of an Index Cleared Transaction following the occurrence of a DC Credit Event Announcement in respect of an M(M)R Restructuring which is applicable to the combination of Reference Entity, Transaction Type and Reference Obligation of such Component Transaction in accordance with the terms of such Index Cleared Transaction, the terms of which are evidenced by a Single Name Cleared Transaction Confirmation.

Succession Event: An entity (or entities) constitute a successor or successors in respect of a Reference Entity as determined pursuant to Section 2.2 (*Provisions for Determining a Successor*) of the 2014 ISDA Credit Derivative Definitions.

Successor Resolution: This term shall have the meaning set out in the DC Rules.

Transaction Business Day: A "Business Day", as defined in the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable.

Transaction Data: In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH SA as an Index Cleared

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Transaction or Initial Single Name Cleared Transaction, the data provided by an Approved Trade Source System to LCH SA for such purposes, which includes, without limitation:

(a) in respect of an Index Cleared Transaction, the relevant index, including details of the index name, series and version, the annex date, the Original Notional Amount and the currency of the Original Notional Amount;

(b) in respect of an Initial Single Name Cleared Transaction, the Reference Entity, Reference Obligation, applicable Transaction Type, Floating Rate Payer Calculation Amount, the currency of the Floating Rate Payer Calculation Amount and the Fixed Rate;

(c) the Trade Date;

(d) the Scheduled Termination Date;

(e) the Floating Rate Payer;

(f) the Fixed Rate Payer;

(g) the Fixed Rate Payer Payment Dates;

(h) the Initial Payment Payer;

(i) the Initial Payment Amount; and

(j) whether the 2003 Credit Derivatives Definitions or the 2014 Credit Derivatives Definitions are applicable to such Original Transaction (or, in the case of an Index Cleared Transaction, each component of such Original Transaction).

1.3 **Inconsistency**

To the extent of any conflict between:

(a) any definition or provision contained in Appendix 1 (*CDS Default Management Process*) of the CDS Clearing Rule Book;

(b) the remaining sections of the CDS Clearing Rule Book;

(c) the CDS Admission Agreement;

(d) this CDS Clearing Supplement;

(e) an Index Cleared Transaction Confirmation or a Single Name Cleared Transaction Confirmation;

(f) the Procedures; or

(g) any Clearing Notices,

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the first referenced document shall prevail except in relation to determining the existence and amount of any payment and delivery obligations under any Cleared Transactions, in respect of which this CDS Clearing Supplement, the Index Cleared Transaction Confirmation or the Single Name Cleared Transaction Confirmation, as applicable, shall prevail to the extent permitted by law.

1.4 **Timing**

Pursuant to Article 1.2.8 (*Time reference*) of the CDS Clearing Rule Book, any reference to a time of day herein shall be deemed to be a reference to Central European Time unless otherwise provided herein.

1.5 **Third Party Rights**

Unless otherwise provided in this CDS Clearing Supplement or in the CDS Clearing Rulebook, a person who is not a party to a Cleared Transaction does not have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of such Cleared Transaction or this CDS Clearing Supplement as it relates to such Cleared Transaction.

1.6 **Recording of Conversations**

Each of LCH SA and each Clearing Member consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with any Cleared Transaction and agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and agrees, to the extent permitted by applicable law, that such recordings may be submitted as evidence in any related court or arbitral proceedings.

1.7 **Application to FCM/BD Clearing Members**

(a) Upon the taking of any action pursuant to this CDS Clearing Supplement by an FCM/BD Clearing Member in respect of an FCM/BD Cleared Transaction entered into as agent for the account of an FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)), such FCM/BD Clearing Member shall be deemed to represent to LCH SA that it has the power and authority to, and has been duly authorised to, take such action for the account of such FCM/BD Client.

(b) For purposes of this CDS Clearing Supplement, with regard to any Cleared Transaction entered into by an FCM/BD Clearing Member acting as agent for the account of an FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)):

(i) references herein to "CDS Buyer" or "CDS Seller", as the case may be, shall be understood to be references to such FCM/BD Client (which shall not, for the avoidance of doubt, prejudice LCH SA's right to deal solely with the FCM/BD Clearing Member pursuant to Article 6.1.1.3(vi) of the CDS Clearing Rule Book); and

(ii) references herein to: (1) a Clearing Member entering into a Cleared Transaction with LCH SA; and (2) a Clearing Member forming part of a Matched Pair, shall

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each be understood as such FCM/BD Clearing Member acting as agent for the account of such FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)).

2. TERMS OF CLEARED TRANSACTIONS

2.1 General Terms of Cleared Transactions

(a) **Terms of Index Cleared Transactions and Initial Single Name Cleared Transactions**

(i) Upon novation of an Original Transaction at the Novation Time in accordance with Title III (*Clearing Operations*) of the CDS Clearing Rule Book, each resulting Index Cleared Transaction or Initial Single Name Cleared Transaction is entered into by LCH SA and the relevant Clearing Member on the terms of the related Index Cleared Transaction Confirmation or Single Name Cleared Transaction Confirmation (as applicable);

(ii) Each Component Transaction of an Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below or a Markit CDX™ Index Series 22 or below to which Section A of the relevant Index Cleared Transaction Confirmation applies shall be subject to the terms of Part A of this CDS Clearing Supplement; and

(iii) Each Component Transaction of an Index Cleared Transaction which references a Markit iTraxx® Europe Index Series 21 or below or a Markit CDX™ Index Series 22 or below to which Section B of the relevant Index Cleared Transaction Confirmation applies shall be subject to the terms of Part B of this CDS Clearing Supplement.

(b) **Terms of Spin-off Single Name Cleared Transactions, Restructuring Cleared Transactions and Resulting Single Name Cleared Transactions**

If any Spin-off Single Name Cleared Transaction is deemed to have been entered into by the parties in accordance with the terms of any Index Cleared Transaction or if any Restructuring Cleared Transaction is created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or if any Resulting Single Name Cleared Transaction is created pursuant to Section 5.15 (*Recouponing*) of the Procedures, such Spin-off Single Name Cleared Transaction, Restructuring Cleared Transaction or Resulting Single Name Cleared Transaction is entered into by LCH SA and the relevant Clearing Member on the terms of the related Single Name Cleared Transaction Confirmation.

(c) **Trade Date of Cleared Transactions following Compression**

Notwithstanding paragraphs (a) and (b) above, where Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Trade Date of any resulting Cleared Transaction(s) shall be, in respect of any Cleared Transaction subject to:

(i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively received and processed in accordance with Section 5 of the Procedures, which shall be:

(A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing member via any means of access specified in a Clearing Notice) or 5.00 p.m. (if such request is not submitted via any means of access specified in a Clearing Notice in the case of a disruption of the relevant means of access);

(B) the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. but LCH SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and

(C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. and LCH SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or

(ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Cleared Transaction is automatically compressed by LCH SA in accordance with Section 5 of the Procedures.

2.2 **Index Cleared Transaction Confirmation**

The Index Cleared Transaction Confirmation is amended, supplemented and completed as follows:

(a) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index, by deleting the words "between [●] (**Party A**) and [●] (**Party B**)" in the third line of the first paragraph; and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the words "between [Party A] ("Party A") and [counterparty's name] ("Party B")" in the third and fourth lines of the first paragraph,

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and in each case replacing them with:

"between LCH SA (**"Party A"**) and Clearing Member, as identified in the relevant CDS Admission Agreement between such Clearing Member and Party A (**"Party B"**)";

(b) (i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 22 or above, by deleting the fourth paragraph thereof (or, for Markit iTraxx® Europe Series 21 or below, the fifth paragraph thereof); and

(ii) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the third paragraph thereof,

and in each case replacing it with the following:

"This Confirmation supplements, forms a part of, and is subject to, the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

(c) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 22 or above, by deleting the fifth paragraph thereof (or, for Markit iTraxx® Europe Series 21 or below, the sixth paragraph thereof) and replacing it with the following:

"The terms of the iTraxx® Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";

(d) if the Index Cleared Transaction references a Markit CDX™ Index, by deleting the fourth paragraph thereof and replacing it with the following:

"The terms of the Master Transaction, which is an Index Cleared Transaction, to which this Confirmation relates are as follows:";

(e) by specifying that the “Calculation Agent” is Party A;

(f) by inserting the following “Additional terms”:

(i) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 22 or above:

"The Standard Terms Supplement is amended for the purposes of this Transaction:

(a) by deleting in its entirety the last paragraph of the definition of "Reference Obligation", beginning "If there is no Standard Reference Obligation and the Index Sponsor…" and deleting the words "and the following paragraph:" from the first paragraph of the definition of "Reference Obligation"; and

(b) by deleting paragraph 5.5 (*De Minimis Cash Settlement*) in its entirety";

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(ii) if the Index Cleared Transaction references a Markit iTraxx® Europe Index Series 21 or below:

"The Legacy Standard Terms Supplement is amended for the purposes of this Transaction by deleting paragraph 5.4 (*De Minimis Cash Settlement*) of Section A and Section B in its entirety";

(iii) if the Index Cleared Transaction references a Markit CDX™ Index Series 23 or above:

"The CDX Untranched Terms is amended for the purposes of this Transaction by deleting paragraph 5.6 (*De Minimis Cash Settlement*) in its entirety and by deleting paragraph 5.2 (*Monoline Insurer as Reference Entity*) in its entirety and replacing it with the following:

The "Additional Provisions for Monoline Insurer Reference Entities", published on September 15, 2014, are incorporated by reference herein and shall be applicable to each Reference Entity that is identified as a "monoline" in the Index Annex";

(iv) if the Index Cleared Transaction references a Markit CDX™ Index Series 22 or below:

"The CDX Legacy Untranched Terms is amended for the purposes of this Transaction by deleting paragraph 5.3 (*De Minimis Cash Settlement*) of Section A and Section B in its entirety and by deleting paragraph 5.1 (*Monoline Insurer as Reference Entity*) of Section B in its entirety and replacing it with the following:

The "Additional Provisions for Monoline Insurer Reference Entities", published on September 15, 2014, are incorporated by reference herein and shall be applicable to each Reference Entity that is identified as a "monoline" in the Index Annex.";

(g) by deleting the contact details for notices and the account details; and

(h) by deleting the signature blocks.

2.3 **Single Name Cleared Transaction Confirmation**

The Single Name Cleared Transaction Confirmation is amended, supplemented and completed as follows:

(a) by deleting the words "between us" from the first paragraph thereof and replacing them with:

"between LCH SA (**"Party A"**) and Clearing Member, as identified in the relevant CDS Admission Agreement between Clearing Member and Party A (**"Party B"**)";

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(b) by deleting the third paragraph thereof and replacing it with the following:

"This Confirmation supplements, forms a part of and is subject to the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

(c) by specifying that the "Calculation Agent" is Party A;

(d) notwithstanding the terms of the relevant Original Transaction, Standard Reference Obligation is applicable, provided that if there is no Standard Reference Obligation, by specifying that the Reference Obligation is the CDSClear Preferred Reference Obligation;

(e) by deleting references to the Initial Payment Payer and the Initial Payment Amount in part 2 in relation to Single Name Cleared Transactions in respect of which there is no Initial Payment Payer and Initial Payment Amount;

(f) by deleting part 4 in its entirety unless the Transaction Type specified in respect of the Single Name Cleared Transaction is "North American Corporate" or "Standard North American Corporate", in which case part 4 shall be included and "Restructuring: Not Applicable" shall be specified in part 4;

(g) by deleting parts 5, 6, 7 and 8 in their entirety unless the Reference Entity specified in respect of a Single Name Cleared Transaction is a monoline insurer, in which case part 6 shall be included and "Additional Provisions for Monoline Insurer Reference Entities (September 15, 2014): Applicable" shall be specified in part 6;

(h) by inserting the following provision in the "Additional Terms" section of the Confirmation:

"Section 11.4 (*Merger of Reference Entity and Seller*) of the 2014 Definitions shall not apply."; and

(i) by deleting the signature blocks.

2.4 **Amendments to 2014 ISDA Credit Derivatives Definitions**

(a) For the purposes of this CDS Clearing Supplement, Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions as incorporated in any Cleared Transaction shall be amended such that, where LCH SA is the designator in relation to any Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable, it is permitted to designate any relevant CDS Buyer or CDS Seller, as applicable, in accordance with Section 8 (*Matched Pair Designations and Notices*) as its designee, notwithstanding that such relevant CDS Buyer or CDS Seller, as applicable, is not its Affiliate and for the additional purposes of:

(i) delivering or receiving any Credit Event Notice relating to an M(M)R Restructuring or Notice to Exercise Movement Option (in each case, to the extent not delivered via a DTCC Notice Facility);

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(ii) delivering or receiving any Notice of Physical Settlement or NOPS Amendment Notice or any Asset Package Notice pursuant to Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions;

(iii) making or receiving payment of any Physical Settlement Amount and any costs and expenses of Physical Settlement; and

(iv) delivering or receiving any notice and otherwise exercising any rights or performing any obligations of LCH SA for the purposes of Sections 9.7 (*Buy-in of Bonds Not Delivered*), 9.8 (*Alternative Procedures Relating to Loans Not Delivered*) or 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions.

(b) Section 11.2(a) of the 2014 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" at the end thereof and replacing them with the words "the CDS Clearing Documentation".

(c) Section 11.2(c)(ii) of the 2014 ISDA Credit Derivatives Definitions is amended by deleting the words "any master agreement governing the Credit Derivative Transaction" in the second paragraph thereof and replacing them with the words "the CDS Clearing Documentation".

(d) Section 11.2(c)(iii) of the 2014 ISDA Credit Derivatives Definitions is amended by deleting both occurrences of the words "a master agreement governing the Credit Derivative Transaction" and replacing each with the words "the CDS Clearing Documentation".

(e) The Protocol Effectiveness Condition (as defined in the 2019 ISDA Narrowly Tailored Credit Event Protocol published by ISDA on 27 August 2019 and as further supplemented from time to time (the "**2019 NTCE Protocol**")) being satisfied, then from and including the Implementation Date (as defined in the 2019 NTCE Protocol) the amendments set forth in Schedule 1 (*Amendments*) of the 2019 NTCE Protocol shall apply to each Cleared Transaction which incorporates the 2014 ISDA Credit Derivatives Definitions and each such Cleared Transaction shall be a Protocol Covered Transaction for the purposes of the 2019 NTCE Protocol provided that:

(i) the First Novation Date in respect of such Cleared Transaction is prior to the Implementation Date;

(ii) such Cleared Transaction is not an Excluded Transaction (as defined in the 2019 NTCE Protocol) provided that if such Cleared Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2019 NTCE Protocol) therein, such Affected Portion shall be excluded for the purposes of this Section 2.4(e) and the remaining portion of such Cleared Transaction shall be deemed to be a Protocol Covered Transaction;

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(iii) the Scheduled Termination Date in respect of such Cleared Transaction is on or after the Implementation Date; and

(iv) no Event Determination Date has occurred in respect of such Cleared Transaction prior to the Implementation Date.

2.5 **Physical Settlement Matrix Updates**

(a) **Publication of Revised Matrix**

If ISDA publishes a new version (the "**Revised Matrix**") of the Physical Settlement Matrix that is a Relevant Physical Settlement Matrix in respect of a Reference Entity (the "**Existing Matrix**"), LCH SA will, in consultation with the CDSClear Product Committee, determine whether the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation.

If there are any changes between the terms of the Revised Matrix and the Existing Matrix that would apply to Single Name Cleared Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation and the Existing Matrix were they to reference the Revised Matrix instead, then the Existing Matrix and the Revised Matrix shall be deemed not to be fungible and paragraph (c) below shall apply.

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(b) **Revised Matrix Fungible**

If LCH SA determines in consultation with the CDSClear Product Committee that the Existing Matrix and the Revised Matrix are fungible for the purposes of Single Name Cleared Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation (such date of determination, a **Matrix Re-versioning Date**), then:

(i) LCH SA will promptly notify all Clearing Members of such determination; and

(ii) each Single Name Cleared Transaction referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation and the Existing Matrix will, as of the close of business on the Matrix Re-versioning Date, be deemed to have been amended so as to reference the Revised Matrix, which shall become the Relevant Physical Settlement Matrix for the Reference Entity in respect of such combination of Transaction Type and Reference Obligation.

For the avoidance of doubt, following the publication of a Revised Matrix, there may be different Matrix Re-versioning Dates in respect of (A) Single Name Cleared Transactions referencing different Reference Entities and (B) Single Name Cleared Transactions referencing the same Reference Entity but referencing a different Transaction Type or Reference Obligation.

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(c) **Revised Matrix not Fungible**

If it is determined that the Revised Matrix and the Existing Matrix are not fungible for the purposes of Single Name Cleared Transactions referencing the relevant combination of Reference Entity, Transaction Type and Reference Obligation, then existing Single Name Cleared Transactions referencing such combination of Reference Entity, Transaction Type and Reference Obligation and the Existing Matrix shall continue to reference the Existing Matrix.

(d) **Original Transactions submitted prior to Matrix Re-versioning Date**

Any Original Transaction referencing a combination of Reference Entity, Transaction Type and Reference Obligation submitted for clearing after a Matrix Re-versioning Date in respect of the relevant combination of Reference Entity, Transaction Type and Reference Obligation and which references the Existing Matrix prior to such Matrix Re-versioning Date will, following novation, result in an Initial Single Name Cleared Transaction referencing the Revised Matrix.

2.6 **Markit Standard Terms Supplement Updates**

If a new version (the "**Revised Markit STS**") of a Markit Standard Terms Supplement (the "**Existing Markit STS**") is published, LCH SA will, in consultation with the CDSClear Product Committee, determine whether, in respect of that Markit Standard Terms Supplement, Index Cleared Transactions subject to the Existing Markit STS and Index Cleared Transactions subject to the Revised Markit STS are fungible for compression purposes in accordance with the CDS Clearing Documentation.

If LCH SA determines in consultation with the CDSClear Product Committee that the relevant Index Cleared Transactions are identical as to their terms, they will be considered as of the same CDS Type.

2.7 **Terms of STM Cleared Transaction**

The following terms of a registered STM Cleared Transaction are designated as the "**STM Cleared Terms**".

If a Cleared Transaction is designated as an STM Cleared Transaction in accordance with Article 3.1.10.7 of the CDS Clearing Rule Book the terms of such Cleared Transaction will automatically, and without any further action by either party, include the STM Cleared Terms.

(a) **Net present value**

(i) LCH SA shall, at least once per Cash Payment Day, determine the net present value of this STM Cleared Transaction in such manner and at such times as may be provided in Section 2 of the Procedures.

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(ii) Immediately upon LCH SA making such a determination of the net present value of this STM Cleared Transaction:

(A) An amount (determined in accordance with Section 2.14 (*NPV Amount*) of the Procedures) of cash may become due and payable by the Clearing Member or LCH SA (as applicable, and as determined in accordance with Section 2.14 (*NPV Amount*) of the Procedures) under these STM Cleared Terms; and

(B) the net present value of this STM Cleared Transaction shall for all purposes be reset to zero.

(iii) The amount (if any) referred to in (ii)(A) above shall immediately become due and payable by the relevant party under the STM Cleared Terms applicable to this STM Cleared Transaction and shall be made in such manner and at such times as may be provided in Section 2 of the Procedures.

(iv) In any circumstance preventing the NPV Payments or Variation Margin Collateral Transfers from being performed in US Dollar, LCH SA shall be entitled to convert any amount denominated in US Dollar into Euro in accordance with Article 4.2.3.2 of the CDS Clearing Rule Book.

(b) **Price Alignment Amount**

(i) LCH SA shall, at least once per Cash Payment Day, determine the Price Alignment Amount in respect of this STM Cleared Transaction in such manner and at such times as may be provided in Section 2 of the Procedures.

(ii) Immediately upon LCH SA making such a determination of the Price Alignment Amount in respect of this STM Cleared Transaction, an amount (determined in accordance with Section 2.17 (Price Alignment Amount) of the Procedures) of cash may become due and payable by the Clearing Member or LCH SA (as applicable, and as determined in accordance with Section 2.17 (Price Alignment Amount) of the Procedures) under these STM Cleared Terms.

(iii) The amount (if any) referred to in (ii) above shall immediately become due and payable by the relevant party under the STM Cleared Terms applicable to this STM Cleared Transaction and shall be made in such manner and at such times as may be provided in Section 2 of the Procedures.

3. PAYMENTS AND DELIVERIES

3.1 Obligation to pay and deliver

Each of LCH SA and each Clearing Member will make each payment or delivery specified under the terms of each Cleared Transaction to be made by it, subject to the other provisions of the CDS Clearing Documentation.

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Payments under any Cleared Transaction will be made on the due date for value on that date in the place of the account specified for the relevant party in the CDS Admission Agreement (or such other account as may be designated by it from time to time for such purpose in accordance with the CDS Admissions Agreement and/or the Procedures, as applicable) and otherwise in accordance with the CDS Clearing Documentation, in freely transferable funds and in the manner customary for payments in the required currency.

Deliveries under any Cleared Transaction will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in or pursuant to the CDS Clearing Documentation.

3.2 **Payments under Original Transactions**

(a) If any Initial Payment Amount or Fixed Amount is due and payable under the terms of an Original Transaction on or before the Clearing Day on which the related Cleared Transactions are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such amount shall be payable under and in accordance with the terms of such Original Transaction. In such event, no corresponding Initial Payment Amount or Fixed Amount shall be payable in respect of such Cleared Transactions.

(b) If the Initial Payment Date of an Original Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such Original Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book then the corresponding Initial Payment Date for the related Cleared Transactions shall occur on the Transaction Business Day which is also a Clearing Day immediately following the Clearing Day on which such related Cleared Transactions are created.

4. CREDIT EVENTS, SUCCESSION EVENTS AND RENAME EVENTS

4.1 Determination of Credit Events and Succession Events

Notwithstanding any provision of any Cleared Transaction to the contrary:

(a) LCH SA (in its capacity as Calculation Agent with respect to such Cleared Transaction) shall not make any determination pursuant to Section 2.10 (*Substitute Reference Obligation*) of the 2014 ISDA Credit Derivatives Definitions or in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Successor Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules*;* and

(b) neither LCH SA nor any Clearing Member shall be entitled to deliver a Successor Notice or a Credit Event Notice (other than Credit Event Notices in relation to an M(M)R Restructuring in accordance with the terms of any Restructuring Cleared Transaction and, where applicable, the DTCC Rules and Section 7.8 (*Failure to notify Matched Pairs*)).

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4.2 **Credit Event Timeline**

(a) **Publication of Credit Event Timeline**

Upon a DC Credit Event Announcement, LCH SA will publish and make available to Clearing Members a timeline in respect of the relevant Credit Event and related Affected Cleared Transactions, to notify, among other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline shall (i) be published and made available on the date of such DC Credit Event Announcement or, if LCH SA determines that such publication on such date is not practicably possible, as soon as practicable thereafter (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and (ii) in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Credit Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, only to reflect subsequent DC Resolutions, timing provisions of any relevant Transaction Auction Settlement Terms and/or actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

4.3 **Novation and Compression following Credit Events**

Any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice is not delivered in respect of the relevant M(M)R Restructuring during the relevant CEN Triggering Period shall become eligible for compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book on the Transaction Business Day following the related Exercise Cut-off Date applicable to the relevant Buyer.

By way of clarification to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, LCH SA shall effect compression of relevant Cleared Transactions if and to the extent requested by a Clearing Member.

4.4 **Re-couponing of Restructuring Cleared Transactions**

Following an M(M)R Restructuring, LCH SA may perform re-couponing in accordance with Section 5 of the Procedures on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice has not been delivered during the relevant CEN Triggering Period, provided that:

(a) LCH SA notifies (such notice, the "**Initial Re-couponing Notice**") all of the relevant Clearing Members of its intention to perform such re-couponing and the intended date of such re-couponing (such date, the "**Re-Couponing Date**");

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(b) the Re-Couponing Date is no earlier than the later of (i) the end of the relevant CEN Trigger Period; and (ii) eight Transaction Business Days after the effective date of the Initial Re-couponing Notice;

(c) all of the relevant Clearing Members have subsequently consented to the proposed re-couponing, subject to confirmation of the terms of such re-couponing, within five Transaction Business Days of the effective date of the Initial Re-couponing Notice;

(d) after receiving consent from all relevant Clearing Members in accordance with paragraph (c) above, LCH SA notifies (such notice, the "**Re-couponing Notice**") the relevant Clearing Members, no later than three Transactions Business Days prior to the Re-Couponing Date, of the proposed terms of the Resulting Single Name Cleared Transactions determined by LCH SA in accordance with Section 5 of the Procedures; and

(e) all of the relevant Clearing Members have subsequently consented to the proposed terms of such re-couponing process as set out in the Re-couponing Notice within two Transaction Business Days of the effective date of the Re-couponing Notice.

For the avoidance of doubt, if, in respect of a proposed re-couponing process, LCH SA does not obtain consent from all of the relevant Clearing Members in accordance with paragraphs (c) or (e) above, then LCH SA may elect to propose a re-couponing process again in accordance with this Section 4.4 for so long as any relevant Restructuring Cleared Transactions remain outstanding.

4.5 **Succession Events and Cleared Transactions**

If LCH SA determines that any Original Transaction submitted for novation or any Cleared Transaction subject to compression would have been subject to a Succession Event but will no longer be subject to such Succession Event upon novation or compression (as applicable) because of the Trade Date that would be specified with respect to the relevant Cleared Transactions, LCH SA may take such action as it deems necessary to ensure that such Succession Event is given effect with respect to such Cleared Transactions, including, without limitation, specifying an alternate Trade Date for purposes of Section 2.1 (*Reference Entity*) of the 2014 ISDA Credit Derivatives Definitions with respect to each relevant Cleared Transaction or, where LCH SA determines that an alternative course of action is not practicable, declining to accept such Original Transaction for novation or Cleared Transaction for compression (as applicable).

4.6 **Succession Event Timeline**

(a) **Publication of Succession Event Timeline**

Following the publication of a Successor Resolution, LCH SA will publish and make available to Clearing Members a timeline in respect of the relevant Succession Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

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Any such timeline shall be published and made available as soon as practicable (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and shall in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Succession Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, to reflect subsequent DC Resolutions and any relevant actions of DTCC, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

4.7 **Rename Events**

In respect of Single Name Cleared Transactions, if a Reference Entity changes its name (a "**Rename Event**"), LCH SA will publish and make available to Clearing Members as soon as practicable upon becoming aware of such Rename Event a timeline in respect of the relevant Rename Event and related Affected Cleared Transactions, to notify, amongst other things, the relevant Novation Cut-off Date(s), Compression Cut-off Date(s) and First Novation Date(s).

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, to reflect any relevant actions of DTCC. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

4.8 **Updating Eligible Index Versions**

(a) **Publication of Revised Index**

Where the Index Publisher of an Eligible Index Version publishes a revised version of such index following:

(i) a DC Credit Event Announcement;

(ii) a Successor Resolution;

(iii) the determination of a Substitute Reference Obligation in respect of a Non-Standard Relevant Obligation; or

(iv) publication of a revised SRO List,

LCH SA will in consultation with the CDSClear Product Committee determine whether such revised index version is fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation.

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(b) **Index Version not Fungible**

If LCH SA determines in consultation with the CDSClear Product Committee that such revised index version is not fungible with the Eligible Index Version after taking account of the relevant Credit Event, Succession Event or, as applicable, Substitute Reference Obligation, it shall notify DTCC accordingly so that DTCC does not automatically update the trade records for Index Cleared Transactions and Index CCM Client Transactions referencing the relevant Eligible Index Version in the TIW.

(c) **Index Fungible**

Unless LCH SA has notified DTCC in accordance with paragraph (b) above, following confirmation from DTCC that the trade records for Cleared Transactions referencing the relevant index have been updated in the TIW (such date a **DTCC Re-versioning Date**) so that such Cleared Transactions reference the revised index version (which such revised index version shall become the Eligible Index Version), LCH SA will update its corresponding records in the CDS Clearing System overnight following such DTCC Re-versioning Date. LCH SA will send the relevant reports referred to in Section 5 of the Procedures to the relevant Clearing Members on the Transaction Business Day following such DTCC Re-versioning Date which will be updated so as to refer to Cleared Transactions referencing the revised index version.

4.9 **Reversal of DC Credit Event Announcements and Margining**

If a DC Credit Event Announcement is reversed then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions, LCH SA shall be obliged in accordance with Section 3 of the Procedures to calculate and shall be entitled to call for Margin and/or be obliged to return Margin with respect to each Clearing Member on the basis that the DC Credit Event Announcement that is reversed had not been made.

5. RESTRUCTURING

5.1 **Creation and Notification of Restructuring Matched Pairs**

Following the occurrence of an M(M)R Restructuring, LCH SA will create (on one or, if the Novation Cut-off Date in respect of Index Cleared Transactions is prior to the Novation Cut-off Date in respect of Initial Single Name Cleared Transactions, two or more occasions) Restructuring Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*). Each such Restructuring Matched Pair shall be composed of two Restructuring Cleared Transactions created at the same time as and as a result of the termination of the relevant Single Name Cleared Transactions pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) below.

LCH SA shall notify the relevant Matched Buyer and Matched Seller comprised within each Restructuring Matched Pair of:

(a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of such other Clearing Member) of such Matched Pair; and

(b) the associated Restructuring Matched Pair Amount,

as soon as reasonably practicable following the related Compression Cut-off Date, but in any event, at or prior to the RMP Notification Deadline.

LCH SA will additionally provide to DTCC all relevant "Matching Information" (as defined in the DTCC Rules) on or prior to the Matching Information Notification Deadline.

5.2 **Creation of Restructuring Cleared Transactions**

Upon the notification to the relevant Clearing Members of Restructuring Matched Pairs, the relevant Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous M(M)R Restructuring), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions entered into by each Clearing Member with LCH SA will be deemed terminated and new Restructuring Cleared Transactions of the same CDS Type will be deemed to be entered into between each such Clearing Member and LCH SA, with each such Restructuring Cleared Transaction having a Floating Rate Payer Calculation Amount corresponding to the Restructuring Matched Pair Amount of a Restructuring Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

5.3 **Triggering of Restructuring Cleared Transactions**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may only deliver Credit Event Notices in relation to an M(M)R Restructuring during the CEN Triggering Period following notification of Restructuring Matched Pairs by LCH SA and subject always to the terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

Any Credit Event Notice in respect of an M(M)R Restructuring delivered in respect of a Restructuring Matched Pair for an amount which is greater than the related Floating Rate Payer Calculation Amount shall be ineffective as to such excess.

5.4 **Notice to Exercise Movement Option**

Subject as set out in Section 7 (*Delivery of Notices and Fallbacks*), Clearing Members may only deliver a Notice to Exercise Movement Option during the NEMO Triggering Period, subject always to the other terms of the relevant Restructuring Cleared Transaction and, where applicable, the DTCC Rules.

5.5 **Reversal of DC Credit Event Announcements**

If a DC Credit Event Announcement made in relation to an M(M)R Restructuring is reversed then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions:

(a) LCH SA shall have no obligation to create Restructuring Matched Pairs in accordance with Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*), any such Restructuring Matched Pairs so created shall be deemed not to have been created

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and any Credit Event Notices in respect of the relevant M(M)R Restructuring delivered in connection with such Restructuring Matched Pairs shall be deemed to be ineffective;

(b) LCH SA shall, where applicable, make relevant registrations in the TIW in order to reflect such reversal which shall also automatically result in such registrations being made in respect of any related CCM Client Transactions; and

(c) Section 4.9 (*Reversal of DC Credit Event Announcements and Margining*) shall apply.

5.6 **Reports**

Without prejudice to the notification requirements set out elsewhere in the CDS Clearing Documentation, LCH SA will communicate to the relevant Clearing Members, on the basis of information received from DTCC or, as applicable, from Clearing Members, amongst other things:

(a) the aggregate Floating Rate Payer Calculation Amounts of Restructuring Cleared Transactions to which they are a party and which are the subject of Credit Event Notices; and

(b) the results of the exercise of any Movement Option in relation to Cleared Transactions to which they are a party,

at or around 7.00 p.m. on each day during each CEN Triggering Period and NEMO Triggering Period, as applicable, through the reports referred to in Section 5 of the Procedures.

For the avoidance of doubt, such communication shall not affect the validity or effectiveness of any Credit Event Notice or Notice to Exercise Movement Option which shall be subject to the terms of the relevant Restructuring Cleared Transaction.

6. PHYSICAL SETTLEMENT

6.1 General Terms relating to Physical Settlement

Where Physical Settlement is applicable as the Fallback Settlement Method pursuant to Section 6.1 (*Auction Settlement*) or 6.15 (*Movement Option*) of the 2014 ISDA Credit Derivatives Definitions, each Cleared Transaction will be subject to settlement in accordance with its terms and this Section 6 (*Physical Settlement*).

LCH SA has implemented a process, as set-out in this Section 6 (*Physical Settlement*), pursuant to which Clearing Members will manage the physical delivery process bilaterally in respect of any Cleared Transactions for which Physical Settlement is applicable.

Notwithstanding such process, LCH SA shall remain the legal counterparty for any such Cleared Transactions for which Physical Settlement is applicable and shall continue to be liable with respect to its obligations relating to such Physical Settlement, subject to its terms and this Section 6 (*Physical Settlement*).

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6.2 **Creation and Notification of Settlement Matched Pairs**

LCH SA will create Settlement Matched Pairs in accordance with Section 8.1 (*Creation of Matched Pairs*) and notify Matched Buyer and Matched Seller comprised within each Settlement Matched Pair of:

(a) the identity of the other Clearing Member (together with the address, fax number, telephone number, email address and other applicable notice details of each such other Clearing Member); and

(b) the associated Settlement Matched Pair Delivery Amount,

at or prior to the SMP Notification Deadline.

Notwithstanding the above, the Settlement Matched Pair for a Restructuring Cleared Transaction shall be the Restructuring Matched Pair previously created by LCH SA in accordance with Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) in respect of such Restructuring Cleared Transaction.

6.3 **Physically Settled Cleared Transactions**

Following the actual or deemed creation of such Settlement Matched Pairs, the relevant Cleared Transactions in respect of which the Fallback Settlement Method applies will be construed as if they had been terminated and new Cleared Transactions of the same CDS Type will be deemed to have been entered into between each such Clearing Member and LCH SA (each such deemed Cleared Transaction being a **"Physically Settled Cleared Transaction"**).

Each such Physically Settled Cleared Transaction shall have a Floating Rate Payer Calculation Amount corresponding to the Settlement Matched Pair Delivery Amount of a Settlement Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable.

6.4 **Matched Seller Calculation Agent**

Notwithstanding any provision to the contrary in a Physically Settled Cleared Transaction (but subject as set out in Section 6.10 (*Failure to pay Physical Settlement Amount*), the "Calculation Agent" for the purposes of Article VIII (*Terms relating to Physical Settlement)* and Section 9.6 (*Partial Cash Settlement* Terms) of the 2014 ISDA Credit Derivatives Definitions shall be the relevant Matched Seller.

6.5 **Notices of Physical Settlement**

(a) **No Notices of Physical Settlement until Notification of Settlement Matched Pairs**

Subject as set out at Section 7.8 (*Failure to notify Matched Pairs*) and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members may not deliver any Notices of Physical Settlement or Asset Package Notices in respect

of any Affected Cleared Transactions until they have been notified of their Settlement Matched Pairs.

(b) **Notice of Physical Settlement and Asset Package Notice to contain Matched Buyer Account Information**

Each Notice of Physical Settlement and Asset Package Notice delivered by Matched Buyer shall contain, in addition to the information required under the terms of the relevant Physically Settled Cleared Transaction, Matched Buyer's account information.

(c) **Details of Asset Package**

If Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction, the Matched Buyer shall on the NOPS Effective Date, or as soon as reasonably practicable thereafter, deliver an Asset Package Notice to the Matched Seller containing a detailed description of the Asset Package that the Matched Buyer intends to deliver to Matched Seller in lieu of the Prior Deliverable Obligation that is specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable.

(d) **LCH SA not Liable**

LCH SA shall have no liability with respect to any loss, cost, damage or expense suffered or incurred by a Matched Seller as a result of any error or inaccuracy in any Notice of Physical Settlement or any NOPS Amendment Notice or Asset Package Notice sent by a Matched Buyer and shall have no duty to verify any such notice or the contents thereof.

6.6 **Delivery of Non-DVP Obligations**

The following shall apply in relation to any Settlement Matched Pair where: (1) the relevant Matched Buyer specifies a Non-DVP Obligation in a Notice of Physical Settlement or a NOPS Amendment Notice, or (2) if Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction:

(a) The relevant Matched Buyer shall notify LCH SA that it is ready to Deliver the relevant Non-DVP Obligation (or if Asset Package Delivery is applicable, the Assets that are to be delivered) at or prior to 5.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur. In such notice, the relevant Matched Buyer shall also specify the amount of any expenses payable to it under Section 11.2(c)(vi) of the 2014 ISDA Credit Derivatives Definitions.

(b) LCH SA shall notify the relevant Matched Seller at or prior to 6.30 p.m. on the Transaction Business Day prior to the date on which Delivery is scheduled to occur that it is obligated to pay LCH SA the amount of the relevant Physical Settlement Amount corresponding to the Outstanding Amount of such Non-DVP Obligation or, if Asset Package Delivery is applicable in respect of such Settlement Matched Pair, the amount of such Physical Settlement Amount which corresponds to the Outstanding Amount of the Deliverable Obligation(s) in lieu of which the Asset Package is being

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Delivered less an amount equal to the Asset Package Cash Settlement Amount determined in respect of such Asset Package (the "**Non-DVP Asset Package Settlement Amount**") and in each case any amounts in respect of expenses notified by the relevant Matched Buyer before 9.00 a.m. on the following Transaction Business Day.

(c) The relevant Matched Seller shall pay to LCH SA the amount(s) so requested on or prior to 9.00 a.m. on the Transaction Business Day immediately following the date on which the relevant Matched Buyer notified LCH SA of its readiness to Deliver provided that the request for payment has been made in a timely manner as set out above.

(d) LCH SA shall notify the relevant Matched Buyer that it has received payment at or prior to 5.30 p.m. on the Transaction Business Day in which LCH SA receives payment, provided that payment is received by LCH SA at or prior to 9.00 a.m. on such Transaction Business Day as set out above.

(e) The relevant Matched Buyer shall Deliver the relevant non-DVP Obligations (or if Asset Package Delivery is applicable, the Assets that are to be delivered) to the relevant Matched Seller, provided that, if Asset Package Delivery is applicable the relevant Matched Buyer's obligation to deliver any Assets in the form of cash in the Settlement Currency forming part of the relevant Asset Package will be automatically satisfied and discharged.

(f) The relevant Matched Seller shall notify LCH SA that Delivery has occurred by 5.30 p.m. on the Transaction Business Day on which Matched Seller receives Delivery of the relevant Non-DVP Obligations (or if Asset Package Delivery is applicable, the relevant Assets that are to be delivered pursuant to this Section 6.6 (*Delivery of Non-DVP Obligations*). Notices received after 3.30 p.m. will be deemed received on the next following Transaction Business Day, unless LCH SA agrees otherwise.

(g) If and to the extent that LCH SA has received payment from the relevant Matched Seller of the Physical Settlement Amount or the Non-DVP Asset Package Settlement Amount, as applicable in full on a timely basis as set out above, LCH SA shall pay the Physical Settlement Amount or the Non-DVP Asset Package Settlement Amount, as applicable and any expenses due to the relevant Matched Buyer under Section 11.2(c)(vi) of the 2014 ISDA Credit Derivatives Definitions on or prior to 9.00 a.m. on the Transaction Business Day following the Transaction Business Day on which LCH SA receives the notice referred to in sub-paragraph (e) above from the relevant Matched Seller.

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(h) If and to the extent that Delivery of the relevant Non-DVP Obligations has not been effected by the relevant Matched Buyer in accordance with terms of the relevant Physically Settled Cleared Transaction as of the expiry of the third Transaction Business Day following delivery of the relevant Matched Buyer's notice referred to above, the relevant Matched Seller may request LCH SA to repay the Physical Settlement Amount or the Non-DVP Asset Package Settlement Amount, as applicable, not earlier than the first Transaction Business Day following the date on which such request is effectively delivered to LCH SA.

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6.7 **Alternative Delivery Procedure**

A Matched Buyer and Matched Seller comprising a Settlement Matched Pair may elect to exercise their rights against and perform obligations to LCH SA in relation to the Settlement Matched Pair Delivery Amount (or any portion thereof) directly as between themselves. To exercise such option, the relevant Matched Buyer and Matched Seller must each notify LCH SA accordingly (in the form set out in Appendix V hereto) specifying the relevant Matched Contracts in respect of the related relevant Settlement Matched Pair Delivery Amounts and obtain the consent of LCH SA, which consent will not be unreasonably withheld or delayed by more than one Transaction Business Day following receipt of such notification by Matched Buyer and Matched Seller.

With effect from the time that LCH SA confirms its consent, the Settlement Matched Pair Delivery Amount will be reduced by the amount specified in the joint notice of the relevant Matched Buyer and Matched Seller, and the relevant Matched Buyer and Matched Seller shall each perform their obligations to each other and shall each acquire enforcement rights in respect of the other party's obligations to it pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any such reduction as agreed between them.

6.8 **Buy-in of Bonds – Matched Seller has entered into CCM Client Transaction**

The following provisions shall solely be applicable to a Matched Seller that is a CCM in respect of the Matched Contracts of the Settlement Matched Pair if such Matched Seller notifies Matched Buyer and LCH SA that it has a CCM Client Transaction which corresponds to the Matched Seller Contract:

(a) *Buy-in of Bonds – Settlement Matched Pair*

Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply in respect of the Matched Contracts of the Settlement Matched Pair.

(b) *Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller that is a CCM*

Provided that Physical Settlement has not already occurred in respect of the Matched Contracts of a Settlement Matched Pair, if:

(i) the Matched Seller that is a CCM receives a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client which is validly delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), then such Matched Seller shall notify Matched Buyer and LCH.SA of its receipt of such Buy-in Notice and of the content thereof and Matched Buyer's right to Deliver the Relevant Bonds specified in the relevant Buy-in Notice shall be suspended until the fourth Business Day (inclusive) following the Buy-In Date specified in the relevant Buy-In Notice (the "**Deemed Buy-in Period**"); and

(ii) such Matched Seller notifies Matched Buyer and LCH SA that it has been notified by its CCM Client pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions that a Buy-in Price has been determined in respect of Relevant Bonds for the purposes of the CCM Client Transaction between such Matched Seller and its CCM Client, then on the third Business Day following receipt by Matched Seller of such notice from its CCM Client (which such date Matched Seller shall specify) (the "**Buy-in Effective Date**"):

(A) Matched Buyer will be deemed to have Delivered to such Matched Seller an Outstanding Principal Balance of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which a Buy-in Price was determined by the CCM Client; and

(B) the Physical Settlement Amount to be paid by such Matched Seller to Matched Buyer in respect of the Matched Contracts of the Settlement Matched Pair shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to such Matched Seller by its CCM Client in respect of the CCM Client Transaction has been reduced pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions.

Such Matched Seller shall notify Matched Buyer and LCH SA of the Outstanding Principal Balance of the Deliverable Obligations and the Physical Settlement Amount reduction determined in respect of its CCM Client Transaction for the purposes of (A) and (B) above.

6.9 **Alternative Procedures relating to Loans – Buyer Right to Deliver**

The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:

If a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that it has received a Bond or Loan from its CCM Client in respect of its CCM Client Transaction pursuant to Section 9.8(i) (*Alternative Procedures Relating to Loans Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions, then such Bonds or Loans shall be deemed specified in a NOPS Amendment Notice for the purposes of the Matched Contracts of the Settlement Matched Pair and such NOPS Amendment Notice will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date.

6.10 **Failure to pay Physical Settlement Amount**

If, in relation to any Settlement Matched Pair, a Matched Seller fails to pay all or part of the Physical Settlement Amount (the **Failed Amount**) to the related Matched Buyer, as designee for LCH SA, when due:

(a) the relevant Matched Buyer may and the relevant Matched Seller shall, as soon as practicable, give notice in writing to LCH SA, giving all material details of the Settlement Matched Pair involved, the relevant failure to pay and the Failed Amount;

(b) such failure to pay shall not constitute or be deemed to constitute a breach of contract, event of default or failure to pay by LCH SA under the CDS Clearing Documentation or otherwise (but such failure to pay may, for the avoidance of doubt, constitute a breach of the CDS Clearing Documentation and/or a Payment Failure for the purposes of Article 4.3.1.1 of the CDS Clearing Rule Book by or with respect to the relevant Clearing Member);

(c) if the relevant Matched Buyer elects to notify LCH SA of such failure to pay as contemplated above, such Matched Buyer may give any such notice as soon as reasonably practicable after the occurrence of such failure to pay by the relevant Matched Seller;

(d) upon notice being given to LCH SA by the relevant Matched Buyer, "Cash Settlement" between the relevant Matched Buyer and LCH SA and the relevant Matched Seller and LCH SA pursuant to the Partial Cash Settlement Terms (set out in Section 9.6 (*Partial Cash Settlement* Terms) of the 2014 ISDA Credit Derivatives Definitions, as amended by this CDS Clearing Supplement) shall be deemed to apply to the relevant Physically Settled Cleared Transactions of the Settlement Matched Pair with respect to the Deliverable Obligations corresponding to the Failed Amount as though:

(i) the Deliverable Obligations not Delivered were Undeliverable Obligations;

(ii) the Latest Permissible Physical Settlement Date were the date on which the relevant Matched Buyer gave the relevant notice to LCH SA;

(iii) Indicative Quotations were not applicable;

(iv) the relevant Matched Buyer were the Calculation Agent in respect of the Physically Settled Cleared Transaction of the Settlement Matched Pair to which it is a direct party; and

(v) the Cash Settlement Amount determined in respect of the Physically Settled Cleared Transaction between Matched Buyer and LCH SA is also the Cash Settlement Amount in respect of the corresponding Physically Settled Cleared Transaction of the Settlement Matched Pair; and

(e) LCH SA and the relevant Matched Buyer will settle the relevant Physically Settled Cleared Transaction accordingly.

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6.11 **Partial Cash Settlement due to Impossibility or Illegality**

Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions shall apply to a Physically Settled Transaction in the circumstances contemplated therein, provided that Matched Buyer or Matched Seller notifies the other Clearing Member comprised in the relevant Settlement Matched Pair and LCH SA accordingly.

In such case, the related Physically Settled Cleared Transaction entered into between LCH SA and the other Clearing Member comprised in the relevant Settlement Matched Pair shall likewise be subject to "Cash Settlement" pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*).

6.12 **Fallback to Cash Settlement in respect of Non-Deliverable Obligations**

(a) If Matched Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the **Non-Deliverable Obligations**) specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Matched Seller as designee for LCH SA in the relevant Matched Pair because:

(i) the amount of such Deliverable Obligation to be Delivered is less than the relevant minimum denomination of such Deliverable Obligation; or

(ii) such Matched Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions),

then it shall notify the relevant Matched Seller and LCH SA (in the form set out in Appendix VI hereto) accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to each relevant Physically Settled Cleared Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions.

(b) Upon notice being given to LCH SA by Matched Buyer under sub-paragraph (a) of this Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Matched Contracts in respect of the relevant Settlement Matched Pair with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement shall apply.

6.13 **Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM**

The following provision shall solely be applicable in respect of the Matched Contracts of the Settlement Matched Pair if a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that it has a CCM Client Transaction which corresponds to the Matched Buyer Contract:

If a Matched Buyer that is a CCM notifies Matched Seller and LCH SA that the corresponding CCM Client Transaction between such Matched Buyer and its CCM Client is to be settled (in whole or in part) by Cash Settlement pursuant to Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), then:

(a) "Cash Settlement" shall be deemed to apply (in whole or in part, as applicable) to the Matched Contracts of the Settlement Matched Pair pursuant to the Partial Cash Settlement Terms and Section 6.14 (*Consequences of Cash Settlement*);

(b) the 'Undeliverable Obligations' for the purposes of the Partial Cash Settlement Terms shall be the Undeliverable Obligations or Non-Deliverable Obligations in respect of the corresponding CCM Client Transaction; and

(c) the Cash Settlement Amount and the Cash Settlement Date in respect of the Matched Contracts of the Settlement Matched Pair shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding CCM Client Transaction.

6.14 **Consequences of Cash Settlement**

If the circumstances set out in either Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) apply, then:

(a) the Latest Permissible Physical Settlement Date in respect of the relevant Physically Settled Cleared Transaction will be deemed to be the first date on which the relevant Matched Buyer or Matched Seller effectively gave the relevant notice to both LCH SA and the other Clearing Member as referred to in Section 6.11 (*Partial Cash Settlement Due to Impossibility or Illegality*) or paragraph (a) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) or Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) above, as applicable, (and for these purposes, Section 9.5 (*Latest Permissible Physical Settlement Date*) of the 2014 ISDA Credit Derivatives Definitions shall not apply);

(b) the relevant Matched Buyer will be deemed to be the Calculation Agent;

(c) LCH SA and the relevant Matched Buyer will settle the applicable Matched Buyer Contract, and LCH SA and the relevant Matched Seller will settle the applicable Matched Seller Contract, accordingly; and

(d) where sub-paragraph (a)(ii) of Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

6.15 **Amendments to Section 9.6(k) of 2014 ISDA Credit Derivatives Definitions**

Solely for the purposes of Section 6.11 (*Partial Cash Settlement due to Impossibility or Illegality*), Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Section 6.13 (*Cash Settlement Resulting from CCM Client Transaction of a Matched Buyer that is a CCM*) and Section 6.14 (*Consequences of Cash Settlement*) of this CDS Clearing Supplement, Section 9.6(k) of the 2014 ISDA Credit Derivatives Definitions is amended by inserting the following at the beginning thereof:

"(A) For the purposes hereof, in addition to the requirements of Section 7.10, each firm Quotation shall:

(1) be for a transaction with Matched Buyer (or its designee) (the **Relevant Buyer**) pursuant to which the Relevant Buyer agrees to Deliver the Deliverable Obligations to the Dealer submitting the firm quotation (the **Quoting Dealer**), which transaction shall be governed by documentation that is consistent with market practice applicable to the sale and purchase of Deliverable Obligations on the Valuation Date (which may be determined by the relevant Credit Derivatives Determinations Committee), including, without limitation, a representation that the Quoting Dealer has completed all "know your customer" or similar requirements under all applicable laws, regulations and internal compliance procedures relating to a transaction with the Relevant Buyer and in respect of the Reference Entity;

(2) be capable of acceptance by the Relevant Buyer (for such purposes, each firm Quotation must, *inter alia*, be obtained from a Dealer with whom the Relevant Buyer, in its sole and absolute discretion, determines that it is able, in accordance with all its internal compliance and policy requirements, to transact and to Deliver the Deliverable Obligations) and be open for acceptance by the relevant party for at least 30 minutes; and

(3) be obtained on the basis that if the Relevant Buyer agrees to Deliver the Deliverable Obligations to such Quoting Dealer on the terms set forth herein, such Quoting Dealer agrees to pay the settlement amount (calculated and payable for this purpose in accordance with the relevant market standard documentation and based on the price so quoted) that would be payable to the Relevant Buyer for such Deliverable Obligations.

(B) Otherwise,".

6.16 **Subsequent Determination by the Credit Derivatives Determinations Committee with respect to an Auction**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and a subsequent resolution of the Credit Derivatives Determinations Committee determines that

Transaction Auction Settlement Terms will be published, LCH SA shall have no obligation to create Settlement Matched Pairs in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Unless settlement has occurred with respect to any Settlement Matched Pairs prior to such determination, any such Settlement Matched Pairs so created shall be deemed not to have been created and any notices delivered in connection with such Settlement Matched Pairs shall be deemed to be ineffective.

LCH SA shall effect any relevant registrations in the TIW in order to reflect the application of Auction Settlement as the Settlement Method in respect of the relevant Cleared Transactions.

6.17 **Physical Settlement Costs**

If the Fallback Settlement Method applies in respect of a Cleared Transaction and any amounts are payable in relation to any costs or expenses of Physical Settlement (including any costs or expenses relating to the delivery of any Assets forming part of an Asset Package), then:

(a) where such amount would otherwise be payable by LCH SA to Matched Buyer or Matched Seller (the **Recipient**), such amount shall be payable to the Recipient by the other party to the Matched Contract who is not the Recipient, as designee to pay such amount on behalf of LCH SA; and

(b) where such amount would otherwise be payable to LCH SA by Matched Buyer or Matched Seller (the **Payer**), such amount shall be payable by the Payer to the other party to the Matched Contract who is not the Payer, as designee to receive such amount on behalf of LCH SA.

Any Matched Seller or Matched Buyer who is required to make any payment as designee on behalf of LCH SA pursuant to this Section 6.17 shall not be entitled to any reimbursement from LCH SA in respect of such amount.

Any Matched Seller or Matched Buyer who receives any payment pursuant to this Section 6.17 shall not be obliged to remit to LCH SA any such amount so received (without prejudice to any rights of LCH SA where there is a failure to Deliver).

LCH SA shall not be liable to a Matched Buyer or a Matched Seller for any of the costs and expenses of Physical Settlement of any Cleared Transaction.

6.18 **Representations and Agreements relating to Physical Settlement**

(a) **Claims by Matched Seller against LCH SA in respect of Obligations Delivered by Physical Settlement**

If a Matched Seller pursues a claim against LCH SA under Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions in respect of any obligations Delivered by way of Physical Settlement of any Matched Seller Contract, then:

(i) notwithstanding any provision of the 2014 ISDA Credit Derivatives Definitions to the contrary, LCH SA shall only be liable to make payments to that Matched Seller in respect of that claim to the extent of amounts recovered, including, without limitation, any amounts recovered by way of set-off or netting, by LCH SA from or on behalf of the related Matched Buyer in respect of any corresponding claims under or in connection with the Matched Buyer Contract (including, without limitation, following the declaration of an Event of Default in respect of such Matched Buyer) and after deducting any costs and expenses reasonably incurred by LCH SA in pursuing such corresponding claims for recovery under or in connection with the Matched Buyer Contract;

(ii) LCH SA will use reasonable efforts to pursue any claim it may have against the related Matched Buyer but, notwithstanding Section 6.18(a)(i) above, LCH SA will, in the pursuit of such claims, act as though its liability to Matched Seller under the Matched Seller Contract was not limited or restricted in any way; and

(iii) references to indemnity provisions set out in Section 11.2(a), 11.2(b) and 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions shall, in connection with a Matched Buyer Contract, be interpreted without regard to the limitations to Matched Seller's recourse to LCH SA under the corresponding Matched Seller Contract imposed by the provisions of this Section 6.18(a) and such limitations shall not restrict a Matched Seller from making a claim or raising a Dispute.

(b) **Right of Matched Seller to enforce against Matched Buyer**

Without prejudice to paragraph (a) above, a Matched Seller shall be entitled to enforce Sections 11.2(a), (b), (c)(i) and (c)(iv) of the 2014 ISDA Credit Derivatives Definitions against the related Matched Buyer in respect of any obligations Delivered by way of Physical Settlement of any Physically Settled Cleared Transaction under the Contracts (Rights of Third Parties) Act 1999 as though Matched Seller were party to the relevant Matched Buyer Contract in place of LCH SA.

(c) **Satisfaction of Claim by Matched Buyer discharges Liabilities owed to and by LCH SA**

For the avoidance of doubt, if a Matched Buyer satisfies a claim made by a Matched Seller directly against the relevant Matched Buyer under Sections 11.2(a), (b), (c)(i) or (c)(iv) of the 2014 ISDA Credit Derivatives Definitions pursuant to the rights granted to such Matched Seller under paragraph (b) above, such satisfaction shall also constitute complete satisfaction and discharge of the corresponding liability of such Matched Buyer to LCH SA and the corresponding liability of LCH SA to such Matched Seller in respect of such claim.

(d) **Effect of Illegality or Tax or other Expense resulting from Designation through Creation of Matched Pairs**

The last sentence of Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions shall not operate so as to prevent LCH SA from creating any Matched Pair in accordance with this CDS Clearing Supplement, and LCH SA shall have no obligation to grant any indemnity with respect to any Tax, loss or cost to any Matched Buyer or Matched Seller thereunder.

If the circumstances contemplated at Section 11.2(c)(iv)(A) or (B) of the 2014 ISDA Credit Derivatives Definitions apply in respect of any Physically Settled Cleared Transaction and any related Settlement Matched Pair (in the case of (B), as notified by the Clearing Member which is the non-designating party for such purpose to the other Clearing Member comprised in the relevant Settlement Matched Pair prior to the first Delivery Date), then an impossibility shall be deemed to have occurred with respect to Physical Settlement of the relevant Physically Settled Cleared Transactions, and Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions (as amended by this CDS Clearing Supplement) shall apply.

6.19 **Miscellaneous Provisions relating to Physical Settlement**

(a) **Margin**

For the avoidance of doubt, LCH SA will continue to call all Margin and such Margin will remain due in relation to any Cleared Transaction to which Physical Settlement applies until:

(i) LCH SA has received a Notice of Physical Settlement from each Clearing Member;

(ii) LCH SA has received a No Physical Settlement Confirmation from each Clearing Member; or

(iii) in each case, any related dispute is referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

(b) **Notification of Completion of Physical Settlement**

Upon completion of Physical Settlement by the relevant Matched Pair of a Physically Settled Cleared Transaction, Matched Buyer and Matched Seller shall inform LCH SA as soon as reasonably practicable and in any event before the date falling two Transaction Business Days following such completion (the **Physical Settlement Confirmation Deadline**) by notice (a **Physical Settlement Confirmation**) in the form set out at Appendix VII hereto.

(c) **Notification that Physical Settlement will not occur**

If no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transaction and, accordingly, Physical Settlement will not, under the terms of the relevant Physically Settled Cleared Transaction, occur, Matched Buyer and Matched Seller shall inform LCH SA as soon as reasonably practicable thereafter and in any event before the date falling two Transaction Business Days following the relevant date after which delivery of a Notice of Physical Settlement is no longer permitted in accordance with the terms of the relevant Physically Settled Cleared Transaction (the **No Physical Settlement Confirmation Deadline**) by notice (a **No Physical Settlement Confirmation**) in the form set out at Appendix VIII hereto.

(d) **Dispute regarding Physical Settlement**

If LCH SA receives a Physical Settlement Confirmation or No Physical Settlement Confirmation from one relevant Matched Buyer or Matched Seller only at or prior to the relevant Physical Settlement Confirmation Deadline or No Physical Settlement Confirmation Deadline, as the case may be, there shall be deemed to be a Dispute with respect to the Physically Settled Cleared Transactions between LCH SA and each relevant Clearing Member.

(e) **Asset Package Delivery**

If Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction and an Asset to be delivered is a Non-Transferable Instrument or Non-Financial Instrument, then the Asset shall be deemed to be an amount of cash equal to the value determined by the CDSClear Product Committee (which, notwithstanding anything to the contrary, shall be the "Calculation Agent" for the purposes of Section 8.15 (*Asset Market Value*) of the 2014 ISDA Credit Derivatives Definitions).

7. DELIVERY OF NOTICES AND FALLBACKS

7.1 General Rules relating to Notices

(a) **Methods of Delivery and deemed Time of Delivery**

Subject to Section 7.2 (*Oral Notices*) and without prejudice to Section 1.38 (*Requirements Regarding* Notices) of the 2014 ISDA Credit Derivatives Definitions and the remaining provisions of the 2014 ISDA Credit Derivatives Definitions (including, for the avoidance of doubt, in relation to notices permitted to be given orally), any notice or other communication in respect of any Cleared Transaction may be given in any manner described below and will be deemed effective as indicated:

(i) if delivered in person or by courier, on the date and at the time it is delivered;

(ii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of

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proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted; or

(iv) if sent by electronic messaging system (including e-mail or any other electronic access solution established by LCH SA for such purpose), on the date it is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Transaction Business Day or that communication is delivered (or attempted) or received, as applicable, pursuant to the above after 6.00 p.m. in the location of the recipient on a Transaction Business Day, in which case that communication will be deemed given and effective on the first following day that is a Transaction Business Day.

(b) **Notices from or to LCH SA**

Any such notice or communication given by LCH SA to a Clearing Member or vice versa shall (except where delivered via a relevant DTCC Notice Facility) be given to the address or number previously specified in or previously notified for the relevant purpose in accordance with the CDS Admissions Agreement or the Procedures.

(c) **Manual Notices between Clearing Members**

Notices given by a Clearing Member to another Clearing Member comprised in a relevant Matched Pair and which are not delivered via a relevant DTCC Notice Facility shall be given to the address or number notified by LCH SA to the deliveror pursuant to Sections 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*).

Such notices shall only be deemed to be delivered effectively by LCH SA through the relevant Clearing Member as its designee as against the recipient where the address or number so notified by LCH SA corresponds in all material respects to the address or number, as applicable, specified by such recipient in or pursuant to the CDS Admissions Agreement.

(d) **No Obligation on LCH SA to verify Signatories**

LCH SA shall have no obligation to verify the authority of any signatory of any notice delivered by any Clearing Member directly pursuant to this Section 7 (*Delivery of Notices and Fallbacks*).

7.2 **Oral Notices**

Notwithstanding the provisions of the 2014 ISDA Credit Derivatives Definitions, where, by way of exception as contemplated in this Section 7, Credit Event Notices and Notices to

Exercise Movement Option are to be delivered directly to LCH SA (and not via a relevant DTCC Notice Facility), such notices may not be delivered by telephone.

7.3 **Credit Event Notices and NEMOs**

(a) **Credit Event Notices and NEMOs to be given via DTCC**

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in this Section 7 or expressly agreed by LCH SA. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

(b) **Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction**

If a Matched Buyer or a Matched Seller that is a CCM receives a valid Credit Event Notice or Notice to Exercise Movement Option from its CCM Client in respect of a CCM Client Transaction by way of the relevant DTCC Notice Facility, such notice shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of the corresponding Matched Contracts of the Restructuring Matched Pair.

7.4 **Notification of DTCC Failure and Resolution**

(a) **LCH SA to notify Clearing Members of DTCC Failure Event**

If DTCC notifies LCH SA or LCH SA otherwise becomes aware that the relevant DTCC Notice Facility is or will be unavailable to process all or substantially all Credit Event Notices or Notices to Exercise Movement Option, as applicable, with respect to an M(M)R Restructuring in a timely manner (a **DTCC Failure Event**), then LCH SA will, as soon as reasonably practicable and in any event within one hour of such notification or of LCH SA becoming aware of such non-availability, as applicable, notify all relevant Clearing Members of such occurrence, including the time at which such failure occurred (or, if LCH SA is not notified of such time by or on behalf of DTCC, the time at which LCH SA received the relevant notification from or on behalf of DTCC or becomes aware of the relevant non-availability) (the **DTCC Failure Event Time**). LCH SA shall also publish such information on its Website as soon as reasonably practicable after becoming aware of a DTCC Failure Event.

(b) **LCH SA to notify Clearing Members of Resolution of DTCC Failure Event**

If, subsequent to a DTCC Failure Event, DTCC (or a third party designated under the DTCC Rules from time to time) notifies LCH SA that a DTCC Failure Event previously notified to Clearing Members is no longer in effect, LCH SA will as soon as reasonably practicable notify all relevant Clearing Members accordingly, including the time (the **DTCC Resolution Time**) (which must be no earlier than 30 minutes following the time of such notification) at which such DTCC Failure Event is deemed to have been resolved and following which the relevant DTCC Notice Facility is operative for the purposes of delivery of relevant notices relating to Restructuring Cleared Transactions (including transactions in respect of which notices may have been delivered directly

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pursuant to Section 7.5 (*Consequences of DTCC failure*). LCH SA shall also publish such information on its Website as soon as reasonably practicable after notifying Clearing Members that the DTCC Failure Event is no longer in effect and of the DTCC Resolution Time.

(c) **Notices given prior to DTCC Resolution Time to be confirmed to DTCC**

LCH SA and, to the extent so requested by LCH SA, each Clearing Member shall, as soon as reasonably practicable and to the extent permitted by DTCC, provide or confirm to DTCC details of any relevant notices (in the case of a Clearing Member, being any relevant notices delivered directly by such Clearing Member) given in respect of Cleared Transactions prior to the DTCC Resolution Time, so as to permit delivery of subsequent notices in respect of such Cleared Transactions via the relevant DTCC Notice Facility.

7.5 **Consequences of DTCC Failure**

From (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

(a) Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);

(b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and

(c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

7.6 **Clearing Member Communications Failure Event**

(a) **Right to deliver Notices manually following Clearing Member Communications Failure Event**

If a Clearing Member is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such Clearing Member to deliver any Credit Event Notice in relation to an M(M)R Restructuring or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a **Clearing Member Communications Failure Event**) it may, notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

(b) **Clearing Member to notify LCH SA of Occurrence of Clearing Member Communications Failure Event**

Following the occurrence of a Clearing Member Communications Failure Event, the affected Clearing Member shall, within one hour of delivering any Credit Event Notice or Notice to Exercise Movement Option directly, deliver to LCH SA a notice (in the form set out at Appendix IX hereto) signed by a senior officer (such as a managing director or equivalent) of such Clearing Member certifying that it is affected by a Clearing Member Communications Failure Event (or, if such Clearing Member is unable to deliver such notice in writing, orally by telephone).

LCH SA shall notify all Clearing Members accordingly as soon as reasonably practicable and in any event within one hour of receipt of any such notification.

(c) **Notices to Clearing Member affected by Clearing Member Communications Failure Event**

For the avoidance of doubt, Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given to the affected Clearing Member by Clearing Members comprised in any Matched Pair in respect of which the affected Clearing Member is a Matched Buyer or Matched Seller.

(d) **Notification of Resolution of Clearing Member Communications Failure Event**

As soon as reasonably practicable upon a Clearing Member ceasing to be subject to a Clearing Member Communications Failure Event, it shall notify LCH SA accordingly (in the form set out at Appendix X hereto) and thereupon Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any Credit Event Notice or Notice to Exercise Movement Option thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

(e) **Clearing Member Duty to Mitigate**

A Clearing Member which is subject to a Clearing Member Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on other Clearing Members and LCH SA of any Clearing Member Communications Failure Event, to cure such Clearing Member Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Clearing Member Communications Failure Event do not recur.

(f) **Breach by Clearing Member does not Invalidate Valid Notices**

Without prejudice to any other rights or remedy of LCH SA, any breach by a Clearing Member of the provisions of this Section 7.6 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the relevant Restructuring Cleared Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

7.7 **Clearing Member Acknowledgements**

(a) **Duty to deliver Clearing Member Acknowledgements**

Each Clearing Member shall notify LCH SA or deliver a copy to LCH SA of any notice delivered or received by such Clearing Member to or from another Clearing Member comprised in a Matched Pair, including, without limitation, any Credit Event Notice or Notice to Exercise Movement Option which was delivered or received directly (and not via a DTCC Notice Facility) pursuant to Sections 7.5 (*Consequences of DTCC Failure*) or 7.6 (*Clearing Member Communications Failure Event*), and which such Clearing Member asserts or acknowledges was effective for the purposes of this CDS Clearing Supplement and the relevant Cleared Transactions (such notification, or delivery of such copy, in respect of any relevant notice, a **Clearing Member Acknowledgement**) by no later than 6.00 p.m. on:

(i) in the case of a Notice of Physical Settlement or NOPS Amendment Notice or Asset Package Notice, the date falling two Transaction Business Days following the date on which such notice was sent; or

(ii) in the case of any other notice, on the last date on which such notice could validly be sent,

(in each case, the **Notice Acknowledgement Deadline**).

(b) **Clearing Member Acknowledgement received from both Clearing Members**

Where LCH SA receives a Clearing Member Acknowledgement in respect of any notice from both relevant Clearing Members comprised in a Matched Pair at or prior to the Notice Acknowledgement Deadline, LCH SA shall perform its obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation.

(c) **Clearing Member Acknowledgement received from one Clearing Member**

Where LCH SA receives a Clearing Member Acknowledgement in respect of any notice from one relevant Clearing Member only at or prior to the Notice Acknowledgement Deadline, the provisions of Section 7.11 (*Disputes as to Notices*) shall apply and LCH SA and each relevant Clearing Member shall perform their obligations in respect of the relevant Cleared Transactions in accordance with and subject to the remaining provisions of the CDS Clearing Documentation and the terms of any final resolution of the relevant dispute, as agreed between the relevant parties or as determined by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

In such case, LCH SA shall notify the Clearing Member from which it has not received a Clearing Member Acknowledgement of the asserted delivery or, as applicable, receipt of the relevant notice (in the case of a Credit Event Notice or Notice to Exercise Movement Option, through the reports referred to at Section 5.6 (*Reports*)).

(d) **No Clearing Member Acknowledgement received**

Where LCH SA does not receive Clearing Member Acknowledgement or confirmation of valid delivery in respect of any notice from either Clearing Member in the relevant Matched Pair on or prior to the relevant Notice Acknowledgement Deadline, the rights and obligations of LCH SA as against each relevant Clearing Member, and vice versa, shall be construed as if no such notice had been given.

(e) **Consequences of no Clearing Member Acknowledgement being received**

Where sub-section (d) above is applicable, the following provisions shall apply:

(i) *Notices other than Notices of Physical Settlement, NOPS Amendment Notices and Asset Package Notices*

Save in the case of a Notice of Physical Settlement, a NOPS Amendment Notice or an Asset Package Notice, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had Clearing Member Acknowledgement been given to LCH SA on a timely basis and the value of such contract in the absence of such acknowledgement; such difference in value shall be determined as of the earlier of the day on which notice is given by any relevant Clearing Member that such amount is due and payable and, in the case of a Credit Event Notice or Notice to Exercise Movement Option, the eighth Transaction Business Day following the Auction Settlement Date, no Auction Announcement Date or Auction Cancellation Date, as applicable or otherwise the eighth Transaction Business Day following the last day on which such notice would validly have been delivered, by reference to the relevant Auction Settlement Amount or end of day contributed prices, in each case if available.

(ii) *Notices of Physical Settlement, NOPS Amendment Notices and Asset Package Notices*

Where the relevant notice is a Notice of Physical Settlement, a NOPS Amendment Notice or an Asset Package Notice, the relevant Clearing Members shall acquire rights as against the other as though party to a bilateral credit default swap transaction on the terms of the related Matched Buyer Contract (including, without limitation, as to the occurrence of an Event Determination Date) and the Notice of Physical Settlement, NOPS Amendment Notice or Asset Package Notice, as applicable shall be deemed to have been given in respect of such transaction. Any resulting payment shall be due and payable two Transaction Business Days following the giving of a notice that such amount is due and payable.

In each case, the relevant Clearing Members shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1994 in respect of any resulting payments and deliveries; LCH SA shall have no liability in respect thereof.

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7.8 **Failure to notify Matched Pairs**

Notwithstanding Section 5.3 (*Triggering of Restructuring Cleared Transactions*) and 6.5 (*Notices of Physical Settlement*), if LCH SA does not notify the relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline or Settlement Matched Pairs and related information specified in Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) by the SMP Notification Deadline, as applicable:

(a) the relevant Clearing Members may deliver Credit Event Notices, Notices to Exercise Movement Option, Notices of Physical Settlement or NOPS Amendment Notices to LCH SA, and vice versa;

(b) the relevant Cleared Transactions shall be subject to Physical Settlement in accordance with their terms; and

(c) the provisions of Sections 2.4 (*Amendments to 2014 ISDA Credit Derivatives Definitions*), 6 (*Physical Settlement*) and 8 (*Matched Pair Designations and Notices*) shall not apply and the terms of this CDS Clearing Supplement shall be construed accordingly.

For such purpose, Section 7.3 (*Credit Event Notices and NEMOs*) shall not apply in respect of notices given by the affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility).

7.9 **Failure to notify Matching Information**

If LCH SA notifies relevant Clearing Members of Restructuring Matched Pairs created pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) on or prior to the RMP Notification Deadline, but does not notify DTCC of relevant Matching Information on or prior to the RMP Notification Deadline, then Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*) shall not apply in respect of notices to be delivered by affected Clearing Members and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly as between Clearing Members (as designees of LCH SA) (and not via the relevant DTCC Notice Facility).

7.10 **Uncertain Delivery**

(a) **Manual Notice permitted if Delivery of Notice in DTCC uncertain**

Notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Section 7, and a Clearing Member is uncertain as to whether or not a Credit Event Notice or Notice to Exercise Movement Option (as applicable) it (or, in the case of a CCM, its CCM Client) attempted to deliver via a DTCC Notice Facility has:

(i) actually been delivered; or

(ii) was delivered prior to the DTCC Failure Time,

that Clearing Member shall be entitled to deliver such a notice directly to any Clearing Member comprised in a relevant Matched Pair (as designee of LCH SA) specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

(b) **Details to be provided of Uncertain Notice**

If a Clearing Member delivers a manual notice pursuant to sub-section (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such Clearing Member shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other Clearing Member and LCH SA to identify the communication concerned.

(c) **DTCC Notice delivered successfully**

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to sub-section (a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above relates was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

7.11 **Disputes as to Notices**

If any Clearing Member comprised in a Matched Pair where one such party is acting as designee of LCH SA disputes the effective delivery in accordance with the terms of the relevant Cleared Transactions of any notice delivered directly (and not via a relevant DTCC Notice Facility) in accordance with this Section 7 (and for such purposes, a dispute between the relevant Clearing Member and LCH SA shall be deemed to have arisen if LCH SA receives a Clearing Member Acknowledgement from one relevant Clearing Member only in respect of any such notice as contemplated at Section 7.7(c) (*Clearing Member Acknowledgement received from one Clearing Member*)):

(a) LCH SA shall be entitled in accordance with the Procedures to calculate and call for Margin with respect to each such Clearing Member on the basis of the maximum requirement for such Clearing Member that could result from any foreseeable outcome of such dispute;

(b) following final resolution of such dispute by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures, the Clearing Members comprised in the relevant Matched Pair shall take such actions with respect to the Cleared Transactions the subject of such dispute as LCH SA determines appropriate to give effect to any relevant binding resolution; and

(c) without prejudice to its obligations upon final resolution of the dispute, pending final resolution of any such dispute, LCH SA shall not be obliged to take any step pursuant

to the terms of the relevant Cleared Transactions which would be required to have been taken by it had the relevant notice been validly delivered.

Each relevant Clearing Member must promptly notify LCH SA of any such disputes (in the form set out at Appendix XI hereto).

8. MATCHED PAIR DESIGNATIONS AND NOTICES

8.1 Creation of Matched Pairs

LCH SA will create Matched Pairs where required to do so pursuant to Section 5.1 (*Creation and Notification of Restructuring Matched Pairs*) or 6.2 (*Creation and Notification of Settlement Matched Pairs*) using a matching procedure that matches CDS Sellers with CDS Buyers pursuant to an algorithm incorporating the following principles:

(a) the procedure seeks to create Matched Pairs between the same Clearing Member to the extent it is possible to do so before creating Matched Pairs between different Clearing Members and, for this purpose, in the context of CCMs, the procedure will create Matched Pairs separately for CCMs and their CCM Clients (individually where the CCM Client is allocated to a single CCM Client Margin Account or together where a set of CCM Clients is allocated to a single CCM Client Margin Account) and Clearing Member will be construed accordingly;

(b) the procedure seeks to minimise the number of Matched Pairs (and accordingly, largest positions will be matched first);

(c) each Matched Pair will, to the extent possible, have an aggregate Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount, which meets the criteria as set out in a Clearing Notice; and

(d) LCH SA will allocate a Restructuring Matched Pair Amount or, as applicable, Settlement Matched Pair Delivery Amount to each Matched Pair such that:

(i) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Buyer is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of all (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous M(M)R Restructuring), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Buyer is a party; and

(ii) the sum of all Restructuring Matched Pair Amounts or, as applicable, Settlement Matched Pair Delivery Amounts, of each CDS Seller is equal to the aggregate Floating Rate Payer Calculation Amounts in respect of (A) Initial Single Name Cleared Transactions, Restructuring Cleared Transactions (created following the occurrence of a previous M(M)R Restructuring), Spin-off Single Name Cleared Transactions and Resulting Single Name Cleared

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Transactions or (B) Cleared Transactions in respect of which the Fallback Settlement Method applies to the CDS Type for such Cleared Transaction, as applicable, to which such CDS Seller is a party.

Notwithstanding the above, if the Fallback Settlement Method applies in relation to a Cleared Transaction and an M(M)R Restructuring, the Restructuring Matched Pairs previously created pursuant to Section 5.1 (*Creation of Restructuring Matched Pairs*) and this Section 8.1 shall be deemed to be Settlement Matched Pairs created in accordance with Section 6.2 (*Creation and Notification of Settlement Matched Pairs*) and LCH SA shall have no obligation to create Settlement Matched Pairs in respect of such Cleared Transaction.

8.2 **Registration of new Cleared Transactions and Removal of original Cleared Transactions**

To the extent that any Cleared Transaction created pursuant to Section 5.2 (*Creation of Restructuring Cleared Transactions*) or Section 6.3 (*Physically Settled Cleared Transactions*) is not automatically registered in accordance with the DTCC Rules, LCH SA shall register such new Cleared Transaction in the TIW in accordance with the DTCC Rules prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls. In respect of CCMs and CCM Clients only, such registration by LCH SA shall also result in the automatic registration of any amendments made to the corresponding CCM Client Transactions.

In addition, LCH SA will, on behalf of the relevant Clearing Member, send an "Exit" message to the TIW in accordance with the DTCC Rules to terminate and remove the corresponding original Cleared Transaction(s) from the TIW prior to 6.00 p.m. on the date on which the RMP Notification Deadline or SMP Notification Deadline (as applicable) falls.

8.3 **Matched Buyer Contracts**

In respect of each Matched Buyer Contract which is the subject of a Matched Pair, LCH SA, pursuant to Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions (amended as set out at Section 2.4 (*Amendments to 2014 ISDA Credit Derivatives Definitions*)), as designator, shall be deemed to have designated Matched Seller in such Matched Pair as its designee:

(a) to receive on its behalf from, and to deliver on its behalf to, Matched Buyer of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);

(b) other than in respect of the Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to pay on behalf of LCH SA any applicable Physical Settlement Amount in accordance with the terms of the applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Buyer of the Matched Pair, in each case, on behalf of LCH SA, any other amounts due and payable (including costs and expenses of settlement due under the applicable Matched Buyer Contract); and

(c) to take Delivery, on behalf of LCH SA, of Deliverable Obligations from Matched Buyer of the Settlement Matched Pair.

The relevant Matched Seller shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

8.4 **Matched Seller Contracts**

In respect of each Matched Seller Contract which is the subject of a Matched Pair, LCH SA, pursuant to Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions (as amended pursuant to Section 2.4 (*Amendments to 2014 ISDA Credit Derivatives Definitions*) above), as designator, shall be deemed to have designated Matched Buyer in such Matched Pair as its designee:

(a) to receive on its behalf from, and to deliver on its behalf to, Matched Seller of the Matched Pair any applicable notices or certifications in accordance with the terms of the applicable Cleared Transaction (other than notices required to be delivered via a DTCC Notice Facility);

(b) other than in respect of any Physical Settlement Amount relating to the settlement of Non-DVP Obligations as referred to in Section 6.6 (*Delivery of Non-DVP Obligations*), to receive on behalf of LCH SA the applicable Physical Settlement Amount in accordance with the terms of any applicable Physically Settled Cleared Transaction, and to pay to, and to receive from, Matched Seller of the Matched Pair, in each case, on behalf of LCH SA, any other amounts due and payable (including costs and expenses of settlement due under the Matched Seller Contract); and

(c) to Deliver, on behalf of LCH SA, the relevant Deliverable Obligations to Matched Seller of the Settlement Matched Pair.

The relevant Matched Buyer shall be deemed to have accepted such designation upon notification of the relevant Matched Pair created and notified in accordance with the provisions of this CDS Clearing Supplement.

8.5 **Exercise of Rights**

In relation to each Matched Pair:

(a) the exercise of any rights by Matched Buyer against LCH SA under a Matched Buyer Contract (other than the right to give any notice via DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH SA against Matched Seller under the Matched Seller Contract of the relevant Matched Pair; and

(b) the exercise of any rights by Matched Seller against LCH SA under a Matched Seller Contract (other than a right to give notice under a DTCC Notice Facility) shall be deemed to constitute the exercise of equal and simultaneous rights by LCH SA against Matched Buyer under the Matched Buyer Contract of the relevant Matched Pair.

8.6 **Clearing Member matched with Itself**

(a) **Notices**

In the event that:

(i) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and

(ii) notwithstanding Section 7.3(a) (*Credit Event Notices and NEMOs to be given via DTCC*), a notice or certification is permitted to be delivered in respect of one of the Cleared Transactions forming part of such Matched Pair by means other than the relevant DTCC Notice Facility pursuant to Section 7 (*Delivery of Notices and Fallbacks*),

such notice shall be deemed to be given upon such Clearing Member sending a Clearing Member Acknowledgement to LCH SA pursuant to Section 7.7(a) (*Duty to deliver Clearing Member Acknowledgements*) above in respect of such notice and Section 7.7(b) (*Clearing Member Acknowledgement received from both Clearing Members*) shall apply.

(b) **Payments and Deliveries**

In the event that:

(i) Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 8 (*Matched Pair Designations and Notices*) is the same Clearing Member; and

(ii) such Clearing Member is required to make a payment or delivery pursuant to the terms of one of the Cleared Transactions forming part of such Matched Pair as designate of LCH SA,

such payment or delivery shall be deemed to have been made upon such Clearing Member giving notice to LCH SA in accordance with Section 7.1 (*General Rules relating to Notices*) that such payment or delivery should be deemed to have been made for the purposes of such Cleared Transaction.

8.7 **Notices**

In relation to each Matched Pair:

(a) where Matched Buyer validly delivers or serves any notice to Matched Seller as designee of LCH SA in accordance with the terms of a relevant Matched Buyer Contract, such notice shall additionally be effective as a notice given by such Matched Buyer as designee of LCH SA to Matched Seller for the purposes of the relevant Matched Seller Contract; and

(b) where Matched Seller validly delivers or serves any notice to Matched Buyer as designee of LCH SA in accordance with the terms of a relevant Matched Seller Contract, such notice shall additionally be effective as a notice given by such Matched

Seller as designee of LCH SA to Matched Buyer for the purposes of the relevant Matched Buyer Contract.

9. SELF-REFERENCING TRANSACTIONS

9.1 Occurrence of Clearing Member Self Referencing Transaction

(a) **Duty to notify**

In respect of a Single Name Cleared Transaction that is registered in the House Account Structure of a Clearing Member, the relevant Clearing Member shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH SA as soon as reasonably practicable if:

(i) such Clearing Member is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction, or enters into any agreement in respect of any of the foregoing;

(ii) such Clearing Member and the Reference Entity in relation to such Single Name Cleared Transaction are or become Affiliates; or

(iii) in respect of a Restructuring Cleared Transaction, such Clearing Member is or becomes the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant M(M)R Restructuring.

(b) **Auction of Affected Transactions**

Following receipt of any such notification or occurrence of a Clearing Member Self Referencing Transaction due to a registration of Transfer Positions under Clause 6 of the CDS Default Management Process or a transfer of Client Cleared Transactions to the House Trade Account under TITLE V, Chapter 4 or TITLE VI, Chapter 4 of the CDS Clearing Rule Book, LCH SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the affected Clearing Member, and with the assistance of the CDS Default Management Group, conduct an auction process to liquidate the relevant Single Name Cleared Transaction and enter into an equivalent Single Name Cleared Transaction with a Clearing Member other than the affected Clearing Member.

(c) **Alternative Action**

If LCH SA, after consultation with the CDS Default Management Group and the affected Clearing Member, believes that the circumstances are such that an auction may be inappropriate, LCH SA may take such other action in consultation with the Risk Committee as it considers reasonably necessary to achieve its primary aim in these circumstances of addressing the risks resulting from a Clearing Member being party to a Clearing Member Self Referencing Transaction, while endeavouring, as far as is reasonably practicable in the circumstances without prejudicing the achievement of

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the primary aim, to avoid materially and adversely affecting the relevant Clearing Member.

(d) **Compression of Affected Transactions prior to Auction**

Prior to determining the Single Name Cleared Transactions to be subject to any auction pursuant to paragraph (b) above, where the affected Clearing Member acts as CDS Buyer and CDS Seller in respect of fungible Single Name Cleared Transactions, LCH SA shall, in consultation with the CDS Default Management Committee as to the transaction sizes of resulting Single Name Cleared Transactions to be auctioned, compress such Single Name Cleared Transactions up to the extent that, following such compression, Single Name Cleared Transactions representing in aggregate the Open Position of the affected Clearing Member in respect of such fungible Single Name Cleared Transactions are recognised.

For these purposes, LCH SA will provide the affected Clearing Member with a report detailing the Single Name Cleared Transactions to be subject to such compression.

The affected Clearing Member will be deemed to have submitted a request to LCH SA prior to 5.00 p.m. on the day on which LCH SA carries out the compression for ad hoc compression of such Single Name Cleared Transactions in accordance with Section 5 of the Procedures and such compression shall be carried out in accordance with Section 5 of the Procedures on the basis of such deemed request for ad hoc compression.

(e) **Auction Terms**

LCH SA shall determine the timing and other particular characteristics of each such auction in consultation with the CDS Default Management Committee, including determining the size of the bid/offer spread and/or of the Single Name Cleared Transactions to be auctioned, whether one or more such auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer quotations will be requested and the transaction size (that is, the Floating Rate Payer Calculation Amount)).

Clearing Members (excluding the affected Clearing Member) may be requested, and will not be required, to submit actionable quotations in such an auction.

(f) **Creation of New Transactions and Termination of Existing Transactions**

LCH SA will enter into Single Name Cleared Transactions with Clearing Members, other than the affected Clearing Member, in the amount and at the prices determined pursuant to such auction.

At the time of entering into such Single Name Cleared Transactions, the corresponding Single Name Cleared Transactions of the affected Clearing Member shall be terminated by reference to the prices at which LCH SA enters into such new Single Name Cleared Transactions.

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The affected Clearing Member, LCH SA and the other Clearing Members, as applicable, shall submit such information as is required in accordance with the DTCC Rules so as to reflect the terms of any reduction to, termination of or entry into of any Single Name Cleared Transaction as a result of any such auction(s).

(g) **Costs of LCH SA**

The affected Clearing Member will bear the cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH SA in connection with such auction(s) and its entering into such new Single Name Cleared Transactions.

(h) **LCH SA to determine Amounts Owed and Payable**

Amounts owed by the affected Clearing Member to, or receivable by it from, LCH SA in connection with any such auction shall be determined by LCH SA.

In addition, any amounts payable (and the dates of settlement with respect thereto) relating to any Single Name Cleared Transactions created, reduced or terminated pursuant to any such auction shall be determined by LCH SA.

9.2 **Occurrence of Client Self Referencing Transactions**

(a) **Notification**

In respect of a Single Name Cleared Transaction registered in the Client Account Structure of a Clearing Member, the relevant Clearing Member, as applicable, shall, unless prohibited from so doing by applicable law or its internal policies, notify LCH SA as soon as reasonably practicable if it receives a notice from the Client that:

(i) the Client is or has consolidated or amalgamated with, or merged into, or has transferred all or substantially all of its assets to, the Reference Entity in relation to such Single Name Cleared Transaction or entered into any agreement in respect of any of the foregoing;

(ii) the Client and the Reference Entity in relation to such Single Name Cleared Transaction are or have become Affiliates; or

(iii) in respect of a Restructuring Cleared Transaction, the Client is or has become the Reference Entity in relation to such Restructuring Cleared Transaction as a result of the occurrence of the relevant M(M)R Restructuring.

(b) **Auction Process**

Following the giving of any such notification:

(i) LCH SA will, unless otherwise agreed in consultation with the CDS Default Management Group and the relevant Clearing Member, conduct an auction process in consultation with the CDS Default Management Group and the relevant Clearing Member, to liquidate the relevant Single Name Cleared

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Transaction and enter into an equivalent Single Name Cleared Transaction with another Clearing Member; and

(ii) the provisions of Section 9.1. (*Occurrence of Clearing Member Self Referencing Transaction*) will apply *mutatis mutandis*, provided that:

(A) Section 9.1(a) (*Duty to Notify*) and 9.1(b) (*Auction of Affected Transactions)* shall not apply*;*

(B) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended by deleting the words "to paragraph (b) above" and replacing them with the words "as a result of Section 9.2 (*Occurrence of Client Self Referencing Transactions)*";

(C) Section 9.1(d) (*Compression of Affected Transactions prior to Auction*) is amended in the case of CCM Clients only by inserting the words "that have a corresponding CCM Client Transaction with the affected CCM Client" immediately after the words "in respect of fungible Single Name Cleared Transactions";

(D) Section 9.1(e) (*Auction Terms*) is amended by deleting the words "(excluding the affected Clearing Member)" in the final paragraph thereof;

(E) Section 9.1(f) (*Creation of New Transactions and Termination of Existing Transactions*) is amended by deleting the words "other than the affected Clearing Member" in the first paragraph thereof; and

(F) Each reference to "affected Clearing Member" in Section 9.1 (*Occurrence of Clearing Member Self Referencing Transaction)* is deleted and replaced with a reference to "relevant Clearing Member".

(c) **Costs of LCH SA**

The cost of the associated bid/offer spread and any reasonable out-of-pocket costs and expenses of LCH SA in connection with such auction(s) or any alternative action shall be allocated to the CCM Client Collateral Account or the FCM/BD Client Collateral Account as applicable.

10. MANDATORY PROVISIONS FOR CCM CLIENT TRANSACTIONS

In Appendix XIII, certain provisions are set-out (the "**Mandatory Provisions**") for incorporation into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

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LCH SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion or non-inclusion of the Mandatory Provisions in the CCM Client Transaction Documents.

11. AMENDMENTS

LCH SA may amend the provisions of this CDS Clearing Supplement (including, without limitation, the Mandatory Provisions) from time to time so as to comply with any legal or regulatory developments or any recommendations adopted by the industry in respect of CDS or Cleared Transactions or CCM Client Transactions, as applicable, or so as to reflect any technological advancements, in each case in accordance with the provisions of Section 1.2.2 (*Modification*) of Chapter 2 (*General Provisions*) of the CDS Clearing Rule Book.

12. FORMS OF NOTICES

A form of Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, Asset Package Notice, notice to exercise alternative delivery procedure pursuant to Section 6.7 (*Alternative Delivery Procedure*), notice to fallback to Cash Settlement in respect of Non-Deliverable Obligations pursuant to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*), Physical Settlement Confirmation, No Physical Settlement Confirmation, notice of Clearing Member Communications Failure Event and where no longer subject to a Clearing Member Communications Failure Event, in each case pursuant to Section 7.6 (*Clearing Member Communications Failure Event*), notice of dispute relating to any Matched Pair as contemplated by Section 7.11 (*Dispute as to Notices*) and notice relating to Self-Referencing Transactions as contemplated by Section 9 (*Self-Referencing Transactions*) is set out in Appendix I, II, III, IVA, IVB, V, VI, VII, VIII, IX, X, XI and XII respectively hereto.

Any of the above referenced notices shall be delivered in substantially the form appended hereto, provided, for the avoidance of doubt, that such notices may refer to multiple transactions and may have certain firm-specific variations.

For the avoidance of doubt, the above referenced notices shall be governed by and construed in accordance with English law.

13. EXCLUSION OF LIABILITY

Without prejudice to the provisions of Article 1.2.10.3 of the CDS Clearing Rule Book:

(a) **No liability for Failure of Designee to perform in respect of Matched Pair**

Without prejudice to its obligations under or in respect of a Cleared Transaction, LCH SA shall not be liable for any loss or cost arising out of any failure of any Clearing Member comprised in a Matched Pair to perform its obligations as designee of LCH SA against a related Matched Buyer or Matched Seller, as applicable.

(b) **No liability for Fault of Third Party or Force Majeure**

LCH SA shall have no liability to any person where Restructuring Cleared Transactions are not or are improperly created, Restructuring Cleared Transactions are not or are improperly terminated or the Movement Option process is not or is improperly implemented, in each case for the purposes of the DTCC Rules, because of a third party's fault or a force majeure event. In particular, LCH SA shall not incur any liability arising as a result of any action or omission of DTCC.

(c) **No Obligation to verify Notices received**

LCH SA shall have no responsibility to verify the contents of any notice received by it from any Clearing Member under the terms of any Cleared Transaction.

14. DISPUTE RESOLUTION

For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

15. GOVERNING LAW

For the avoidance of doubt, the governing law applicable to this CDS Clearing Supplement (excluding the Mandatory Provisions to the extent that such terms are incorporated by reference in the CCM Client Transaction Documents entered into between a CCM and its CCM Client in respect of a CCM Client Transaction), the 2014 ISDA Credit Derivatives Definitions and any Cleared Transactions (and any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the 2014 ISDA Credit Derivatives Definitions or any Cleared Transactions) and any non-contractual obligations arising out of, relating to or having any connection with them shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

APPENDIX I: FORM OF CREDIT EVENT NOTICE

To: [*Restructuring Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

CREDIT EVENT NOTICE:

Credit Derivative Transaction Details: As set out in the Schedule hereto[2].

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction.

This letter is our Credit Event Notice to you that a [*insert type*] Credit Event occurred with respect to [*insert name of Reference Entity*] on or about [*insert date*], when [*describe Credit Event*].

Nothing in this letter shall be construed of a waiver of any rights we may have with respect to the Transaction.

Sincerely

[*Clearing Member*]

_____

Name:

Title:

[2] A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

[*Clearing Member*] acting as Seller/Buyer	**Restructuring Matched Pair ID**	**Trade ID**	**Reference Entity**	**Trade Date**	**Effective Date**	**Exercise Amount[3]**
[Seller] [Buyer]	[●]	[●]	[●]	[●]	[●]	[●]

[3] Where different to the outstanding Floating Rate Payer Calculation Amount

APPENDIX II: FORM OF NOTICE TO EXERCISE MOVEMENT OPTION

To: [*Restructuring Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Dear Sir/Madam

Notice to Exercise Movement Option

Credit Derivative Transaction Details: As set out in the Schedule hereto[4].

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Seller, and [ ], as Buyer; (b) the Credit Event Notice dated insert date], previously delivered to you on [insert date]; and (c) the occurrence of the No Auction Announcement Date on [insert date] pursuant to Section 6.11(b) or Section 6.11(c)(ii) of the 2014 ISDA Credit Derivatives Definitions (the **Definitions**).

This letter constitutes a Notice to Exercise Movement Option. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction or, if no meaning is specified therein, in the Definitions.

We hereby exercise the Movement Option, confirm that each Transaction will be settled in accordance with the relevant Credit Derivatives Auction Settlement Terms specified in the column entitled "Auction Settlement Terms" corresponding to such Transaction in the Schedule hereto and require performance by you in accordance therewith.

Yours faithfully,

[*Matched Buyer/Matched Seller*]

_____

Name:

Title:

[4] A single Notice to Exercise Movement Option may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

Restructuring Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Auction Settlement Terms
[●]	[●]	[●]	[●]	[●]	[●]

APPENDIX III: FORM OF NOTICE OF PHYSICAL SETTLEMENT

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Notice of Physical Settlement

Credit Derivative Transaction Details: As set out in the Schedule hereto[5].

Reference is made to: (a) the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Credit Event Notice [and Notice of Publicly Available Information] dated [*insert date*], previously delivered to you on [*insert date*].

This letter constitutes a Notice of Physical Settlement. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction (the **Relevant Confirmation**) or, if no meaning is specified therein, in the 2014 ISDA Credit Derivatives Definitions (the **Definitions**).

We hereby confirm that we will settle the Transaction[s] and require performance by you in accordance with the provisions of the Relevant Confirmation and the Definitions relating to Physical Settlement. Subject to the terms of the relevant Transaction, we will Deliver to you on or before the Physical Settlement Date, an amount of the Deliverable Obligation(s) described in the column entitled "Deliverable Obligation(s)" in the Schedule hereto, corresponding to such Transaction:

Yours faithfully,

[*Matched Buyer*]

_____

Name:

Title:

[5] A single Notice of Physical Settlement may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

Settlement Matched Pair ID	**Trade ID**	**Reference Entity**	**Trade Date**	**Effective Date**	**Deliverable Obligation(s)[6]**
[●]	[●]	[●]	[●]	[●]	[Currency][Due and Payable Amount]][●]

[6] Describe the Deliverable Obligation(s) to be Delivered, including the currency and Outstanding Principal Balance or Due and Payable Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation)

APPENDIX IVA: FORM OF NOPS AMENDMENT NOTICE

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

NOPS Amendment Notice

Credit Derivative Transaction Details: [Trade Date], [Effective Date], [Reference Entity]

Reference is made to the Credit Derivative Transaction described above (the **Transaction**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Notice of Physical Settlement] NOPS Amendment Notice] dated [*insert date*], previously delivered to you on [*insert date*] dated [*insert date*].

This letter constitutes a NOPS Amendment Notice. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the Confirmation of the Transaction or, if no meaning is specified therein, in the CDS Clearing Supplement.

We hereby notify you that we are replacing the following Deliverable Obligation(s) specified in the Notice of Physical Settlement] NOPS Amendment Notice] specified above with the following Replacement Deliverable Obligation(s):

[*describe the Deliverable Obligation(s) to be replaced, including the Replaced Deliverable Obligation Outstanding Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation) and the Replacement Deliverable Obligation(s) for each Replaced Deliverable Obligation Outstanding Amount so specified and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Replacement Deliverable Obligation)*].

Yours faithfully,

[*Matched Buyer*]

_____

Name:

Title:

APPENDIX IVB: FORM OF ASSET PACKAGE NOTICE

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

Copy to:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Asset Package Notice

Credit Derivative Transaction Details: [Trade Date], [Effective Date], [Reference Entity]

Reference is made to the Credit Derivative Transaction described above (the **Transaction**) between [ ], as Seller, and [ ], as Buyer. Reference is also made to the Notice of Physical Settlement] [NOPS Amendment Notice] dated [*insert date*], previously delivered to you on [*insert date*] dated [*insert date*].

This letter constitutes an Asset Package Notice. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the Confirmation of the Transaction or, if no meaning is specified therein, in the CDS Clearing Supplement.

We hereby notify you that our obligation to Deliver the following Deliverable Obligation(s) specified in the Notice of Physical Settlement] NOPS Amendment Notice] specified above shall be satisfied by Delivery of the following Asset Package:

[*describe the Deliverable Obligation(s) to which the Asset Package relates, including the Deliverable Obligation Amount for each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Deliverable Obligation) and the Assets comprising the Asset Package for each such Deliverable Obligation(s) and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Asset, if applicable)*].

Yours faithfully,

[*Matched Buyer*]

_____

Name:

Title:

APPENDIX V: FORM OF NOTICE TO EXERCISE ALTERNATIVE DELIVERY PROCEDURE PURSUANT TO SECTION 6.7 (*ALTERNATIVE DELIVERY PROCEDURE*)

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Gras

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice to Exercise Alternative Delivery Procedure[7]

Reference is made to: the Settlement Matched Pairs described in the Schedule hereto, being the Settlement Matched Pairs to which this notice relates and Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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The Settlement Matched Pair Delivery Amount relating to each Settlement Matched Pair is that amount specified in the column entitled "Settlement Matched Pair Delivery Amount" in the Schedule hereto, corresponding to such Settlement Matched Pair.

In respect of each Settlement Matched Pair and in accordance with Section 6.7 (*Alternative Delivery Procedure*) we hereby elect to exercise our rights against and perform obligations to you in accordance with the alternative delivery procedure in relation to such percentage and amount of the Settlement Matched Pair Delivery Amount as set out in the column entitled "Percentage and Amount of Settlement Matched Pair Delivery Amount" in the Schedule hereto corresponding to such Settlement Matched Pair.

This notice may be executed in any number of counterparts which together shall constitute one notice.

By countersigning this notice, you are deemed to have given your consent to the above in satisfaction of the requirement to obtain your consent contained in Section 6.7 (*Alternative Delivery Procedure*) of the CDS Clearing Supplement.

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This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer/ Matched Seller*]

---

[7] A single Notice to Exercise Alternative Delivery Procedure may be submitted for multiple trades in respect of the same Counterparty

_____

Name:

Title:

Countersigned by LCH SA

_____

Name:

Title:

SCHEDULE

Credit Derivative Transaction Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date	Settlement Matched Pair Delivery Amount	Percentage and amount of Settlement Matched Pair Delivery Amount
[●]	[●]	[●]	[●]	[●]	[●]	[●]

APPENDIX VI: FORM OF NOTICE OF FALLBACK TO CASH SETTLEMENT OF NON-DELIVERABLE OBLIGATIONS PURSUANT TO SECTION 6.12 (*FALLBACK TO CASH SETTLEMENT IN RESPECT OF NON-DELIVERABLE OBLIGATIONS*)

To: *Settlement Matched Pair Matched Seller Address and Contact Information*

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

Notice of fallback to Cash Settlement in respect of Non-Deliverable Obligations pursuant to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement

Reference is made to Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement and [*insert details of the relevant Settlement Matched Pair(s)*], being the Settlement Matched Pair[s] to which this notice relates and to the [Notice of Physical Settlement][NOPS Amendment Notice] previously delivered to you on [*insert date*] dated [*insert date*]. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.12 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) of the CDS Clearing Supplement we hereby notify you we are not permitted to Deliver the Deliverable Obligations specified below (such Deliverable Obligations, the **Non-Deliverable Obligations**) as specified in the [Notice of Physical Settlement][NOPS Amendment Notice] specified above for the following reasons:

[*Insert details of the relevant Non-Deliverable Obligations and reasonable detail of the relevant circumstances, as described paragraphs (a)(i) and (a)(ii) of Section 6.12 of the CDS Clearing Supplement*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]

_____

Name:

Title:

APPENDIX VII: FORM OF PHYSICAL SETTLEMENT CONFIRMATION AS CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS RELATING TO PHYSICAL SETTLEMENT*)

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[Contact details]

[*date*]

Dear Sir/Madam

Physical Settlement Confirmation

Reference is made to Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement, we hereby notify you that we have completed Physical Settlement with respect to such Settlement Matched Pair[s].

This notice is delivered in satisfaction of the requirement in Section 6.19(b) (*Notification of Completion of Physical Settlement*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

SCHEDULE

Settlement Matched Pair Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date
[●]	[●]	[●]	[●]	[●]

APPENDIX VIII: FORM OF NO PHYSICAL SETTLEMENT CONFIRMATION AS CONTEMPLATED BY SECTION 6.19 (*MISCELLANEOUS PROVISIONS RELATING TO PHYSICAL SETTLEMENT*)

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Settlement Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

No Physical Settlement Confirmation

Reference is made to Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement and the Settlement Matched Pair[s] described in the Schedule hereto, being the Settlement Matched Pair[s] to which this notice relates. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement, we hereby notify you that no Notice of Physical Settlement has been delivered within the relevant time period permitted for such delivery in accordance with the terms of the relevant Physically Settled Cleared Transactions and, accordingly, that Physical Settlement will not, under the terms of such Physically Settled Cleared Transactions, occur.

This notice is delivered in satisfaction of the requirement in Section 6.19(c) (*Notification that Physical Settlement will not occur*) of the CDS Clearing Supplement to inform you of such completion.

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

SCHEDULE

Settlement Matched Pair Details

Settlement Matched Pair ID	Trade ID	Reference Entity	Trade Date	Effective Date
[●]	[●]	[●]	[●]	[●]

APPENDIX IX: FORM OF NOTICE OF CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 7.6 (*CLEARING MEMBER COMMUNICATIONS FAILURE EVENT*)

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice certifying occurrence of a Clearing Member Communications Failure Event

Reference is made to Section 7.6(b) (*Clearing Member to notify LCH SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 7.6(b) (*Clearing Member to notify LCH SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are affected by a Clearing Member Communications Failure Event [*insert details of such failure*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

_____

Name:

Title:

[*Signed by a senior officer (such as a managing director or equivalent) on behalf of the Clearing Member*]

APPENDIX X: FORM OF NOTICE FOR CEASING TO BE SUBJECT TO A CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 7.6 (*CLEARING MEMBER COMMUNICATIONS FAILURE EVENT*)

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To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice that a Clearing Member is no longer subject to Clearing Member Communications Failure Event

Reference is made to Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement and the notice certifying the occurrence of a Clearing Member Communications Failure Event delivered by us to LCH SA on [●] (the **Notice of Clearing Member Communications Failure Event**). Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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In accordance with Section 7.6(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are no longer subject to the relevant Clearing Member Communications Failure Event described in the Notice of Clearing Member Communications Failure Event.

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This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

_____

Name:

Title:

APPENDIX XI: FORM OF NOTICE OF DISPUTE RELATING TO ANY MATCHED PAIR

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

[Restructuring][Settlement] Matched Pair ID: [●]

Trade ID: [●]

Dear Sir/Madam

Notice of dispute relating to [*insert details of the relevant Matched Pairs subject to a dispute*]

Reference is made to Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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In accordance with Section 7.11 (*Disputes as to Notices*) of the CDS Clearing Supplement, notice is hereby given of the following dispute(s):

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[*insert details of Matched Pair(s) affected and the relevant dispute*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

APPENDIX XII: FORM OF NOTICE RELATING TO SELF-REFERENCING TRANSACTIONS

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice relating to Self-Referencing Transactions

Credit Derivative Transaction Details: As set out in the Schedule hereto[8].

Reference is made to the Credit Derivative Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [●], as Seller and [●], as Buyer and to Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 9.1(a) (*Duty to notify*) of the CDS Clearing Supplement, notice is hereby given of the following: [*insert details of one or more of the relevant events, as set out in paragraphs (i), (ii) and (iii) of Section 9.1(a) (Duty to notify) of the CDS Clearing Supplement*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member*]

_____

Name:

Title:

[8] A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Credit Derivative Transaction Details

[Restructuring] Matched Pair ID	**Trade ID**	**Reference Entity**	**Trade Date**	**Effective Date**
[●]	[●]	[●]	[●]	[●]

APPENDIX XIII: CCM CLIENT TRANSACTION REQUIREMENTS

The following provisions (the "**Mandatory Provisions**") are to be incorporated into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The terms of the corresponding CCM Client Cleared Transaction will be governed by the CDS Clearing Supplement. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion in the CCM Client Transaction Documents of the requirements set-out in this Appendix XIII.

The Mandatory Provisions, when they are incorporated into any CCM Client Transaction Documents, shall be governed by and construed in accordance with the governing law applicable to such CCM Client Transaction Documents of which they form part, or if different and applicable, in accordance with such CCM Client Transaction Documents, the governing law applicable to transactions entered into under such CCM Client Transaction Documents. The Mandatory Provisions shall be subject to such dispute resolution mechanisms and procedures and such courts or other forum for hearing disputes as are applicable in respect of such CCM Client Transaction Documents of which they form part. Each CCM and its CCM Client to which the Mandatory Provisions apply will waive any right to object to any such choice of law or proceedings on the basis of *forum non conveniens*, that the governing law or forum is not specified on the face of this document or otherwise.

In this Appendix XIII:

"**CCM Client Buyer**" means a CCM Client that is party to a CCM Client Transaction as protection buyer;

"**CCM Client Seller**" means a CCM Client that is party to a CCM Client Transaction as protection seller;

"**CCM Buyer/Matched Seller**" means a CCM that is party to a CCM Client Transaction as protection buyer and to the corresponding CCM Client Cleared Transaction as protection seller; and

"**CCM Seller/Matched Buyer**" means a CCM that is party to a CCM Client Transaction as protection seller and to the corresponding CCM Client Cleared Transaction as protection buyer.

1. ***Defined Terms***

Terms used in the Mandatory Provisions and not otherwise defined herein or in the 2014 ISDA Credit Derivatives Definitions shall have the meanings given to them in the CDS Clearing Supplement.

2. ***Terms of CCM Client Transactions***

2.1 *2014 ISDA Credit Derivatives Definitions*

The definitions and provisions contained in the 2014 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association ("**ISDA**") (the "**2014 ISDA Credit Derivatives Definitions**"), are incorporated into each CCM Client Transaction.

2.2 *Single Name CCM Client Transactions - Reference Obligation*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the Standard Reference Obligation, provided that if there is no Standard Reference Obligation, such Single Name CCM Client Transaction shall be deemed to reference the CDSClear Preferred Reference Obligation.

2.3 *Single Name CCM Client Transactions - Updating Physical Settlement Matrix*

With effect from the date on which the CCM Client Cleared Transaction corresponding to a Single Name CCM Client Transaction is registered in the TIW, such Single Name CCM Client Transaction shall be deemed to reference the Relevant Physical Settlement Matrix.

With effect from the close of business on any Matrix Re-versioning Date, any Single Name CCM Client Transaction referencing the Existing Matrix will be deemed to have been amended so as to reference the Revised Matrix.

2.4 *Index CCM Client Transactions - Updating Eligible Index Versions*

Upon the occurrence of a DTCC Re-versioning Date, any Index CCM Client Transaction shall be automatically amended so as to reference the portfolio of Reference Entities specified in the revised version of the index published by the Index Publisher and referenced in the TIW with effect from such DTCC Re-versioning Date.

2.5 *Initial Payment Date*

Notwithstanding anything to the contrary in the 2014 ISDA Credit Derivatives Definitions, if the Initial Payment Date specified in the CCM Client Transaction Documents in respect of any CCM Client Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such CCM Client Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Initial Payment Date in respect of such CCM Client Transaction shall be deemed to be the Transaction Business Day immediately following the Clearing Day on which the Cleared Transactions relating to such CCM Client Transaction are created.

2.6 *ISDA 2019 NTCE Protocol*

The Protocol Effectiveness Condition (as defined in the ISDA 2019 NTCE Protocol published by ISDA on 27 August 2019 and as further supplemented from time to time (the "**2019 NTCE Protocol**")) being satisfied, then from and including the Implementation Date (as defined in the 2019 Protocol) the amendments set forth in Schedule 1 (*Amendments*) of the 2019 NTCE Protocol shall apply to each Index CCM Client Transaction and each Single Name CCM Client Transaction which incorporates the 2014 ISDA Credit Derivatives Definitions and each such CCM Client Transaction shall be a Protocol Covered Transaction for the purposes of the 2019 NTCE Protocol provided that:

(i) the date on which the CCM Client Cleared Transaction corresponding to such CCM Client Transaction is registered in the TIW is prior to the Implementation Date;

(ii) such CCM Client Transaction is not an Excluded Transaction (as defined in the 2019 NTCE Protocol) provided that if such CCM Client Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2019 NTCE Protocol) therein, such Affected Portion shall be excluded for the purposes of this Mandatory Provision 2.6 and the remaining portion of such CCM Client Transaction shall be deemed to be a Protocol Covered Transaction;

(iii) the Scheduled Termination Date in respect of such CCM Client Transaction is on or after the Implementation Date; and

(iv) no Event Determination Date has occurred in respect of such CCM Client Transaction prior to the Implementation Date.

3. ***Additional CCM Client Transactions, Compression and Succession Events***

3.1 *Creation of Additional CCM Client Transactions*

Immediately following:

(a) the creation of Matched Pairs by LCH SA pursuant to Section 8.1 (*Creation of Matched Pairs*) of the CDS Clearing Supplement; or

(b) the creation of Resulting Single Name Cleared Transactions pursuant to Section 4.4 (*Re-couponing of Restructuring Cleared Transactions*) of the CDS Clearing Supplement,

if a CCM Client Transaction has been specified to have been split into or replaced by two or more separate CCM Client Transactions in the TIW as a result of the creation of such Matched Pairs or Resulting Single Name Cleared Transactions, such CCM Client Transaction shall be split into or terminated and replaced by two or more (as applicable) corresponding CCM Client Transactions. The Floating Rate Payer Calculation Amount and Fixed Rate of each such CCM Client Transaction shall correspond to the Floating Rate Payer Calculation Amount and Fixed Rate specified in TIW for such CCM Client Transaction. In respect of CCM Client Transactions created as a result of the creation of Resulting Single Name Cleared Transactions, the Trade Date of such new CCM Client Transactions shall be the same as the Trade Date of the equivalent Resulting Single Name Cleared Transactions. Otherwise, each new CCM Client Transaction shall have the same terms as the original CCM Client Transaction.

3.2 *Reversal of Creation of Additional CCM Client Transactions*

If a CCM Client Transaction has been split into two or more CCM Client Transactions pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above and the relevant DC Credit Event Announcement that led to the creation of the Matched Pairs is reversed such that Section 5.5 (*Reversal of DC Credit Event Announcements*) of the CDS Clearing Supplement applies, then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions, any additional CCM Client Transactions created pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above shall be

deemed not to have been created and any Credit Event Notices delivered in connection with such CCM Client Transactions shall be deemed to be ineffective.

3.3 *Compression of CCM Client Transactions*

If two or more CCM Client Transactions are specified in TIW to have been compressed into a single CCM Client Transaction pursuant to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such CCM Client Transactions shall be compressed into a single CCM Client Transaction with a Floating Rate Payer Calculation Amount equal to the aggregate Floating Rate Payer Calculation Amounts of the original CCM Client Transactions.

3.4 *Succession Events and Cleared Transactions*

If LCH SA takes any action with respect to a CCM Client Cleared Transaction pursuant to Section 4.5 (*Succession Events and Cleared Transactions*) of the CDS Clearing Supplement so as to give effect to a Succession Event, such action shall also be deemed to have been taken with respect to the corresponding CCM Client Transaction.

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4. ***Notices***

4.1 *Validity of Notices*

Save if and as expressly stated to the contrary in the Mandatory Provisions, any notice delivered by a CCM Client to its CCM in respect of a CCM Client Transaction (including, without limitation, a Credit Event Notice, Notice of Physical Settlement, Notice to Exercise Movement Option or NOPS Amendment Notice) at a time or in a manner in which the CCM would not be permitted to deliver such a notice to LCH SA (or to a relevant Matched Buyer or Matched Seller as designee of LCH SA (as applicable)) in respect of the corresponding CCM Client Cleared Transaction pursuant to the terms of the CDS Clearing Supplement shall be deemed not to have been delivered.

4.2 *Credit Event Notices and NEMOs given via DTCC*

(a) *Credit Event Notices and NEMOs to be given via DTCC*

Credit Event Notices and Notices to Exercise Movement Option shall be delivered by way of the relevant DTCC Notice Facility, save if and as expressly stated to the contrary in the Mandatory Provisions or otherwise agreed between the parties to the CCM Client Transaction. The deemed time of delivery of any such notices shall be as set out in the DTCC Rules from time to time.

(b) *Credit Event Notices and NEMOs delivered in respect of corresponding CCM Client Cleared Transaction*

In respect of a CCM Client Transaction, if:

(i) CCM Seller/Matched Buyer or CCM Buyer/Matched Seller delivers a valid Credit Event Notice or Notice to Exercise Movement Option in respect of the

corresponding CCM Client Cleared Transaction by way of the relevant DTCC Notice Facility; or

(ii) a Credit Event Notice or Notice to Exercise Movement Option is deemed to have been delivered in respect of the corresponding CCM Client Cleared Transaction pursuant to Section 7.3(b) (*Credit Event Notices and NEMOs delivered in respect of CCM Client Transaction*) of the CDS Clearing Supplement as a result of the receipt of a valid Credit Event Notice or Notice to Exercise Movement Option (as applicable) by way of the relevant DTCC Notice Facility in respect of the CCM Client Transaction between the other CCM of a Matched Pair and its CCM Client,

and a Credit Event Notice or Notice to Exercise Movement Option (as applicable) has not already been given in respect of such CCM Client Transaction in accordance with Mandatory Provision 4.4 (*Communications Failure Event*) such notice (or deemed notice) shall be deemed also to be a Credit Event Notice or Notice to Exercise Movement Option (as applicable) for the purposes of such CCM Client Transaction.

4.3 *Consequences of DTCC Failure*

If a DTCC Failure Event occurs, from (and including) the DTCC Failure Event Time to (but excluding) the DTCC Resolution Time:

(a) Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC)* shall not apply and accordingly Credit Event Notices and Notices to Exercise Movement Option shall be delivered directly (and not via the relevant DTCC Notice Facility);

(b) any notice delivered via the relevant DTCC Notice Facility prior to the DTCC Failure Event Time will be valid and will not be affected by such DTCC Failure Event; and

(c) any notice delivered or purported to be delivered via the relevant DTCC Notice Facility at or following the DTCC Failure Event Time but prior to the DTCC Resolution Time will not be valid and effective.

Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC)* shall apply with effect from the DTCC Resolution Time and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

4.4 *Communications Failure Event*

(a) *Right to deliver Notices manually following Communications Failure Event*

If a party is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such party to deliver any Credit Event Notice in relation to an M(M)R Restructuring or any Notice to Exercise Movement Option via a relevant DTCC Notice Facility (a "**Communications Failure Event**") it may, notwithstanding Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be*

given via DTCC), deliver Credit Event Notices and Notices to Exercise Movement Option directly (and not via the relevant DTCC Notice Facility).

Such party shall deliver, together with any Credit Event Notice or Notice to Exercise Movement Option delivered by it directly, a notice signed by a senior officer (such as a managing director or equivalent) of such party certifying that it is affected by a Communications Failure Event (or, if such party is unable to deliver such notice in writing, orally by telephone).

(b) *Notices to party affected by Communications Failure Event*

For the avoidance of doubt, Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*) shall continue to apply in respect of notices given by the party not affected by the Communications Failure Event to the party affected by the Communications Failure Event.

(c) *Notification of Resolution of Communications Failure Event*

As soon as reasonably practicable upon a party ceasing to be subject to a Communications Failure Event, it shall notify the other party accordingly and thereupon Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*) shall apply and, accordingly, any notice thereafter delivered or purported to be delivered directly (and not via the relevant DTCC Notice Facility) will not be valid and effective.

(d) *Duty to Mitigate*

A party which is subject to a Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on the other party of any Communications Failure Event, to cure such Communications Failure Event as soon as possible and to ensure that the circumstances giving rise to the relevant Communications Failure Event do not recur.

(e) *Breach does not Invalidate Valid Notices*

Without prejudice to any other rights or remedies of the parties, any breach by a party of the provisions of this Mandatory Provision 4.4 shall not cause any Credit Event Notice or Notice to Exercise Movement Option delivered otherwise than in accordance with the terms of the relevant CCM Client Transaction, which would otherwise be valid and effective, to be invalid or ineffective.

4.5 *Uncertain Delivery*

(a) *Manual Notice permitted if Delivery of Notice in DTCC uncertain*

Notwithstanding Mandatory Provision 4.2(a) *(Credit Event Notices and NEMOs to be given via DTCC*), where such notices are permitted to be delivered by means other than the relevant DTCC Notice Facility pursuant to this Mandatory Provision 4 (*Notices*), and a party is uncertain as to whether or not a Credit Event Notice or Notice

to Exercise Movement Option (as applicable) it attempted to deliver via a DTCC Notice Facility has:

(i) actually been delivered; or

(ii) was delivered prior to the DTCC Failure Time,

that party shall be entitled to deliver such a notice directly to the other party specifying that such notice is only to be effective to the extent that the other purported notice is not effective.

(b) *Details to be provided of Uncertain Notice*

If a party delivers a manual notice pursuant to Mandatory Provision 4.5(a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above, such party shall be required to provide (together with such notice) sufficient details of the notice attempted to be given by way of the relevant DTCC Notice Facility so as to allow the other party to identify the communication concerned.

(c) *DTCC Notice delivered successfully*

If the first Credit Event Notice or Notice to Exercise Movement Option (as applicable) to which the manual notice delivered pursuant to Mandatory Provision 4.5(a) (*Manual Notice permitted if Delivery of Notice in DTCC uncertain*) above related was actually delivered successfully, any subsequent Credit Event Notice or Notice to Exercise Movement Option delivered shall be deemed not to have been delivered.

5. ***Determination of Credit Events and Succession Events***

Notwithstanding any provision to the contrary:

(a) the Calculation Agent shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Successor Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and

(b) neither party shall be entitled to deliver a Successor Notice or a Credit Event Notice (other than Credit Event Notices in relation to an M(M)R Restructuring in accordance with the terms of any Restructuring CCM Client Transaction (including the Mandatory Provisions) and, where applicable, the DTCC Rules).

6. ***Timings for the Delivery of Manual Notices***

The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:

6.1 *Delivery of Manual Notices by CCM Client Buyer*

For the purposes of the delivery by CCM Client Buyer of any notice in respect of a CCM Client Transaction which is permitted pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions) to be delivered manually (rather than via the relevant DTCC Notice Facility), Section 1.38 (*Requirements Regarding Notices*) of the 2014 ISDA Credit

Derivatives Definitions shall be amended so as to provide that, solely in respect of the final day on which such manual notice could validly be delivered pursuant to the terms of such CCM Client Transaction (including the Mandatory Provisions), any such notice shall be required to be delivered on or prior to 2:00 p.m. (Calculation Agent City time) in order to be effective.

A manual notice (including, without limitation, a Credit Event Notice or a Notice to Exercise Movement Option) delivered after 2:00 p.m. (Calculation Agent City time) on the final day on which such notice could validly be delivered pursuant to the terms of the relevant CCM Client Transaction (including the Mandatory Provisions) shall be deemed not to have been delivered.

6.2 *Onward Delivery of Certain Notices by CCM Seller/Matched Buyer to Matched Seller*

Any Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, any notice given pursuant to Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions in respect of any Asset or Asset Package, any notice given pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered)* of the 2014 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.8 (*Alternative Procedures Relating to Loans Not Delivered)* of the 2014 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by CCM Client Buyer to CCM Seller/Matched Buyer in respect of and pursuant to the terms of a CCM Client Transaction (including the Mandatory Provisions) shall not be effective unless and until CCM Seller/Matched Buyer effectively delivers the relevant equivalent notice to the relevant Matched Seller in respect of and pursuant to the terms of the corresponding Restructuring Cleared Transaction or Physically Settled Cleared Transaction, as applicable.

CCM Seller/Matched Buyer undertakes to deliver such a notice to the relevant Matched Seller within two hours of its receipt of the equivalent notice from CCM Client Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Seller/Matched Buyer before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9.00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

The following provision shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Seller and its CCM Buyer/Matched Seller:

6.3 *Receipt of Certain Notices by CCM Buyer/Matched Seller deemed to be Receipt by CCM Client Seller*

Any Credit Event Notice, Notice to Exercise Movement Option, Notice of Physical Settlement, NOPS Amendment Notice, any notice given pursuant to Section 8.2 (*Notice of Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions in respect of any Asset or Asset

Package, any notice given pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered)* of the 2014 ISDA Credit Derivatives Definitions or any notice given pursuant to Section 9.8 (*Alternative Procedures Relating to Loans Not Delivered)* of the 2014 ISDA Credit Derivatives Definitions which is permitted to be and is delivered manually by the relevant Matched Buyer to CCM Buyer/Matched Seller in respect of and pursuant to the terms of a Restructuring Cleared Transaction or Physically Settled Cleared Transaction (as applicable) relating to a CCM Client Transaction between such CCM Buyer/Matched Seller and CCM Client shall be deemed to constitute simultaneous delivery by CCM Buyer/Matched Seller to CCM Client Seller of such notice in respect of such CCM Client Transaction.

CCM Buyer/Matched Seller undertakes to deliver such a notice to CCM Client Seller within two hours of its receipt of the equivalent notice from the relevant Matched Buyer if such notice is received between 9:00 a.m. (Calculation Agent City time) and 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day. Any such notice received by CCM Buyer/Matched Seller before 9:00 a.m. (Calculation Agent City time) on a Calculation Agent City Business Day shall be deemed to have been received at 9:00 a.m. (Calculation Agent City time) on such Calculation Agent City Business Day. Any such notice delivered on a day that is not a Calculation Agent City Business Day shall be deemed to have been delivered at 9.00 a.m. (Calculation Agent City time) on the following Calculation Agent City Business Day.

7. ***Physical Settlement***

7.1 *Fallback to Cash Settlement resulting from corresponding CCM Client Cleared Transaction*

If a CCM notifies its CCM Client that the Physically Settled Cleared Transaction corresponding to their CCM Client Transaction is to be settled (in whole or in part) by Cash Settlement pursuant to Section 6 (*Physical Settlement*) of the CDS Clearing Supplement and such CCM Client Transaction has not already been settled by Physical Settlement, such CCM Client Transaction shall also be settled (in whole or in part, as applicable) by Cash Settlement and the Cash Settlement Amount and the Cash Settlement Date shall be the same as the Cash Settlement Amount and the Cash Settlement Date determined in respect of the corresponding Physically Settled Cleared Transaction.

In respect of the CCM Client Transaction between CCM Client Buyer and CCM Seller/Matched Buyer, if CCM Client Buyer has already Delivered the Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer in whole (if Cash Settlement applies) or in part (if Partial Cash Settlement applies in which case CCM Seller/Matched Buyer shall retain a proportion of the Deliverable Obligations equal to the proportion of the Transaction to be settled by Physical Settlement).

7.2 *Fallback to Cash Settlement in respect of Non-Deliverable Obligations*

If, in respect of a CCM Client Transaction, Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the Non-Deliverable Obligations)

specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to Seller because:

(a) the amount of such Deliverable Obligation is less than the relevant minimum denomination of such Deliverable Obligation; or

(b) Seller is not a permitted transferee under such Deliverable Obligation (and, in the case of this sub-section (ii), such circumstance would not constitute an illegality or impossibility outside the control of a relevant party for the purposes of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions),

then it shall notify Seller accordingly describing in reasonable detail the relevant circumstances.

With effect from such notification, such occurrence shall be treated, in relation to such CCM Client Transaction, as an illegality or impossibility outside the control of a relevant party for the purpose of Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions and "Cash Settlement" pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such CCM Client Transaction with respect to the Non-Deliverable Obligations as though the Non-Deliverable Obligations were Undeliverable Obligations and the provisions set out in Mandatory Provision 7.3 (*Consequences of Cash Settlement*) below shall apply.

7.3 *Consequences of Cash Settlement*

If the circumstances set out in either Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) apply to a CCM Client Transaction, then:

(a) the Latest Permissible Physical Settlement Date in respect of such CCM Client Transaction will be deemed to be the first date on which the relevant Buyer or Seller effectively gave the relevant notice to the other pursuant to either Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) above, as applicable, (and for these purposes, Section 9.5 (*Latest Permissible Physical Settlement Date*) of the 2014 ISDA Credit Derivatives Definitions shall not apply); and

(b) where sub-paragraph (ii) of Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) applies, Indicative Quotations shall not be applicable.

7.4 *Asset Package Delivery*

If Asset Package Delivery is applicable in respect of a Physically Settled Cleared Transaction and an Asset to be delivered is a Non-Transferable Instrument or Non-Financial Instrument, then the Asset shall be deemed to be an amount of cash equal to the value determined by the

CDSClear Product Committee (which, notwithstanding anything to the contrary shall be the "Calculation Agent" for the purposes of Section 8.15 (*Asset Market Value*) of the 2014 IDSA Credit Derivatives Definitions).

If a CCM notifies its CCM Client that Asset Package Delivery is applicable in respect of the Physically Settled Cleared Transaction corresponding to their CCM Client Transaction and such CCM Client Transaction has not already been settled by Physical Settlement and the relevant Asset Package comprises Assets in the form of cash in the Settlement Currency (whether pursuant to Section 8.12(b)(v) of the 2014 ISDA Credit Derivatives Definitions or otherwise) then Asset Package Delivery shall also apply in respect of such CCM Client Transaction and

(i) the Physical Settlement Amount in respect of such CCM Client Transaction shall be an amount equal to the Physical Settlement Amount minus the Asset Package Cash Settlement Amount determined in respect of the corresponding Physically Settled Cleared Transaction; and

(ii) the only Assets to be Delivered in respect of such CCM Client Transaction shall be such Assets as are Delivered in respect of the corresponding Physically Settled Cleared Transaction.

The following provisions shall solely be applicable in respect of a CCM Client Transaction between a CCM Client Buyer and its CCM Seller/Matched Buyer:

7.5 *Delivery of Deliverable Obligations by CCM Client Buyer to CCM Seller/Matched Buyer*

This Mandatory Provision 7.5 shall be applicable unless the CCM Client Buyer and CCM Seller/Matched Buyer agree that it shall not apply in respect of a specific CCM Client Transaction.

In respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations (or if Asset Package Delivery is applicable, the Assets) to be Delivered by CCM Client Buyer to CCM Seller/Matched Buyer shall be deemed not to have occurred for the purposes of such CCM Client Transaction unless and until CCM Seller/Matched Buyer Delivers equivalent Deliverable Obligations or Assets to Matched Seller pursuant to the Physical Settlement of the corresponding Physically Settled Cleared Transaction.

Unless in respect of the corresponding Physically Settled Cleared Transactions:

(a) Cash Settlement is applicable (in whole or in part);

(b) a Buy-in Period is applicable or Buy-in Price has been determined pursuant to Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions;

(c) a Deemed Buy-in Period is applicable pursuant to Section 6.8(b)(i) of the CDS Clearing Supplement or Section 6.8(b)(ii) of the CDS Clearing Supplement is applicable;

(d) Section 9.8(i) of the 2014 ISDA Credit Derivatives Definitions is applicable or Matched Seller has required Matched Buyer to Deliver a Bond or Loan pursuant to Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions; or

(e) Matched Seller has required Matched Buyer to Deliver a Deliverable Obligation pursuant to Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered)* of the 2014 ISDA Credit Derivatives Definitions,

(each such event, a "**Non-delivery Event**"), CCM Seller/Matched Buyer undertakes to Deliver the Deliverable Obligations (or such portion of the Deliverable Obligations not affected by a Non-delivery Event) or, if Asset Package Delivery is applicable, the Assets, to Matched Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligation(s) or Assets would, if effected on the day on which CCM Seller/Matched Buyer received the Deliverable Obligations or Assets from CCM Client Buyer or on which the relevant Non-delivery Event ceased to apply, as applicable, (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligations or Assets, as the case may be, as determined by the Calculation Agent after consultation with the parties.

For the purposes of Article VIII (*Terms relating to Physical Settlement*) of the 2014 ISDA Credit Derivatives Definitions, the Physical Settlement Amount shall not be payable by CCM Seller/Matched Buyer to CCM Client Buyer in respect of the CCM Client Transaction until the Physical Settlement of the corresponding Physically Settled Cleared Transaction has occurred.

7.6 *Buy-in of Bonds not Applicable*

Section 9.7 (*Buy-in of Bonds Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.7 *Buyer's Right to Deliver suspended during Buy-in Period*

If CCM Seller/Matched Buyer notifies CCM Client Buyer in respect of a CCM Client Transaction that (i) it has received a Buy-in Notice from Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair or (ii) it has been notified by Matched Seller in respect of the Matched Contracts of the related Settlement Matched Pair pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement that such Matched Seller has received a Buy-in Notice from its CCM Client in respect of the CCM Client Transaction between such Matched Seller and its CCM Client, such notice from CCM Seller/Matched Buyer specifying:

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i) the Buy-in Date;

ii) the Relevant Bonds; and

iii) the Outstanding Principal Balance thereof sought to be bought-in,

then CCM Client Buyer's right to Deliver the specified Relevant Bonds shall be suspended until the fourth Business Day (inclusive) following such Buy-in Date.

7.8 *Buy-in of Bonds in respect of Matched Contracts of the Settlement Matched Pair*

Provided that Physical Settlement has not already occurred in respect of a CCM Client Transaction, if CCM Seller/Matched Buyer notifies CCM Client Buyer that a Buy-in Price has

been (i) determined or (ii) deemed to be determined pursuant to Section 6.8(b) (*Deemed Buy-in of Bonds resulting from CCM Client Transaction of Matched Seller*) of the CDS Clearing Supplement, in respect of Relevant Bonds for the purposes of the Matched Contracts of the related Settlement Matched Pair, then on the Buy-in Effective Date:

i) CCM Client Buyer will be deemed to have Delivered to CCM Seller/Matched Buyer an Outstanding Principal Balance of the Deliverable Obligations equal to the Outstanding Principal Balance of the Deliverable Obligations Delivered or deemed to be Delivered by CCM Seller/Matched Buyer to Matched Seller in respect of the Matched Contracts; and

ii) the Physical Settlement Amount to be paid by CCM Seller/Matched Buyer to CCM Client Buyer in respect of this CCM Client Transaction shall be reduced (but not below zero) by an amount equal to the amount by which the Physical Settlement Amount to be paid to CCM Seller/Matched Buyer by Matched Seller in respect of the Matched Contracts is to be reduced.

CCM Seller/Matched Buyer shall notify CCM Client Buyer of such Outstanding Principal Balance of the Deliverable Obligations and such Physical Settlement Amount reduction for the purposes of i) and ii) above and of the Buy-in Effective Date.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an Outstanding Principal Balance equal to the Outstanding Principal Balance of the Deliverable Obligation(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.8.

7.9 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.10 *Alternative Procedures relating to Loans – Seller designates alternative Loan or Bond*

In respect of a CCM Client Transaction, CCM Seller/Matched Buyer shall notify CCM Client Buyer if it has purchased Bond(s) and/or Loan(s) pursuant to Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions on the instructions of the Matched Seller in respect of the corresponding CCM Client Cleared Transaction.

Following such notification, such Bond(s) and/or Loan(s) shall be deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer in Physical Settlement of the CCM Client Transaction and the Physical Settlement Amount payable by CCM Seller/Matched Buyer to CCM Client Buyer shall be reduced (but not below zero) by an amount equal to the price at which such Bond(s) and or Loan(s) were purchased.

CCM Seller/Matched Buyer shall provide CCM Client Buyer with details of such Bond(s) and/or Loan(s) and the related purchase price(s) in such notice.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM

Client Buyer and such equivalent Deliverable Obligations shall have an Outstanding Principal Balance equal to the Outstanding Principal Balance of the Bond(s) and/or Loan(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.10.

7.11 *Alternative Procedures relating to Assets Not Delivered*

Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered)* of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.12 *Alternative Procedures relating to Assets Not Delivered – Seller designates alternative Deliverable Obligation(s)*

In respect of a CCM Client Transaction, CCM Seller/Matched Buyer shall notify CCM Client Buyer if it has purchased one or more Deliverable Obligations pursuant to Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered)* of the 2014 ISDA Credit Derivatives on the instructions of the Matched Seller in respect of the corresponding CCM Client Cleared Transaction.

Following such notification, such Deliverable Obligations shall be deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer in Physical Settlement of the CCM Client Transaction and the Physical Settlement Amount payable by CCM Seller/Matched Buyer to CCM Client Buyer shall be reduced (but not below zero) by an amount equal to the price at which such Deliverable Obligations were purchased.

CCM Seller/Matched Buyer shall provide CCM Client Buyer with details of such Deliverable Obligation(s) and the related purchase price(s) in such notice.

If CCM Client Buyer has already Delivered Deliverable Obligations to CCM Seller/Matched Buyer, CCM Seller/Matched Buyer shall redeliver equivalent Deliverable Obligations to CCM Client Buyer and such equivalent Deliverable Obligations shall have an Outstanding Principal Balance equal to the Outstanding Principal Balance of the Deliverable Obligation(s) specified by CCM Seller/Matched Buyer in the above notice and deemed to have been Delivered by CCM Client Buyer to CCM Seller/Matched Buyer pursuant to this Mandatory Provision 7.12.

The following provisions shall solely be applicable in respect of a CCM Client Transaction between CCM Client Seller and CCM Buyer/Matched Seller:

7.13 *Delivery of Deliverable Obligations to CCM Client Seller*

This Mandatory Provision 7.13 shall be applicable unless the CCM Client Seller and CCM Buyer/Matched Seller agree that it shall not apply in respect of a specific CCM Client Transaction.

Subject to the proviso below, in respect of a CCM Client Transaction, the Delivery of any Deliverable Obligations (or if Asset Package Delivery is applicable, the Assets) to be Delivered by CCM Buyer/Matched Seller to CCM Client Seller shall be deemed to have occurred for the purposes of such CCM Client Transaction upon receipt by CCM Buyer/Matched Seller of the

Deliverable Obligations or Assets in respect of the Physical Settlement of the related Physically Settled Cleared Transaction; *provided, however, that* if the CCM Client Transaction is to be settled by Cash Settlement (in whole or in part) pursuant to Section 9.1 (*Partial Cash Settlement Due to Impossibility or Illegality*) of the 2014 ISDA Credit Derivatives Definitions or Mandatory Provision 7.2 (*Fallback to Cash Settlement in respect of Non-Deliverable Obligations*) then such portion of the CCM Client Transaction which is to be settled by Cash Settlement shall not be deemed to be settled until such Cash Settlement occurs.

Provided that Cash Settlement is not applicable, CCM Buyer/Matched Seller undertakes to Deliver the Deliverable Obligations or Assets to CCM Client Seller not later than the first Business Day after the day on which a trade in such Deliverable Obligations or Assets would, if effected on the day on which CCM Buyer/Matched Seller received the Deliverable Obligations or Assets from Matched Buyer (or if such day is not a Business Day, the following Business Day), be settled in accordance with then current market practice of such Deliverable Obligations or Assets, as the case may be, as determined by the Calculation Agent after consultation with the parties.

7.14 *Alternative Procedures relating to Loans – Seller Right to Select*

Section 9.8(ii) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.15 *Alternative Procedures relating to Loans in respect of Matched Contracts*

In respect of a CCM Client Transaction, if CCM Buyer/Matched Seller notifies CCM Client Seller that a Bond or Loan has been deemed specified in a NOPS Amendment Notice in respect of the Matched Contracts of the Settlement Matched Pair that corresponds to such CCM Client Transaction pursuant to (i) Sections 9.8(i) or (ii) of the 2014 ISDA Credit Derivatives Definitions or (ii) Section 6.9 (*Alternative Procedures Relating to Loans Not Delivered – Buyer Right to Deliver*) of the CDS Clearing Supplement, then for the purposes of the Matched Contracts of the related Settlement Matched Pair such Bond or Loan shall be deemed to have been specified in a NOPS Amendment Notice in respect of such CCM Client Transaction and such NOPS Amendment Notice will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date.

7.16 *Alternative Procedures relating to Assets Not Delivered*

Section 9.9 (*Alternative Procedures relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

7.17 *Alternative Procedures relating to Assets Not Delivered*

In respect of a CCM Client Transaction, if CCM Buyer / Matched Seller notifies CCM Client Seller that a Deliverable Obligation has been deemed specified in a NOPS Amendment Notice in respect of the Matched Contracts of the Settlement Pair that corresponds to such CCM Client Transaction pursuant to Section 9.9 (*Alternative Procedures Relating to Assets Not Delivered*) of the 2014 ISDA Credit Derivatives Definitions then for the purposes of the Matched Contracts of the related Settlement Matched Pair such Deliverable Obligation shall be deemed to have been specified in a NOPS Amendment Notice in respect of such CCM

Client Transaction and such NOPS Amendment Notice will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date.

8. ***Self Referencing Transactions***

8.1 *Section 11.4 (Merger of Reference Entity and Seller) of the 2014 ISDA Credit Derivatives Definitions*

Section 11.4 (*Merger of Reference Entity and Seller*) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

8.2 *Notification of Self Referencing Transactions*

In respect of any Single Name CCM Client Transaction, the CCM Client shall, unless prohibited from so doing by applicable law, notify the CCM as soon as reasonably practicable if:

i) the CCM Client is or consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Reference Entity in relation to such Single Name CCM Client Transaction or enters into any agreement in respect of any of the foregoing;

ii) the CCM Client and the Reference Entity in relation to such Single Name CCM Client Transaction are or become Affiliates; or

iii) in respect of a Restructuring CCM Client Transaction, the CCM Client is or becomes the Reference Entity in relation to such Restructuring CCM Client Transaction as a result of the occurrence of the relevant M(M)R Restructuring.

8.3 *Termination of Self Referencing Transactions*

A CCM Client Transaction shall be terminated (unless it has already been terminated) at the same time as the termination of the corresponding Single Name Cleared Transaction pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*) of the CDS Clearing Supplement and by reference to the price at which such Single Name Cleared Transaction is terminated and an amount will be payable:

(a) if the CCM receives an amount from LCH SA in relation to such Single Name Cleared Transaction pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*), by the CCM to the CCM Client equal to such amount and on the Business Day following receipt by the CCM of such amount from LCH SA; and

(b) if the CCM is obliged to pay an amount to LCH SA in relation to such Single Name Cleared Transaction pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*), by the CCM Client to the CCM equal to such amount and on the later of (I) the Business Day prior to the day on which the CCM is obliged to pay such amount to LCH SA and (II) the Business Day following the Business Day on which the CCM gives notices to the CCM Client of the relevant amount.

8.4 *Costs of Terminating Self Referencing Transactions*

Without prejudice to any other indemnity agreed between the CCM and the CCM Client in relation to CCM Client Transactions, the CCM Client agrees to indemnify and hold harmless the CCM from and against all costs and expenses that the CCM is obliged to bear pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*) of the CDS Clearing Supplement.

8.5 *Compression of Self Referencing Transactions*

Where the CCM acts as Matched Buyer and Matched Seller in respect of fungible Single Name Cleared Transactions that have a corresponding CCM Client Transaction in respect of which CCM Client has given notice to CCM pursuant to Mandatory Provision 8.2 (*Notification of Self Referencing Transactions*) and the relevant Single Name Cleared Transactions are compressed pursuant to Section 9.2 (*Occurrence of Client Self Referencing Transactions*) of the CDS Clearing Supplement, the CCM Client will be deemed to have submitted to CCM a request to compress the corresponding CCM Client Transactions.

9. ***Calculation Agent***

9.1 *Appointment of Calculation Agent*

The Calculation Agent in respect of any CCM Client Transaction shall be the CCM.

9.2 *Calculations and Determinations of Calculation Agent*

In the event that the Calculation Agent is entitled or required to make any calculation or determination in respect of a CCM Client Transaction in respect of a matter that has already been or will be determined in respect of and pursuant to the terms of the corresponding CCM Client Cleared Transaction, the Calculation Agent in respect of the CCM Client Transaction shall be obliged to make the same calculation or determination in respect of such CCM Client Transaction as the determination in respect of the corresponding CCM Client Cleared Transaction (including, without limitation, any determination of any Cash Settlement Amount payable in respect of the CCM Client Transaction).

10. ***Amendments***

The Mandatory Provisions may be amended from time to time pursuant to Section 11 (*Amendments*) of the CDS Clearing Supplement. The parties agree that any amendments made to the Mandatory Provisions in accordance with Section 11 (*Amendments*) of the CDS Clearing Supplement shall be deemed to apply automatically to the CCM Client Transaction(s) with effect from the date of such amendment to the Mandatory Provisions.

PART C

CDS CLEARING SUPPLEMENT

FOR CREDIT INDEX SWAPTIONS

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1. GENERAL PROVISIONS

1.1 Incorporation of Defined Terms

Capitalised terms used in this CDS Clearing Supplement and not otherwise defined herein shall have the meaning given pursuant to the Index Swaption Cleared Transaction Confirmation, the 2014 ISDA Credit Derivatives Definitions, the ISDA Swap Transaction Definitions or the CDS Clearing Rule Book, as applicable. In the case of any such terms defined in the CDS Clearing Rule Book, such terms shall be interpreted in accordance with the governing law specified therefor in the CDS Clearing Rule Book.

1.2 Terms defined in the CDS Clearing Supplement

For the purposes of the CDS Clearing Documentation, the following capitalised terms shall, unless otherwise specified, have the respective meanings set out below:

2006 Definitions: The 2006 ISDA Definitions published by ISDA.

2021 Definitions: The 2021 ISDA Interest Rate Derivatives Definitions published by ISDA.

2014 ISDA Credit Derivatives Definitions: The 2014 ISDA Credit Derivatives Definitions published by ISDA.

Abandon: The Abandonment of an Exercise Cleared Transaction.

Abandonment: The delivery of a valid Abandonment Notice by Swaption Buyer (or deemed delivery pursuant to Section 6.3 (*Exercise and Abandonment by way of EEP*) or Section 6.4 (*Delegation by Clearing Members to Clients*) below) in respect of the Exercise Cleared Transactions of an Exercise Matched Pair.

Abandonment Notice: The notice of abandonment given by Swaption Buyer to Swaption Seller in accordance with Section 6.6 (*Abandonment of Exercise Cleared Transactions*).

CCM Client Cleared Transaction: A Cleared Transaction between a CCM and LCH SA registered in a CCM Client Trade Account of a CCM.

CCM Client Communications Failure Event: As set out at Mandatory Provision 5.7(b) (*CCM Client Communications Failure Event*).

CCM Client Transaction: A Transaction between a CCM and a CCM Client which is on the same economic terms as its corresponding CCM Client Cleared Transaction.

CCM Client Transaction Documents: The documentation entered into by a CCM and its CCM Client to document a CCM Client Transaction.

CDS Buyer: The Fixed Rate Payer under the relevant Underlying Index Transaction.

CDSClear Preferred Reference Obligation: This term shall have the meaning set out in Section 4 of the Procedures.

CDSClear Product Committee: A committee composed of representatives of LCH SA and representatives of Clearing Members for the purposes of carrying-out the tasks apportioned to it by the CDS Clearing Documentation as further described in the terms of reference for such committee, agreed in consultation with the Clearing Members and as may be amended from time to time in consultation with the Clearing Members.

CDS Clearing Rule Book: The document entitled "CDS Clearing Rule Book" published by LCH SA, as amended from time to time.

CDS Seller: The Floating Rate Payer under the relevant Underlying Index Transaction.

CDX Swaption Standard Terms Supplement: The latest version of the CDX Untranched Transactions Swaption Standard Terms Supplement in force, as published by Markit North America, Inc. or any affiliate of Markit North America, Inc. and as amended by this CDS Clearing Supplement.

CEN Triggering Period: In relation to any M(M)R Restructuring, the period during which the parties to the Swaption Restructuring Cleared Transaction of a Swaption Restructuring Matched Pair may deliver a Credit Event Notice in relation to the relevant M(M)R Restructuring, such period starting at 9:00 a.m. on and including the earlier to occur of:

(a) the Relevant City Business Day following publication of the related Final List; and

(b) the fifth calendar day following the No Auction Announcement Date,

and ending on and including the Exercise Cut-off Date applicable to CDS Buyer or CDS Seller (as applicable).

Clearing Member Communications Failure Event: As set out at 6.10 (*Clearing Member Communications Failure Event*).

Clearing Member Notice: A Swaption Clearing Member Notice or a Swaption Restructuring Clearing Member Notice.

Clearing Member Portal Account: The account of a Clearing Member established in the LCH Portal for, amongst other things, the purposes of the Exercise and Abandonment of Exercise Cleared Transactions.

Client Portal Account: The account of a Client established in the LCH Portal for the purposes of, amongst other things, the Exercise and Abandonment of Exercise Cleared Transactions.

Client Portal Account Number: The unique account number assigned by LCH SA to a Client Portal Account.

Component Transaction: As defined in the Index Cleared Transaction Confirmation.

Compression Cut-off Date: The last date on which a Clearing Member may submit a request for an Index Swaption Cleared Transaction to be compressed pursuant to the ad hoc compression methodology and on which a daily automatic compression cycle will be run by

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LCH SA, in each case in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book and Section 5 of the Procedures, being:

(a) the date falling one Transaction Business Day prior to the Novation Cut-off Date in respect of the relevant Eligible Underlying Index Transaction Version; or

(b) following the occurrence of DC Credit Event Announcement of an M(M)R Restructuring (and prior to the creation of Swaption Restructuring Matched Pairs pursuant to Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*)), the earlier of (A) the date of publication of the relevant Initial List (as defined in the DC Rules), (B) the date falling two Transaction Business Days prior to the relevant date on which the related SRMP Notification Deadline falls and (C) such other date falling between the dates in (A) and (B), as determined by LCH SA in consultation with the CDSClear Product Committee and notified to the relevant Clearing Members prior to such date.

For the avoidance of doubt, where a Clearing Member has specified automatic compression on a weekly basis then the last such weekly automatic compression cycle performed by LCH SA will be performed on the Clearing Day falling on the Thursday on or before the relevant Compression Cut-off Date.

DC Restructuring Announcement Date: The date on which the DC Credit Event Announcement of an M(M)R Restructuring is made, *provided that* where such DC Credit Event Announcement is made after 6.30 p.m. on a Transaction Business Day or on a day which is not a Transaction Business Day, the DC Restructuring Announcement Date will be the first following Transaction Business Day.

Dispute: This term shall have the meaning set out in the CDS Dispute Resolution Protocol.

DTCC Rules: The "Operating Procedures", as published by DTCC and as amended from time to time.

EEP Controls: As set out at Section 6.3 (*Exercise and Abandonment by way of EEP*).

EEP Failure Event: As set out at Section 6.5 (*Notification of EEP Failure and Resolution*).

EEP Failure Event Time: As set out at Section 6.5 (*Notification of EEP Failure and Resolution).*

EEP Resolution Time: As set out at Section 6.5 (*Notification of EEP Failure and Resolution*).

Electronic Exercise Platform or **EEP:** A platform made available by LCH SA for the Exercise and Abandonment of Exercise Cleared Transactions through the submission of Option Intents.

Eligible Underlying Index Transaction Version: This term shall have the meaning set out in Section 4 of the Procedures.

EMP Creation Period: The period from (and including) the final Transaction Business Day of the calendar week immediately preceding the week in which the Expiration Date falls to (but excluding) the Transaction Business Day immediately preceding the Expiration Date.

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EMP Notification Deadline: In respect of a notification by LCH SA to the relevant Clearing Members in relation to Exercise Matched Pairs, 10.00 p.m. on the Transaction Business Day immediately prior to the relevant Expiration Date.

Exercise: The delivery of a valid Exercise Notice by Swaption Buyer (or deemed delivery pursuant to Section 6.3 (*Exercise and Abandonment by way of EEP*) or Section 6.4 (*Delegation by Clearing Members to Clients*) below) in respect of the Exercise Cleared Transactions of an Exercise Matched Pair.

Exercise Cleared Transaction: Each Index Swaption Cleared Transaction (including each Swaption Restructuring Cleared Transaction, as applicable) forming part of an Exercise Matched Pair pursuant to Section 6.2 (*Creation of Exercise Cleared Transactions*).

Exercise Delegation Beneficiary: A Client of a Clearing Member designated by such Clearing Member pursuant to Section 6.4 (*Delegation by Clearing Members to Clients*) below as being entitled to Exercise and Abandon Exercise Cleared Transactions on such Clearing Member's behalf.

Exercise Matched Pair: A pairing comprised of a Matched Buyer and a Matched Seller in respect of Exercise Cleared Transactions created by LCH SA under Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) for the purposes of the exercise (or non-exercise) by Swaption Buyer of the relevant Exercise Cleared Transactions.

Exercise Matched Pair Amount: In respect of an Exercise Matched Pair, the amount of the Swaption Notional Amount(s) of the relevant Index Swaption Cleared Transactions (or Swaption Restructuring Cleared Transactions) from which the Exercise Matched Pair (and the Exercise Cleared Transactions of such Exercise Matched Pair) are created which is allocated by LCH SA to such Exercise Matched Pair under Section 6.1 (*Creation and Notification of Exercise Matched Pairs*).

Exercise Notice: The notice of exercise (in whole or in part) given by Swaption Buyer to Swaption Seller in accordance with:

(a) Section 13.2 (*Procedure for Exercise*) of the 2006 Definitions, provided that the 2006 Definitions are incorporated by reference in the relevant Markit Standard Terms Supplement; or

(b) Section 12.6.1(i) (*Notice of Exercise*) of the 2021 Definitions, provided that the 2021 Definitions are incorporated by reference in the relevant Markit Standard Terms Supplement.

Exercise Percentage: The amount (expressed as a percentage) of the Swaption Notional Amount of an Exercise Cleared Transaction that is exercised on the Expiration Date of an Exercise Cleared Transaction.

First Novation Date: In respect of:

(a) an Original Transaction of a Swaption Type for which a Novation Cut-off Date has previously occurred as a result of a DC Credit Event Announcement of an M(M)R Restructuring which is applicable to a Component Transaction of the relevant

Underlying Index Transaction for such Swaption Type, the Transaction Business Day following the latest possible Exercise Cut-off Date for the relevant M(M)R Restructuring or such other date on which LCH SA determines in consultation with the CDSClear Product Committee that LCH SA will begin to again accept Original Transactions in respect of which the Underlying Index Transaction references the relevant Eligible Underlying Index Transaction Version for clearing pursuant to the CDS Clearing Documentation; and

(b) an Original Transaction (other than in the circumstances set-out in (a) above), the first date on which LCH SA will accept Original Transactions in respect of which the Underlying Index Transaction references the relevant Eligible Underlying Index Transaction Version for clearing pursuant to the CDS Clearing Documentation.

First Restructuring: As set out at Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*).

Force Submission: This term shall have the meaning set out in Section 5 of the Procedures.

Index Cleared Transaction: As set out in Part B of the CDS Clearing Supplement.

Index Cleared Transaction Confirmation: As set out in Part B of the CDS Clearing Supplement.

Index Swaption Cleared Transaction: A Cleared Transaction, the terms of which are as evidenced by an Index Swaption Cleared Transaction Confirmation, which gives Swaption Buyer the right to enter into a specified Underlying Index Transaction with Swaption Seller.

Index Swaption Cleared Transaction Confirmation: For:

(a) any Index Swaption Cleared Transaction in respect of which the Underlying Index Transaction references a Markit iTraxx® Europe Index Series, the latest version of form of confirmation in force which incorporates the iTraxx® Swaption Standard Terms Supplement; and

(b) any Index Swaption Cleared Transaction in respect of which the Underlying Index Transaction references a Markit CDX™ Index Series, the latest version of form of confirmation in force which incorporates the CDX Swaption Standard Terms Supplement,

as completed by reference to the relevant Transaction Data (or, in each case, such other form of confirmation as may be adopted in respect of any Swaption Type in accordance with Section 1.2.2 (*Modification*) of the CDS Clearing Rule Book).

ISDA: The International Swaps and Derivatives Association, Inc. and any successor thereto.

ISDA Swap Transaction Definitions: The 2006 Definitions or the 2021 Definitions which are incorporated by reference in the Markit Standard Terms Supplement.

iTraxx® Swaption Standard Terms Supplement: The latest version of the iTraxx® Europe Untranched Transactions Swaption Standard Terms Supplement in force, as published by

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Markit Indices GmbH or any affiliate of Markit Indices GmbH and as amended by this CDS Clearing Supplement.

LCH Portal: As set out in Section 5 of the Procedures.

Mandatory Provisions: As set-out in Appendix VIII (*CCM Client Transaction Requirements*).

Markit Standard Terms Supplement: The iTraxx® Swaption Standard Terms Supplement and/or the CDX Swaption Standard Terms Supplement, as the context requires.

Matched Buyer: A Swaption Buyer comprised in a Swaption Restructuring Matched Pair or an Exercise Matched Pair (as applicable).

Matched Buyer Contract: A Swaption Restructuring Cleared Transaction or an Exercise Cleared Transaction (as applicable) between a Matched Buyer and LCH SA which is the subject of a Matched Pair having the Swaption Restructuring Matched Pair Amount or the Exercise Matched Pair Amount, as the case may be, relating to that Matched Pair.

Matched Contract: A Matched Seller Contract or a Matched Buyer Contract, as applicable.

Matched Pair: An Exercise Matched Pair or a Swaption Restructuring Matched Pair (as applicable).

Matched Pair Amount: An Exercise Matched Pair Amount or a Swaption Restructuring Matched Pair Amount (as applicable).

Matched Seller: A Swaption Seller comprised in a Swaption Restructuring Matched Pair or an Exercise Matched Pair (as applicable).

Matched Seller Contract: A Swaption Restructuring Cleared Transaction or an Exercise Cleared Transaction between a Matched Seller and LCH SA which is the subject of a Matched Pair having the Swaption Restructuring Matched Pair Amount or the Exercise Matched Pair Amount, as the case may be, relating to that Matched Pair.

NEMO Triggering Period: The period starting at 9:00 a.m. on the date that is the Movement Option Cut-off Date for the relevant M(M)R Restructuring and ending at the last time for delivery of a valid Notice to Exercise Movement Option under the terms of the 2014 ISDA Credit Derivatives Definitions.

Notification Deadline: In respect of an Exercise Matched Pair, the EMP Notification Deadline and in respect of a Swaption Restructuring Matched Pair, the SRMP Notification Deadline.

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Novation Cut-off Date: The date with effect from which LCH SA will no longer accept for novation Original Transactions in respect of which the Underlying Index Transaction references a particular Eligible Underlying Index Transaction Version, being:

(a) following the occurrence of a DC Credit Event Announcement in respect of an M(M)R Restructuring which would be applicable to a Component Transaction of such Underlying Index Transaction, the earlier of:

(i) a date determined by LCH SA in consultation with the CDSClear Product Committee, which shall not be earlier than the DC Restructuring Announcement Date; and

(ii) the calendar day immediately following the No Auction Announcement Date;

(b) following the occurrence of a DC Credit Event Announcement in respect of a Credit Event (other than an M(M)R Restructuring) which would be applicable to a Component Transaction of such Underlying Index Transaction, the calendar day following the DC Announcement Coverage Cut-off Date;

(c) the date falling 1 (one) Transaction Business Day prior to the Expiration Date for the Original Transaction; or

(d) otherwise, as determined by LCH SA in consultation with the CDSClear Product Committee.

Option Intent: The election of Matched Buyer (or its Exercise Delegation Beneficiary if applicable) in the EEP to Exercise (in whole or in part) or Abandon an Exercise Cleared Transaction.

Protected Exercise Matched Pair Report: As set out in Section 6.1 (*Creation and Notification of Exercise Matched Pairs*).

Restructuring Delegation Beneficiary: A Client of a Clearing Member designated by such Clearing Member pursuant to Section 5.7 (*Delegation by Clearing Members to Clients*) below as being entitled to send and receive Credit Event Notices and Notices to Exercise Movement Option in respect of the relevant Swaption Restructuring Cleared Transactions on such Clearing Member's behalf.

SRMP Notification Deadline: In respect of a notification by LCH SA to the relevant Clearing Members in relation to Swaption Restructuring Matched Pairs, 10.00 a.m. on the Relevant City Business Day immediately prior to the first day of the CEN Triggering Period provided that the SRMP Notification Deadline shall in no event fall prior to the second Relevant City Business Day following the occurrence of the related DC Credit Event Announcement.

SRMP Triggerable Amount: An amount equal to the Swaption Notional Amount of the Swaption Restructuring Cleared Transactions of a Swaption Restructuring Matched Pair *multiplied by* the 'Reference Entity Weighting' (under the Underlying Index Transaction referenced by such Swaption Restructuring Cleared Transaction) of the Reference Entity in respect of which an M(M)R Restructuring has occurred.

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Submission Deadline: In respect of:

(a) an Index Swaption Cleared Transaction in respect of which the Underlying Index Transaction references a Markit iTraxx® Europe Index Series: the Latest Exercice Time as defined in the iTraxx® Swaption Standard Terms Supplement; or

(b) an Index Swaption Cleared Transaction in respect of which the Underlying Index Transaction references a Markit CDX™ Index Series: the Expiration Time as defined in the CDX Swaption Standard Terms Supplement.

Submission Time: As set out at Section 6.3 (*Exercise and Abandonment by way of EEP*).

Subsequent Restructuring: As set out at Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*).

Succession Event: An entity (or entities) constitute a successor or successors in respect of a Reference Entity as determined pursuant to Section 2.2 (*Provisions for Determining a Successor*) of the 2014 ISDA Credit Derivatives Definitions.

Successor Resolution: This term shall have the meaning set out in the DC Rules.

Swaption CCM Client Notice: As set out at Mandatory Provision 5.5 (*Duty to Deliver Swaption CCM Client Notice*).

Swaption CCM Client Notice Deadline: As set out at Mandatory Provision 5.5 (*Duty to Deliver Swaption CCM Client Notice*).

Swaption Clearing Member Notice: As set out in Section 6.5(c) (*Duty to deliver Swaption Clearing Member Notices*).

Swaption Clearing Member Notice Deadline: As set out in Section 6.5(c) (*Duty to deliver Swaption Clearing Member Notices*).

Swaption Notice: An Exercise Notice or Abandonment Notice.

Swaption Restructuring CCM Client Notice: As set out at Mandatory Provision 7.3 (*Duty to Deliver Swaption Restructuring CCM Client Notice*).

Swaption Restructuring Cleared Transaction: Each Index Swaption Cleared Transaction forming part of a Swaption Restructuring Matched Pair pursuant to Section 5.2 (*Creation of Swaption Restructuring Cleared Transactions*).

Swaption Restructuring Clearing Member Notice: As set out at Section 5.8 (*Swaption Restructuring Clearing Member Notices*).

Swaption Restructuring Clearing Member Notice Deadline: As set out in Section 5.8 (*Swaption Restructuring Clearing Member Notices*).

Swaption Restructuring Matched Pair: A pairing comprised of a Matched Buyer and a Matched Seller in respect of Swaption Restructuring Cleared Transactions created by LCH SA under Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) or

Section 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*) for the purposes of the delivery of Credit Event Notices and Notices to Exercise Movement Option as applicable.

Swaption Restructuring Matched Pair Amount: In respect of a Swaption Restructuring Matched Pair, the amount of the Swaption Notional Amount(s) of the relevant Index Swaption Cleared Transactions from which the Swaption Restructuring Matched Pair (and the Swaption Restructuring Cleared Transactions of such Swaption Restructuring Matched Pair) are created which is allocated by LCH SA to such Swaption Restructuring Matched Pair under Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) or Section 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*).

Swaption Type: A class of Index Swaption Cleared Transactions that are identical as to their terms (including, without limitation, as to the terms of the Underlying Index Transaction to which such Index Swaption Cleared Transactions relate), and, as the case may be, following the determination made by LCH SA in accordance with Section 2.4 (*Markit Standard Terms Supplement Updates*), except that they may differ as to:

(a) the Swaption Trade Date;

(b) the Swaption Notional Amount;

(c) the Premium;

(d) the Premium Payment Date; and

(e) the identity of the relevant Swaption Buyer and Swaption Seller.

Transaction Business Day: A day determined as follows:

(a) in respect of any date to be determined or time period to be determined which is referenced in the ISDA Swap Transaction Definitions:

(i) a day that would be a 'Business Day' (where this would be the applicable term under the ISDA Swap Transaction Definitions for the purpose of the determination of such date or time period); or

(ii) a day that would be an 'Exercise Business Day' (where this would be the applicable term under the ISDA Swap Transaction Definitions for the purpose of the determination of such date or time period),

pursuant to the business day elections made in the Index Swaption Cleared Transaction Confirmation; or

(b) in respect of any date to be determined or time period to be determined which is referenced in the 2014 ISDA Credit Derivatives Definitions:

(i) a day that would be a 'Business Day' (where this would be the applicable term under the 2014 ISDA Credit Derivatives Definitions for the purpose of the determination of such date or time period); or

(ii) a day that would be a 'Calculation Agent City Business Day', 'Grace Period Business Day' or 'Relevant City Business Day', as applicable (where this would be the applicable term under the 2014 ISDA Credit Derivatives Definitions for the purpose of the determination of such date or time period); or

(c) for any other purpose, a day that would be a 'Business Day' as defined in the CDS Clearing Rule Book.

Transaction Data: In respect of an Original Transaction to be novated pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book and cleared by LCH SA as an Index Swaption Cleared Transaction, the data provided by an Approved Trade Source System to LCH SA for such purposes, which includes, without limitation:

(a) in respect of the Index Swaption Cleared Transaction:

(i) the Swaption Trade Date;

(ii) the Swaption Seller;

(iii) the Swaption Buyer;

(iv) the Option Type (if applicable);

(v) the Quoting Style (if applicable);

(vi) the Premium;

(vii) the Strike Price; and

(viii) the Expiration Date; and

(b) in respect of the Underlying Index Transaction to which such Index Swaption Cleared Transaction relates:

(i) the relevant index, including details of the index name, series and version, the annex date;

(ii) the Original Notional Amount and the currency of the Original Notional Amount;

(iii) the Scheduled Termination Date;

(iv) the Floating Rate Payer;

(v) the Fixed Rate Payer; and

(vi) the Fixed Rate Payer Payment Dates.

Triggered Amount: This term shall have the meaning given to the term "Exercise Amount" in the 2014 ISDA Credit Derivatives Definitions.

Underlying Index Transaction: means, in respect of an Index Swaption, the Index Cleared Transaction which Swaption Buyer has the right to enter into with Swaption Seller, the terms of which are specified in the Index Swaption Cleared Transaction Confirmation and which references a portfolio of Reference Entities specified in a credit default swap index.

1.3 **Inconsistency**

To the extent of any conflict between:

(a) any definition or provision contained in Appendix 1 (*CDS Default Management Process*) of the CDS Clearing Rule Book;

(b) the remaining sections of the CDS Clearing Rule Book;

(c) the CDS Admission Agreement;

(d) this CDS Clearing Supplement;

(e) an Index Swaption Cleared Transaction Confirmation;

(f) the Procedures; or

(g) any Clearing Notices,

the first referenced document shall prevail except in relation to determining the existence and amount of any payment and delivery obligations under any Cleared Transactions, in respect of which this CDS Clearing Supplement or the Index Swaption Cleared Transaction Confirmation, as applicable, shall prevail to the extent permitted by law.

1.4 **Timing**

Pursuant to Article 1.2.8 (*Time reference*) of the CDS Clearing Rule Book, any reference to a time of day herein shall be deemed to be a reference to Central European Time unless otherwise provided herein.

1.5 **Third Party Rights**

Unless otherwise provided in this CDS Clearing Supplement or in the CDS Clearing Rulebook, a person who is not a party to a Cleared Transaction does not have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of such Cleared Transaction or this CDS Clearing Supplement as it relates to such Cleared Transaction.

1.6 **Recording of Conversations**

Each of LCH SA and each Clearing Member consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with any Cleared Transaction and agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and agrees, to the extent permitted by applicable law, that such recordings may be submitted as evidence in any related court or arbitral proceedings.

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1.7 **Application to FCM/BD Clearing Members**

(a) Upon the taking of any action pursuant to this CDS Clearing Supplement by an FCM/BD Clearing Member in respect of an FCM/BD Cleared Transaction entered into as agent for the account of an FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)), such FCM/BD Clearing Member shall be deemed to represent to LCH SA that it has the power and authority to, and has been duly authorised to, take such action for the account of such FCM/BD Client.

(b) For purposes of this CDS Clearing Supplement, with regard to any Cleared Transaction entered into by an FCM/BD Clearing Member acting as agent for the account of an FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)):

(i) references herein to "Swaption Buyer", "Swaption Seller", "CDS Buyer" or "CDS Seller", as the case may be, shall be understood to be references to such FCM/BD Client (which shall not, for the avoidance of doubt, prejudice LCH SA's right to deal solely with the FCM/BD Clearing Member pursuant to Article 6.1.1.3(vi) of the CDS Clearing Rule Book); and

(ii) references herein to: (1) a Clearing Member entering into a Cleared Transaction with LCH SA; and (2) a Clearing Member forming part of a Matched Pair, shall each be understood as such FCM/BD Clearing Member acting as agent for the account of such FCM/BD Client (as described in FCM/BD CDS Clearing Regulation 1(c)).

(c) Notwithstanding and without prejudice to sub-paragraph (b)(i) above:

(i) an FCM/BD Clearing Member (acting as agent for the account of its FCM/BD Client) shall designate such FCM/BD Client to Exercise and Abandon Exercise Cleared Transactions on its behalf as its Exercise Delegation Beneficiary (including, without limitation, by means of submitting Option Intents in the EEP) in accordance with Section 6.4 (*Delegation by Clearing Members to Clients*); and

(ii) an FCM/BD Clearing Member (acting as agent for the account of its FCM/BD Client) shall designate such FCM/BD Client to send and receive Credit Event Notices or Notices to Exercise Movement Option in respect of the Swaption Restructuring Cleared Transactions on its behalf as its Restructuring Delegation Beneficiary in accordance with Section 5.7 (*Delegation by Clearing Members to Clients*).

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2. TERMS OF CLEARED TRANSACTIONS

2.1 General Terms of Cleared Transactions

(a) **Terms of Index Swaption Cleared Transactions, Swaption Restructuring Cleared Transactions and Exercise Cleared Transactions**

Upon novation of an Original Transaction which is an Index Swaption at the Novation Time in accordance with Title III (*Clearing Operations*) of the CDS Clearing Rule Book or the creation of a Swaption Restructuring Cleared Transaction in accordance with Section 5.2 (*Creation of Swaption Restructuring Cleared Transactions*) or an Exercise Cleared Transaction in accordance with Section 6.2 (*Creation of Exercise Cleared Transactions*), each resulting Index Swaption Cleared Transaction and each such Swaption Restructuring Cleared Transaction and Exercise Cleared Transaction is entered into by LCH SA and the relevant Clearing Member on the terms of the related Index Swaption Cleared Transaction Confirmation.

(b) **Swaption Trade Date of Index Swaption Cleared Transactions following Compression**

Notwithstanding paragraph (a) above and subject to paragraph (c) below, where Index Swaption Cleared Transactions are subject to compression in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Swaption Trade Date of any resulting Index Swaption Cleared Transaction(s) shall be, in respect of any Index Swaption Cleared Transaction subject to:

(i) ad hoc compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the date on which the request for compression was effectively received and processed in accordance with Section 5 of the Procedures, which shall be:

(A) the Clearing Day on which such request is submitted and uploaded by the relevant Clearing Member *provided that* such request for compression was received by LCH SA before 7.00 p.m. on such Clearing Day (if such request is submitted and uploaded by the relevant Clearing Member via any means of access specified in a Clearing Notice) or 5.00 p.m. (if such request is not submitted via any means of access specified in a Clearing Notice in the case of a disruption of the relevant means of access);

(B) the Clearing Day on which such request is submitted if such request is not submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. but LCH SA, in its sole discretion, processes such request on the Clearing Day on which such request is submitted; and

(C) unless the relevant Clearing Member instructs the Operations Department to withdraw such request, the Clearing Day following the Clearing Day on which such request is submitted if such request is not

submitted via any means of access specified in a Clearing Notice in the case of disruption of the relevant means of access and is submitted after 5.00 p.m. and LCH SA, in its sole discretion, does not process such request on the Clearing Day on which such request is submitted; or

(ii) automatic compression (as described in Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book), the Clearing Day on which such Index Swaption Cleared Transaction is automatically compressed by LCH SA in accordance with Section 5 of the Procedures.

(c) **Resetting of Swaption Trade Date following Compression**

If LCH SA determines that the Swaption Trade Date for a Cleared Transaction following compression would be after a DC Announcement Coverage Cut-off Date whereas the Swaption Trade Date for the Cleared Transactions from which it was created would have been prior to such DC Announcement Coverage Cut-off Date had the Cleared Transaction not been compressed, LCH SA shall take such action as it deems necessary to ensure that such DC Credit Event Announcement is applicable to such Cleared Transaction, including, without limitation, specifying an earlier Swaption Trade Date for such Cleared Transaction.

(d) **Compression Cut-off Date**

An Index Swaption Cleared Transaction (or a Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction created from such an Index Swaption Cleared Transaction) may not be subject to compression (in accordance with Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book and Section 5 of the Procedures) after the Compression Cut-off Date applicable to such Index Swaption Cleared Transaction.

2.2 **Index Swaption Cleared Transaction Confirmation**

The Index Swaption Cleared Transaction Confirmation is amended, supplemented and completed as follows:

(a) by deleting the words "between [●] (**Party A**) and [●] (**Party B**)" in the second and third line of the first paragraph and replacing them with:

"between LCH SA (**"Party A"**) and Clearing Member, as identified in the relevant CDS Admission Agreement between such Clearing Member and Party A (**"Party B"**)";

(b) by deleting the third paragraph thereof and replacing it with the following:

"This Confirmation supplements, forms a part of, and is subject to, the CDS Clearing Documentation, as defined in the CDS Clearing Rule Book.";

(c) by deleting the fourth paragraph thereof and replacing it with the following:

"The terms of the Swaption Transaction, which is an Index Swaption Cleared Transaction, to which this Confirmation relates are as follows:";

(d) by specifying that "Standard Terms Date" is:

(i) if the Index Swaption Cleared Transaction in respect of which the Underlying Index Transaction references a Markit iTraxx® Europe Index Series:

"the most recent iTraxx® Europe Untranched Standard Terms Supplement published prior to the Swaption Trade Date";

(ii) if the Index Swaption Cleared Transaction in respect of which the Underlying Index Transaction references a Markit CDX™ Index Series:

"the most recent CDX Untranched Transactions Standard Terms Supplement published prior to the Swaption Trade Date";

(e) by specifying that the "Calculation Agent" is Party A;

(f) by inserting the following under "Additional terms":

"On the Expiration Date, Swaption Buyer may notify Swaption Seller (which such notification may be given orally, including by telephone) that the Swaption Transaction specified in such notice shall be terminated in whole and that no further amounts shall become due and payable by Swaption Buyer to Swaption Seller or *vice versa* in respect of such Swaption Transaction and that notice will be deemed to be irrevocable. Swaption Buyer will execute and deliver to Swaption Seller a written confirmation confirming the substance of any telephonic notice within one Exercise Business Day of that notice. Failure to provide that written confirmation will not affect the validity of the telephonic notice.";

(g) by deleting the contact details for notices and the account details;

(h) by specifying that the "Specified Derivatives Clearing Organization" is LCH SA (subject to the terms of Part C of the CDS Clearing Supplement); and

(i) by deleting the signature blocks.

2.3 **Amendments to 2014 ISDA Credit Derivatives Definitions**

(a) For the purposes of this Part C of the CDS Clearing Supplement, Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions as incorporated in any Index Cleared Transaction shall be deemed to be amended so as to enable LCH SA to designate a designee for the additional purposes of delivering or receiving any Credit Event Notice or Notice to Exercise Movement Option relating to an M(M)R Restructuring and such that, where LCH SA is the designator in relation to any Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction, as applicable, it is permitted to designate any relevant Matched Buyer or Matched Seller, as applicable, in accordance with Section 9 (*Matched Pair Designations*) as its designee, notwithstanding that such relevant Matched Buyer or Matched Seller, as applicable, is not its Affiliate.

(b) The Protocol Effectiveness Condition (as defined in the 2019 ISDA Narrowly Tailored Credit Event Protocol published by ISDA on 27 August 2019 and as further

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supplemented from time to time (the "**2019 NTCE Protocol**")) being satisfied, then from and including the Implementation Date (as defined in the 2019 NTCE Protocol) the amendments set forth in Schedule 1 (*Amendments*) of the 2019 NTCE Protocol shall apply to each Index Swaption Cleared Transaction which incorporates the 2014 ISDA Credit Derivatives Definitions and each such Index Swaption Cleared Transaction shall be a Protocol Covered Transaction for the purposes of the 2019 NTCE Protocol provided that:

(i) the First Novation Date in respect of such Index Swaption Cleared Transaction is prior to the Implementation Date;

(ii) such Index Swaption Cleared Transaction is not an Excluded Transaction (as defined in the 2019 NTCE Protocol) provided that if the Underlying Index Transaction of such Index Swaption Cleared Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2019 NTCE Protocol) therein, such Affected Portion shall be excluded for the purposes of this Section 2.3(b) and the remaining portion of such Index Swaption Cleared Transaction shall be deemed to be a Protocol Covered Transaction;

(iii) the Expiration Date in respect of such Index Swaption Cleared Transaction is on or after the Implementation Date; and

(iv) no Event Determination Date has occurred in respect of the Underlying Index Transaction of such Index Swaption Cleared Transaction prior to the Implementation Date.

2.4 **Markit Standard Terms Supplement Updates**

If a new version (the "**Revised Markit STS**") of a Markit Standard Terms Supplement (the "**Existing Markit STS**") is published, LCH SA will, in consultation with the CDSClear Product Committee, determine whether, in respect of that Markit Standard Terms Supplement, Index Swaption Cleared Transactions subject to the Existing Markit STS and Index Swaption Cleared Transactions subject to the Revised Markit STS are fungible for compression purposes in accordance with the CDS Clearing Documentation.

If LCH SA determines in consultation with the CDSClear Product Committee that the relevant Index Swaption Cleared Transactions are identical as to their terms, they will be considered as of the same Swaption Type.

2.5 **Terms of STM Cleared Transaction**

The following terms of a registered STM Cleared Transaction are designated as the "**STM Cleared Terms**".

If a Cleared Transaction is designated as an STM Cleared Transaction in accordance with Article 3.1.10.7 of the CDS Clearing Rule Book the terms of such Cleared Transaction will automatically, and without any further action by either party, include the STM Cleared Terms.

(a) **Net present value**

(i) LCH SA shall, at least once per Cash Payment Day, determine the net present value of this STM Cleared Transaction in such manner and at such times as may be provided in Section 2 of the Procedures.

(ii) Immediately upon LCH SA making such a determination of the net present value of this STM Cleared Transaction:

(A) An amount (determined in accordance with Section 2.14 (*NPV Amount*) of the Procedures) of cash may become due and payable by the Clearing Member or LCH SA (as applicable, and as determined in accordance with Section 2.14 (*NPV Amount*) of the Procedures) under these STM Cleared Terms; and

(B) the net present value of this STM Cleared Transaction shall for all purposes be reset to zero.

(iii) The amount (if any) referred to in (ii)(A) above shall immediately become due and payable by the relevant party under the STM Cleared Terms applicable to this STM Cleared Transaction and shall be made in such manner and at such times as may be provided in Section 2 of the Procedures.

(iv) In any circumstance preventing the NPV Payments or Variation Margin Collateral Transfers from being performed in US Dollar, LCH SA shall be entitled to convert any amount denominated in US Dollar into Euro in accordance with Article 4.2.3.2 of the CDS Clearing Rule Book.

(b) **Price Alignment Amount**

(i) LCH SA shall, at least once per Cash Payment Day, determine the Price Alignment Amount in respect of this STM Cleared Transaction in such manner and at such times as may be provided in Section 2 of the Procedures.

(ii) Immediately upon LCH SA making such a determination of the Price Alignment Amount in respect of this STM Cleared Transaction, an amount (determined in accordance with Section 2.17 (*Price Alignment Amount*) of the Procedures) of cash may become due and payable by the Clearing Member or LCH SA (as applicable, and as determined in accordance with Section 2.17 (*Price Alignment Amount*) of the Procedures) under these STM Cleared Terms.

(iii) The amount (if any) referred to in (ii) above shall immediately become due and payable by the relevant party under the STM Cleared Terms applicable to this STM Cleared Transaction and shall be made in such manner and at such times as may be provided in Section 2 of the Procedures.

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3. PAYMENTS

3.1 Obligation to pay

Each of LCH SA and each Clearing Member will make each payment specified under the terms of each Cleared Transaction to be made by it, subject to the other provisions of the CDS Clearing Documentation.

Payments under any Cleared Transaction will be made on the due date for value on that date in the place of the account specified for the relevant party in the CDS Admission Agreement (or such other account as may be designated by it from time to time for such purpose in accordance with the CDS Admission Agreement and/or the Procedures, as applicable) and otherwise in accordance with the CDS Clearing Documentation, in freely transferable funds and in the manner customary for payments in the required currency.

3.2 Payment of Premium under Original Transactions

(a) If the Premium is due and payable under the terms of an Original Transaction on or before the Clearing Day on which the related Index Swaption Cleared Transactions are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such amount shall be payable under and in accordance with the terms of such Original Transaction. In such event, no corresponding Premium shall be payable in respect of such Index Swaption Cleared Transactions.

(b) If the Premium Payment Date of an Original Transaction would be a date falling after the Clearing Day on which the Index Swaption Cleared Transactions related to such Original Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book then the corresponding Premium Payment Date for the related Index Swaption Cleared Transactions shall occur on the Transaction Business Day which is also a Clearing Day immediately following the Clearing Day on which such related Index Swaption Cleared Transactions are created and the Index Swaption Cleared Transaction Confirmation shall be deemed to have been amended accordingly.

4. CREDIT EVENTS AND SUCCESSION EVENTS

4.1 Determination of Credit Events and Succession Events

Notwithstanding any provision of any Cleared Transaction to the contrary:

(a) LCH SA (in its capacity as Calculation Agent with respect to such Cleared Transaction) shall not make any determination pursuant to Section 2.10 (*Substitute Reference Obligation*) of the 2014 ISDA Credit Derivatives Definitions or in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Successor Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules*;* and

(b) neither LCH SA nor any Clearing Member shall be entitled to deliver a Successor Notice or a Credit Event Notice (other than Credit Event Notices in relation to an M(M)R Restructuring in accordance with Section 5.3 (*Triggering of Swaption Restructuring Cleared Transactions*)).

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4.2 **M(M)R Restructuring Timeline**

(a) **Publication of Credit Event Timeline**

Upon a DC Credit Event Announcement of an M(M)R Restructuring, LCH SA will publish and make available to Clearing Members a timeline in respect of the relevant M(M)R Restructuring and related Cleared Transactions for which a Component Transaction of the Underlying Index Transaction references the relevant combination of Reference Entity, Transaction Type and Reference Obligation to which such M(M)R Restructuring applies, to notify, among other things, the relevant Novation Cut-off Date, Compression Cut-off Date and First Novation Date.

Any such timeline shall (i) be published and made available on the date of such DC Credit Event Announcement or, if LCH SA determines that such publication on such date is not practicably possible, as soon as practicable thereafter (but in no event later than the Transaction Business Day before the earlier of the relevant Novation Cut-off Date and the relevant Compression Cut-off Date) and (ii) in all cases be without prejudice to and consistent with the terms of the CDS Clearing Documentation and any relevant DC Resolutions.

(b) **Amendment of Credit Event Timeline**

Any such timeline may be subject to subsequent amendment by LCH SA, by means of a Clearing Notice to Clearing Members, only to reflect subsequent DC Resolutions, timing provisions of any relevant Transaction Auction Settlement Terms, or in each case any subsequent amendments thereto. Any such amendment shall be made by LCH SA as soon as reasonably practicable following the relevant event.

4.3 **Reversal of DC Credit Event Announcements and Margining**

If a DC Credit Event Announcement is reversed then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions, LCH SA shall be obliged in accordance with Section 3 of the Procedures to calculate and shall be entitled to call for Margin and/or be obliged to return Margin with respect to each Clearing Member on the basis that the DC Credit Event Announcement that is reversed had not been made.

5. RESTRUCTURING

5.1 Creation and Notification of Swaption Restructuring Matched Pairs

Following the occurrence of a DC Credit Event Announcement in respect of an M(M)R Restructuring which would be applicable to a Component Transaction of the Underlying Index Transaction to which a set of Index Swaption Cleared Transactions of the same Swaption Type relates, LCH SA will create (on one or more occasions) Swaption Restructuring Matched Pairs in accordance with Section 9.1 (*Creation of Matched Pairs*). Each such Swaption Restructuring Matched Pair shall be composed of two Swaption Restructuring Cleared Transactions.

If a DC Credit Event Announcement occurs in respect of an M(M)R Restructuring in respect of a further Reference Entity (a "**Subsequent Restructuring**") which would be applicable to another Component Transaction of the Underlying Index Transaction of a Swaption

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Restructuring Cleared Transaction prior to the expiry of the CEN Triggering Period for the first Reference Entity in respect of which an M(M)R Restructuring occurred (the "**First Restructuring**") and the CEN Triggering Period for such Subsequent Restructuring commences prior to the Expiration Date, any Swaption Restructuring Matched Pairs for the First Restructuring shall also be Swaption Restructuring Matched Pairs in respect of the Subsequent Restructuring. The same shall apply to any further relevant DC Credit Event Announcements in respect of M(M)R Restructurings in respect of further Reference Entities during this period and the terms 'First Restructuring' and 'Subsequent Restructuring' in this Section 5 shall be interpreted accordingly.

LCH SA shall notify the relevant Matched Buyer and Matched Seller (and any Restructuring Delegation Beneficiary thereof) comprised within each Swaption Restructuring Matched Pair of:

(a) the identity of the other Clearing Member (or its Restructuring Delegation Beneficiary if applicable) (together with the address, fax number, telephone number, contact email address and other applicable notice details of such other Clearing Member (or its Restructuring Delegation Beneficiary if applicable)) of such Matched Pair;

(b) the associated Swaption Restructuring Matched Pair Amount; and

(c) the associated SRMP Triggerable Amount,

as soon as reasonably practicable following the related Compression Cut-off Date, but in any event, at or prior to the SRMP Notification Deadline.

Any Clearing Member expressly and irrevocably consents to the disclosure of information by LCH SA pursuant to and in accordance with the provisions of this Section to the relevant Clearing Member or, if applicable, any relevant Restructuring Delegation Beneficiary.

5.2 **Creation of Swaption Restructuring Cleared Transactions**

Upon the notification to the relevant Clearing Members of Swaption Restructuring Matched Pairs, where two or more Index Swaption Cleared Transactions have been combined into a single transaction as part of the matching process and/or where any Index Swaption Cleared Transaction has been split into two or more separate transactions as part of the matching process, the relevant original Index Swaption Cleared Transactions entered into by each Clearing Member with LCH SA will be deemed terminated and new Swaption Restructuring Cleared Transactions of the same Swaption Type will be deemed to be entered into between each such Clearing Member and LCH SA, with each such Swaption Restructuring Cleared Transaction having a Swaption Notional Amount (and with the Underlying Index Transaction in respect of each such Swaption Restructuring Cleared Transaction having an Original Notional Amount) corresponding to the Swaption Restructuring Matched Pair Amount of the Swaption Restructuring Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable. Subject to Section 9.3 (*Resetting of Swaption Trade Date*) below, the Swaption Trade Date of such Swaption Restructuring Cleared Transactions shall be the date of such notification.

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With effect from the notification of the Swaption Restructuring Matched Pairs, any Index Swaption Cleared Transaction forming part of a Swaption Restructuring Matched Pair shall henceforth constitute a Swaption Restructuring Cleared Transaction for the purposes of this CDS Clearing Supplement and the Swaption Notional Amount of such Swaption Restructuring Cleared Transactions shall be the Swaption Restructuring Matched Pair Amount.

5.3 **Triggering of Swaption Restructuring Cleared Transactions**

Subject as set out in Section 8 (*Delivery of Notices*), and notwithstanding anything to the contrary in the terms of any Cleared Transaction, Clearing Members (or its Restructuring Delegation Beneficiary on its behalf, if applicable) may only deliver Credit Event Notices (as CDS Buyer or CDS Seller) in relation to an M(M)R Restructuring during the CEN Triggering Period following notification of Swaption Restructuring Matched Pairs by LCH SA and subject always to the terms of the relevant Swaption Restructuring Cleared Transaction.

For the purposes of the delivery of Credit Event Notices in respect of an M(M)R Restructuring and the Swaption Restructuring Cleared Transactions of a Swaption Restructuring Matched Pair, the Floating Rate Payer Calculation Amount by reference to which a Credit Event Notice may be delivered shall be an amount equal to the applicable SRMP Triggerable Amount.

Any Credit Event Notice delivered in respect of a Swaption Restructuring Matched Pair for an amount which is greater than the relevant SRMP Triggerable Amount shall be ineffective as to such excess.

5.4 **Partial triggering of a Swaption Restructuring Cleared Transaction**

If a Notifying Party has delivered a valid Credit Event Notice during the CEN Triggering Period applicable to it that specifies a Triggered Amount that is less than the SRMP Triggerable Amount, following the expiry of the CEN Triggering Period, each Swaption Restructuring Cleared Transaction (an "**Original Swaption Restructuring Cleared Transaction**") of the relevant Swaption Restructuring Matched Pair shall be split into two separate Swaption Restructuring Cleared Transactions:

(a) one of such Swaption Restructuring Cleared Transactions:

(i) shall have an SRMP Triggerable Amount equal to the Triggered Amount; and

(ii) shall have a Swaption Notional Amount equal to (x) the Swaption Notional Amount of the Original Swaption Restructuring Cleared Transaction *divided by* (y) the SRMP Triggerable Amount of the Original Swaption Restructuring Cleared Transaction *multiplied by* (z) the Triggered Amount specified in the Credit Event Notice,

and will be deemed to have been triggered in whole by the relevant Credit Event Notice (a "**Triggered Cleared Transaction**"); and

(b) the other of such Swaption Restructuring Cleared Transactions (the "**Remaining Untriggered Cleared Transaction**"):

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(i) shall have an SRMP Triggerable Amount equal to the SRMP Triggerable Amount of the Original Swaption Restructuring Cleared Transaction *minus* the Triggered Amount; and

(ii) shall have a Swaption Notional Amount equal to (x) the Swaption Notional Amount of the Original Swaption Restructuring Cleared Transaction *less* (y) the Swaption Notional Amount determined in accordance with sub-paragraph (a)(ii) above,

and no Credit Event Notice will be deemed to have been delivered in respect of such Remaining Untriggered Cleared Transaction.

In the event that more than one Credit Event Notice is delivered during the CEN Triggering Period, the process set-out above shall be applied to the Credit Event Notice which was validly delivered first; *provided, however, that* for this purpose any Credit Event Notice(s) delivered by CDS Seller on or prior to the Exercise Cut-off Date applicable to CDS Seller shall be deemed to have been delivered prior to any Credit Event Notice(s) delivered by CDS Buyer on or prior to the Exercise Cut-off Date applicable to CDS Buyer. Each subsequent Credit Event Notice shall then be applied to the Remaining Untriggered Cleared Transaction (and each subsequent Remaining Untriggered Cleared Transaction) until either no further Credit Event Notices remain or the SRMP Triggerable Amount has been reduced to zero.

Section 1.33(b) of the 2014 ISDA Credit Derivatives Definitions shall not apply.

In the event that a Credit Event Notice has been validly delivered in respect of a Subsequent Restructuring prior to the expiry of the CEN Triggering Period for the First Restructuring, such Credit Event Notice shall be split between each Triggered Cleared Transaction and Remaining Untriggered Cleared Transaction created pursuant to this Section 5.4 on a proportionate basis and a Credit Event Notice shall consequently be deemed to have been delivered in respect of each such Triggered Cleared Transaction and Remaining Untriggered Cleared Transaction.

5.5 **Notice to Exercise Movement Option**

Subject as set out in Section 8 (*Delivery of Notices*), Clearing Members (or any Restructuring Delegation Beneficiary, if applicable) may only deliver a Notice to Exercise Movement Option during the NEMO Triggering Period.

5.6 **Delivery of Credit Event Notices and Notices to Exercise Movement Option**

Credit Event Notices and Notices to Exercise Movement Option shall be delivered between Matched Buyer (or in respect of the relevant Client Cleared Transactions, its Restructuring Delegation Beneficiary on its behalf in accordance with Section 5.7 (*Delegation by Clearing Members to Clients*), if applicable) and Matched Seller (or in respect of the relevant Client Cleared Transactions, its Restructuring Delegation Beneficiary on its behalf in accordance with Section 5.7 (*Delegation by Clearing Members to Clients*), if applicable) of a Swaption Restructuring Matched Pair in accordance with Section 8.1 (*General Rules relating to Notices*) below and the terms of the Swaption Restructuring Cleared Transactions, in each case acting in its own name in respect of the House Cleared Transaction, or in the name of Clearing

Member in respect of the Client Cleared Transaction, of the Swaption Restructuring Matched Pair to which the relevant Clearing Member is a party and as designee of LCH SA in respect of the other Swaption Restructuring Cleared Transaction of the Swaption Restructuring Matched Pair.

5.7 Delegation by Clearing Members to Clients

In respect of the Swaption Restructuring Cleared Transactions of a Swaption Restructuring Matched Pair which are Client Cleared Transactions, Matched Buyer and/or Matched Seller shall designate its relevant Client to send and receive Credit Event Notices and Notices to Exercise Movement Option on its behalf in accordance with this Section 5. Any such designation will take effect as soon as reasonably practicable (but not later than five Business Days) following receipt by LCH SA of a duly completed and signed Delegation Form in accordance with Section 5 of the Procedures. Such designation may be withdrawn provided that there is no Swaption Restructuring Cleared Transaction registered in the Client Trade Account of the relevant Client and in accordance with the conditions set out in Section 5 of the Procedures.

Where a Client is designated by its Clearing Member in accordance with the preceding paragraph, any delivery or receipt of a Credit Event Notice and/or Notice to Exercise Movement Option by that Client pursuant to this Section 5 and Section 8.1 (*General Rules relating to Notices*) shall be deemed to constitute the delivery or receipt by its Clearing Member of a valid Credit Event Notice and/or Notice to Exercise Movement Option for the purposes of the terms of each of the Swaption Restructuring Cleared Transactions of the Swaption Restructuring Matched Pair in accordance with this Section 5.

Where a Client has been designated by its Clearing Member pursuant to this Section 6.4 for the purposes of delivering and receiving Credit Event Notices and Notices to Exercise Movement Option in respect of Swaption Restructuring Cleared Transactions, any reference in this CDS Clearing Supplement to a Credit Event Notice or Notice to Exercise Movement Option being delivered to or by a Clearing Member shall be interpreted accordingly.

5.8 Swaption Restructuring Clearing Member Notices

(a) Duty to deliver Swaption Restructuring Clearing Member Notices

Each Clearing Member shall notify LCH SA or deliver a copy to LCH SA of any notice delivered or received by such Clearing Member to or from another Clearing Member comprised in a Swaption Restructuring Matched Pair, including, without limitation, any Credit Event Notice or Notice to Exercise Movement Option which was delivered in accordance with Section 5.6 (*Delivery of Credit Event Notices and Notices to Exercise Movement Option*) above and which such Clearing Member asserts or acknowledges was effective for the purposes of this CDS Clearing Supplement and the relevant Swaption Restructuring Cleared Transactions (such notification, or delivery of such copy, in respect of any relevant notice, a **Swaption Restructuring Clearing Member Notice**) by no later than 5.00 p.m. on the last date on which such notice could validly be sent (in each case, the **Swaption Restructuring Clearing Member Notice Deadline**).

If a Clearing Member has designated its Client as its Restructuring Delegation Beneficiary pursuant to Section 5.7 (*Delegation by Clearing Members to Clients*) above, a Swaption Restructuring Clearing Member Notice may be sent on its behalf by such Client.

(b) **No Swaption Restructuring Clearing Member Notice or Swaption Restructuring CCM Client Notice received**

Where LCH SA does not receive a Swaption Restructuring Clearing Member Notice in respect of a Credit Event Notice or a Notice to Exercise Movement Option from both Clearing Members (or their Restructuring Delegation Beneficiaries, if applicable) in the relevant Swaption Restructuring Matched Pair on or prior to the relevant Swaption Restructuring Clearing Member Notice Deadline, LCH SA shall, subject to Section 5.8 (c) (*Consequences of no Swaption Restructuring Clearing Member Notice or Swaption Restructuring CCM Client Notice being received by LCH SA*) below, take no action in respect of the relevant Swaption Restructuring Matched Pair.

(c) **Consequences of no Swaption Restructuring Clearing Member Notice or Swaption Restructuring CCM Client Notice being received by LCH SA**

If LCH SA determines in its sole discretion that, notwithstanding the fact that no Swaption Restructuring Clearing Member Notice (or Swaption Restructuring CCM Client Notice, if applicable) has been received by LCH SA in respect of any Credit Event Notice or Notice to Exercise Movement Option by the relevant Swaption Restructuring Clearing Member Notice Deadline, such notice was in fact delivered or received directly by a Clearing Member (or its Restructuring Delegation Beneficiary, if applicable) and would have been effective for the purposes of this CDS Clearing Supplement, LCH SA shall use commercially reasonable efforts to give effect to the terms of such Credit Event Notice or Notice to Exercise Movement Option, as the case may be. If LCH SA gives effect to the terms of such notice pursuant to this Section 5.8 (c) then the provisions of this Part C of the CDS Clearing Supplement shall apply as if LCH SA had received a Swaption Restructuring Clearing Member Notice (or Swaption Restructuring CCM Client Notice, if applicable) in respect of the relevant notice prior to the Swaption Restructuring Clearing Member Notice Deadline.

If LCH SA determines in its sole discretion that it is not possible to give effect to the terms of any such Credit Event Notice or Notice to Exercise Movement Option in respect of which no Swaption Restructuring Clearing Member Notice (or Swaption Restructuring CCM Client Notice, if applicable) was received by LCH SA by the relevant Swaption Restructuring Clearing Member Notice Deadline then, following Exercise, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had the Swaption Restructuring Clearing Member Notice (or Swaption Restructuring CCM Client Notice, if applicable) been given to LCH SA prior to the Swaption Restructuring Clearing Member Notice Deadline and the value of such contract in the absence of such Swaption Restructuring Clearing Member Notice (or Swaption Restructuring CCM Client Notice, if applicable) having been given. Such difference in value shall be determined as of the earlier of the day on which notice is given by any relevant Clearing Member (or Restructuring

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Delegation Beneficiary, if applicable) that such amount is due and payable and the eighth Transaction Business Day following the Auction Settlement Date, No Auction Announcement Date or Auction Cancellation Date, as applicable, by reference to the relevant Auction Settlement Amount or end of day contributed prices, in each case if available. In each case, the relevant Clearing Members (or their Restructuring Delegation Beneficiaries, as applicable) shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any resulting payments and deliveries; LCH SA shall have no liability in respect thereof.

5.9 **Effect of Credit Event Notices and Notices to Exercise Movement Option**

Notwithstanding any other provision hereof or of the 2014 ISDA Credit Derivatives Definitions, Matched Buyer and Matched Seller shall have no payment or delivery obligations in respect of the M(M)R Restructuring as a result of the delivery of a Credit Event Notice or Notice to Exercise Movement Option. Such payment and delivery obligations shall instead arise under the Restructuring Cleared Transactions created pursuant to Section 7.3 (*Creation of Restructuring Cleared Transactions for Triggering and/or Settlement purposes*) following exercise (if applicable).

5.10 **Reversal of DC Credit Event Announcements**

If a DC Credit Event Announcement made in respect of an M(M)R Restructuring is reversed then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions:

(a) LCH SA shall have no obligation to create Swaption Restructuring Matched Pairs in accordance with Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*);

(b) provided that no Subsequent Restructuring has occurred, any Swaption Restructuring Matched Pairs so created (or created pursuant to Section 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*)) shall be deemed not to have been created;

(c) any Credit Event Notices delivered in connection with such M(M)R Restructuring shall be deemed to be ineffective;

(d) LCH SA shall, where applicable, make relevant registrations in the TIW in order to reflect such reversal which shall also automatically result in such registrations being made in respect of any related CCM Client Transactions; and

(e) Section 4.3 (*Reversal of DC Credit Event Announcements and Margining*) shall apply.

5.11 **Reports**

Without prejudice to the notification requirements set out elsewhere in the CDS Clearing Documentation, LCH SA will communicate to the relevant Clearing Members, on the basis of information received from Clearing Members, amongst other things:

(a) the aggregate Triggered Amounts of Swaption Restructuring Cleared Transactions to which they are a party; and

(b) the results of the exercise of any Movement Option in relation to Swaption Restructuring Cleared Transactions to which they are a party,

at or around 7.00 p.m. on each day during each CEN Triggering Period and NEMO Triggering Period, as applicable, through the reports referred to in Section 5 of the Procedures.

For the avoidance of doubt, such communication shall not affect the validity or effectiveness of any Credit Event Notice or Notice to Exercise Movement Option which shall be subject to the terms of the relevant Swaption Restructuring Cleared Transaction.

5.12 Expiry of CEN Triggering Period

Upon the expiry of the CEN Triggering Period (or, if a Subsequent Restructuring has occurred, after the expiry of the CEN Triggering Period for such Subsequent Restructuring) and, if applicable, subsequent to the application of any valid Credit Event Notices delivered during the CEN Triggering Period pursuant to Section 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*), the Swaption Restructuring Cleared Transactions of any Swaption Restructuring Matched Pairs (including, without limitation any Swaption Restructuring Matched Pairs composed of Remaining Untriggered Cleared Transactions created pursuant to Section 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*)) in respect of which no valid Credit Event Notice in respect of an M(M)R Restructuring has been delivered shall cease to be paired together and shall instead constitute Index Swaption Cleared Transactions for the purposes of this CDS Clearing Supplement and the Swaption Restructuring Matched Pair Amount of such Swaption Restructuring Cleared Transactions shall become the Swaption Notional Amount of such Index Swaption Cleared Transactions.

6. EXERCISE MATCHED PAIRS

6.1 Creation and Notification of Exercise Matched Pairs

Subject to Section 5.12 (*Expiry of CEN Triggering Period*) above, if Swaption Restructuring Matched Pairs have previously been created pursuant to Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) or Section 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*), such Swaption Restructuring Matched Pairs and the Swaption Restructuring Cleared Transactions from which they are formed shall also automatically constitute Exercise Matched Pairs and Exercise Cleared Transactions (in addition to being Swaption Restructuring Matched Pairs and Swaption Restructuring Cleared Transactions) for the purposes of this CDS Clearing Supplement.

Notwithstanding the above, if the CEN Triggering Period for an M(M)R Restructuring ends on a date falling during the EMP Creation Period, the relevant Swaption Restructuring Matched Pairs created in respect of such M(M)R Restructuring shall not become Exercise Matched Pairs pursuant to the above until after the expiry of the CEN Triggering Period and subject to the prior application of Sections 5.4 (*Partial triggering of a Swaption Restructuring Cleared Transaction*) and 5.12 (*Expiry of CEN Triggering Period*) above, if applicable.

On each Transaction Business Day during the EMP Creation Period, LCH SA will create Exercise Matched Pairs in accordance with Section 9.1 (*Creation of Matched Pairs*) for a set of Index

Swaption Cleared Transactions of the same Swaption Type. Each such Exercise Matched Pair shall be composed of two Exercise Cleared Transactions.

Upon the creation of an Exercise Matched Pair, LCH SA shall:

(a) notify the relevant Matched Buyer and Matched Seller comprised within each Exercise Matched Pair (and any Exercise Delegation Beneficiary thereof) of the creation of such Exercise Matched Pair,; and

(b) provide the relevant Matched Buyer and Matched Seller comprised within each Exercise Matched Pair (and any Exercise Delegation Beneficiary thereof) with a report the access to which will be restricted (a "**Protected Exercise Matched Pair Report**") and which contains information on:

(i) the identity of the other Clearing Member (or its Exercise Delegation Beneficiary if applicable) of the Exercise Matched Pair; and

(ii) the associated Exercise Matched Pair Amount,

as soon as reasonably practicable following the related Compression Cut-off Date, but in any event, at or prior to the EMP Notification Deadline.

LCH SA will provide the Protected Exercise Matched Pair Report in a manner such that the relevant Matched Buyer and Matched Seller or, if applicable, any relevant Exercise Delegation Beneficiaries, may access the information contained in the Protected Exercise Matched Pair Reports and the contact details only upon occurrence of an EEP Failure Event, in accordance with Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*) below.

Any Clearing Member expressly and irrevocably consents to the disclosure of information by LCH SA pursuant to and in accordance with the provisions of this Section and Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*) to the relevant Clearing Member or, if applicable, any relevant Exercise Delegation Beneficiary.

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6.2 Creation of Exercise Cleared Transactions

Upon the creation of Exercise Matched Pairs, where two or more Index Swaption Cleared Transactions have been combined into a single transaction as part of the matching process and/or where any Index Swaption Cleared Transaction has been split into two or more separate transactions as part of the matching process, the relevant original Index Swaption Cleared Transactions entered into by each Clearing Member with LCH SA will be deemed terminated and new Exercise Cleared Transactions of the same Swaption Type will be deemed to be entered into between each such Clearing Member and LCH SA, with each such Exercise Cleared Transaction having a Swaption Notional Amount (and with the Underlying Index Transaction in respect of each such Exercise Cleared Transaction having an Original Notional Amount) corresponding to the Exercise Matched Pair Amount of the Exercise Matched Pair in which the relevant Clearing Member is comprised as a Matched Buyer or a Matched Seller, as applicable. Subject to Section 9.3 (Resetting of Swaption Trade Date)

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below, the Swaption Trade Date of such Exercise Cleared Transactions shall be the date of such creation.

With effect from the creation of Exercised Matched Pairs, any Index Swaption Cleared Transaction forming part of an Exercised Matched Pair shall henceforth constitute an Exercise Cleared Transaction for the purposes of this CDS Clearing Supplement and the Swaption Notional Amount of such Index Swaption Cleared Transactions shall be the Exercise Matched Pair Amount.

6.3 **Exercise and Abandonment by way of EEP**

The Exercise (in whole or in part) and Abandonment of Exercise Cleared Transactions shall be conducted by way of the submission of Options Intents in the EEP only, save in the circumstances specified in Section 6.5(b) (*Consequences of EEP Failure*) below.

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An Option Intent submitted by Matched Buyer (or its Exercise Delegation Beneficiary on its behalf, if applicable) via the EEP shall be deemed to constitute the delivery by Matched Buyer of a valid Swaption Notice for the purposes of each of the Exercise Cleared Transactions of the Exercise Matched Pair (in its own name in respect of the Exercise Cleared Transaction of the Exercise Matched Pair to which it is a party and as designee of LCH SA in respect of the other Exercise Cleared Transaction of the Exercise Matched Pair) if (a) the Submission Time for such Option Intent is prior to the Submission Deadline and (b) LCH SA has completed those steps necessary to make such Option Intent available for viewing in the EEP, including validation of the EEP Controls.

As used herein, (i) the "**Submission Time**" for an Option Intent will be the time, as recorded by LCH SA, as of which such Option Intent is submitted via the EEP by the relevant Matched Buyer (or its Exercise Delegation Beneficiary on its behalf, if applicable) and (ii) "**EEP Controls**" means the controls specified in Section 5 of the Procedures performed by LCH SA immediately following the Submission Time.

An Option Intent shall become irrevocable by the Swaption Buyer as from the Submission Time.

For the avoidance of doubt, a Matched Buyer (or its Exercise Delegation Beneficiary if applicable) shall not be able to require a Force Submission after the Submission Deadline, including if the relevant Option Intent is deemed illogical further to EEP Controls carried out at or after the Submission Deadline.

The deemed time of delivery of the Swaption Notice in respect of the relevant Exercise Cleared Transaction shall be the Submission Time specified by the EEP in respect of such Option Intent.

The Exercise (in whole or in part) or Abandonment of the Exercise Cleared Transaction of the Exercise Matched Pair to which Matched Seller is a party will become accessible in the Clearing Member Portal Account of Matched Seller (and in the Client Portal Account of its Exercise Delegation Beneficiary if applicable) as soon as reasonably practicable following the

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registration of such Exercise or Abandonment by Matched Buyer (or its Exercise Delegation Beneficiary) in the EEP.

6.4 **Delegation by Clearing Members to Clients**

Solely in respect of the Exercise and Abandonment of the Exercise Cleared Transactions of an Exercise Matched Pair which are Client Cleared Transactions, Matched Buyer and/or Matched Seller shall designate its relevant Client to act on its behalf in accordance with this Section 6. Any such designation will take effect as soon as reasonably practicable (but not later than five Business Days) following receipt by LCH SA of a duly completed and signed Delegation Form (as defined in Section 5 of the Procedures). Such designation may be withdrawn provided that there is no Exercise Cleared Transaction registered in the Client Trade Account of the relevant Client and in accordance with the conditions set out in Section 5 of the Procedures.

Where Matched Buyer designates its Client in accordance with the above, any submission of an Option Intent by the Client of Matched Buyer via its Client Portal Account in the EEP prior to the Submission Deadline on the Expiration Date shall be deemed to constitute the delivery by Matched Buyer of a valid Exercise Notice or Abandonment Notice (as applicable) for the purposes of the terms of each of the Exercise Cleared Transactions of the Exercise Matched Pair in accordance with Section 6.3 (*Exercise and Abandonment by way of* EEP) above.

Where a Client has been designated by its Clearing Member pursuant to this Section 6.4 for purposes of the Exercise and Abandonment of Exercise Cleared Transactions, any reference in this CDS Clearing Supplement to a Swaption Notice being delivered to or by a Clearing Member, to the submission of Option Intents or the Exercise or Abandonment of an Exercise Cleared Transaction by a Clearing Member shall be interpreted accordingly.

6.5 **EEP failure and resolution**

(a) **Notification of EEP Failure and Resolution**

(i) LCH SA to notify Clearing Members and Exercise Delegation Beneficiaries of EEP Failure Event

If LCH SA becomes aware that the EEP is or will be unavailable for the submission or receipt of Option Intents with respect to an Expiration Date in a timely manner (an **EEP Failure Event**), then LCH SA will, as soon as reasonably practicable and in any case within one hour after the occurrence of the EEP Failure Event, notify all relevant Clearing Members (and any Exercise Delegation Beneficiary thereof) of such occurrence, including the time at which such failure occurred (the **EEP Failure Event Time**).

(ii) Access to the Protected Exercise Matched Pair Report and other information

As soon as possible following the occurrence of an EEP Failure Event, LCH will authorise Clearing Members or their Exercise Delegation Beneficiaries, as applicable (by any communication method including, without limitation, phone, email or any electronic messaging system) to access the information contained in the Protected Exercise Matched Pair Report.

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LCH SA shall notify the relevant Clearing Members (and any Exercise Delegation Beneficiary thereof) comprised within each Exercise Matched Pair of the address, fax number, telephone number, contact email address and other applicable notice details of the other Clearing Member (or its Exercise Delegation Beneficiary if applicable) of such Matched Pair.

(iii) LCH SA to notify Clearing Members of Resolution of EEP Failure Event

If, subsequent to an EEP Failure Event, LCH SA determines that an EEP Failure Event previously notified to Clearing Members is no longer in effect, LCH SA will as soon as reasonably practicable notify all relevant Clearing Members and Exercise Delegation Beneficiaries accordingly, including the time (the **EEP Resolution Time**) at which such EEP Failure Event is deemed to have been resolved and following which the EEP is operative for the purposes of the submission of Option Intents in respect of Exercise Cleared Transactions.

(b) **Consequences of EEP Failure**

From (and including) the EEP Failure Event Time to (but excluding) the EEP Resolution Time:

(i) Section 6.3 (*Exercise and Abandonment by way of EEP*) shall not apply and accordingly Swaption Notices shall be delivered in accordance with the provisions for the delivery of notices at Section 8 (*Delivery of Notices*) hereof and the terms of the relevant Exercise Cleared Transaction (and not via the EEP);

(ii) if Matched Buyer has designated its Client as its Exercise Delegation Beneficiary pursuant to Section 6.4 (*Delegation by Clearing Members to Clients*) above, such Exercise Delegation Beneficiary shall be entitled to send a Swaption Notice to Matched Seller as designee of Matched Buyer in accordance with Section 8 (*Delivery of Notices*) hereof using the notice details provided by LCH SA and such Swaption Notice shall be copied to Matched Buyer (provided that failure to provide such copy shall not affect the validity of the relevant Swaption Notice);

(iii) if Matched Seller has designated its Client as its Exercise Delegation Beneficiary, Swaption Notices shall be sent by Matched Buyer (or its Client as its Exercise Delegation Beneficiary if applicable) to the Client of Matched Seller as its Exercise Delegation Beneficiary in accordance with Section 8 (*Delivery of Notices*) hereof using the notices details provided by LCH SA and shall be copied to Matched Seller and, where the Swaption Notice is sent by the Client of Matched Buyer as its Exercise Delegation Beneficiary, shall be copied to Matched Buyer (provided in each case that failure to provide such copy shall not affect the validity of the relevant Swaption Notice);

(iv) subject to Section 8.3 (*Oral Notices*) below in respect of Abandonment Notices delivered to LCH SA, an Abandonment Notice given in accordance with this Section 6.5(b) may be given orally, including by telephone. Matched Buyer (or its Exercise Delegation Beneficiary if such Exercise Delegation Beneficiary gives an Abandonment Notice orally) will execute and deliver to Matched Seller (and the Exercise Delegation Beneficiary of Matched Seller if applicable) a written confirmation confirming the substance of any telephonic notice within one Transaction Business Day of the telephonic notice. Without prejudice to Section 6.8 (*Consequences of no Swaption Clearing Member Notice being received by LCH SA*) below, failure to provide that written confirmation will not affect the validity of the telephonic notice;

(v) any Exercise Notice delivered in respect of an Exercise Matched Pair for an amount which is greater than the related Exercise Matched Pair Notional Amount shall be ineffective as to such excess;

(vi) any Swaption Notice delivered via the EEP prior to the EEP Failure Event Time will be valid and will not be affected by such EEP Failure Event; and

(vii) any Swaption Notice delivered or purported to be delivered via the EEP at or following the EEP Failure Event Time but prior to the EEP Resolution Time will not be valid and effective.

Section 6.3 (*Exercise and Abandonment by way of EEP*) shall apply with effect from the EEP Resolution Time and, accordingly, any Swaption Notice thereafter delivered or purported to be delivered directly pursuant to this Section 6.5(b) will not be valid and effective.

(c) **Duty to deliver Swaption Clearing Member Notices**

Each Clearing Member shall notify LCH SA or deliver a copy to LCH SA of any Swaption Notice delivered by such Clearing Member to another Clearing Member comprised in an Exercise Matched Pair pursuant to Section 6.5(b) (*Consequences of EEP Failure*) above which such Clearing Member asserts or acknowledges was effective for the purposes of this CDS Clearing Supplement and the relevant Exercise Cleared Transactions (such notification, or delivery of such copy, in respect of any relevant Swaption Notice, a **Swaption Clearing Member Notice**) by no later than the Submission Deadline on the Expiration Date (the **Swaption Clearing Member Notice Deadline**).

If a Clearing Member has designated its Client as being entitled to send and receive Swaption Notices on its behalf pursuant to Section 6.4 (*Delegation by Clearing Members to Clients*) above, a Swaption Clearing Member Notice in respect of a Swaption Notice delivered pursuant to Section 6.5(b) (*Consequences of EEP Failure*) may be sent on its behalf by its Client as its Exercise Delegation Beneficiary.

6.6 **Abandonment of Exercise Cleared Transactions**

If, on the Expiration Date, Swaption Buyer elects to Abandon the Exercise Cleared Transactions of the Exercise Matched Pair, each Exercise Cleared Transaction shall be terminated in whole.

6.7 **Termination of Exercise Cleared Transactions**

If:

(a) no Option Intent is submitted pursuant to Section 6.3 (*Exercise and Abandonment by way of EEP*) or Section 6.4 (*Delegation by Clearing Members to Clients*) above in respect of the Exercise Cleared Transactions of an Exercise Matched Pair; and

(b) where Section 6.5(b) (*Consequences of EEP Failure*) (or, in respect of a CCM Client Cleared Transaction, Mandatory Provision 5.4 (*Consequences of EEP Failure*)) is applicable for some or all of the Exercise Period, LCH SA does not receive a Swaption Clearing Member Notice (or Swaption CCM Client Notice) in respect of an Exercise Notice or an Abandonment Notice from Swaption Buyer (or its Exercise Delegation Beneficiary, as applicable) of the relevant Exercised Matched Pair on or prior to the Swaption Clearing Member Notice Deadline (or Swaption CCM Client Notice Deadline, as applicable),

then, subject to Section 6.8 (*Consequences of no Swaption Clearing Member Notice being received by LCH SA*) below (or, in the case of a CCM Client Cleared Transaction, Mandatory Provision 5.5 (*Duty to Deliver Swaption CCM Client Notice*), LCH SA shall terminate the Exercise Cleared Transactions of the relevant Exercised Matched Pair.

6.8 **Consequences of no Swaption Clearing Member Notice or Swaption CCM Client Notice being received by LCH SA**

If Section 6.5(b) (*Consequences of EEP Failure*) is applicable for some or all of the Exercise Period and LCH SA determines in its sole discretion that, notwithstanding the fact that no Swaption Clearing Member Notice has been received by LCH SA in respect of an Exercise Notice by the Swaption Clearing Member Notice Deadline (or, in the case of a CCM Client Cleared Transaction, that no Swaption CCM Client Notice has been received by LCH SA in respect of an Exercise Notice by the Swaption CCM Client Notice Deadline), an Exercise Notice was in fact delivered by a Clearing Member (or its Exercise Delegation Beneficiary) pursuant to Section 6.5(b) (*Consequences of EEP Failure*) (or, in the case of a CCM Client Cleared Transaction, pursuant to Mandatory Provision 5.4(a) (*Consequences of EEP* Failure)) and would have been effective for the purposes of this CDS Clearing Supplement, LCH SA shall use commercially reasonable efforts to give effect to the terms of such Exercise Notice. If LCH SA gives effect to the terms of such Exercise Notice pursuant to this Section 6.8 then the provisions of this Part C of the CDS Clearing Supplement shall apply as if LCH SA had received a Swaption Clearing Member Notice in respect of the relevant Exercise Notice by the Swaption Clearing Member Notice Deadline (or, in the case of a CCM Client Cleared Transaction, had received a Swaption CCM Client Notice in respect of the relevant Exercise Notice by the Swaption CCM Client Notice Deadline).

If LCH SA determines in its sole discretion that it is not possible to give effect to the terms of any such Exercise Notice in respect of which no Swaption Clearing Member Notice was received by LCH SA by the Swaption Clearing Member Notice Deadline (or, in the case of a CCM Client Cleared Transaction, no Swaption CCM Client Notice was received by LCH SA by the Swaption CCM Client Notice Deadline), the relevant Clearing Members (or their Exercise Delegation Beneficiaries, as applicable), as identified in the Protected Exercise Matched Pair Report, shall acquire rights as against each other as though party to a bilateral credit default swap transaction on the terms of the relevant Underlying Index Transaction. The Settlement Payment shall be due and payable two Transaction Business Days following the giving of a notice that such amount is due and payable. The relevant Clearing Members (or their Exercise Delegation Beneficiaries, as applicable) shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any resulting payments and deliveries; LCH SA shall have no liability in respect thereof.

If the Clearing Members have entered into such a transaction following the delivery of an Exercise Notice and those Clearing Members wish to clear such transaction through LCH SA, those Clearing Members will each need to submit such transaction for clearing as an Index Cleared Transaction pursuant to Part B of this CDS Clearing Supplement.

6.9 **Cleared Transaction Exercise Reports**

Without prejudice to the notification requirements set out elsewhere in the CDS Clearing Documentation, LCH SA will communicate to the relevant Clearing Members, on the basis of information received from Clearing Members the aggregate Swaption Notional Amounts of Exercise Cleared Transactions to which they are a party as Swaption Buyer in respect of which Exercise Notices and Abandonment Notices have been delivered and the aggregate Swaption Notional Amounts of Exercise Cleared Transactions to which they are a party as Swaption Seller in respect of which Exercise Notices and Abandonment Notices have been delivered, in each case on an ongoing basis on the Expiration Date, through the reports referred to in Section 5 of the Procedures with the final report being published as soon as practicable after LCH SA has confirmed with the relevant Clearing Members that all Exercise Notices and Abandonment Notices have been identified.

For the avoidance of doubt, such communication shall not affect the validity or effectiveness of any Exercise or Abandonment which shall be subject to the terms of the relevant Exercise Cleared Transaction and the ISDA Swap Transaction Definitions.

6.10 **Clearing Member Communications Failure Event and CCM Client Communications Failure Event**

(a) **Right to deliver Swaption Notices manually following Clearing Member Communications Failure Event**

If a Clearing Member or its Exercise Delegation Beneficiary is affected by a significant communications or information technology failure resulting in it being impossible or impractical for such Clearing Member or Exercise Delegation Beneficiary to deliver or receive any Exercise Notice or Abandonment Notice in relation to an Expiration Date via the EEP (a **Clearing Member Communications Failure Event**) it shall, notwithstanding Section 6.3 (*Exercise and Abandonment by way of EEP*), deliver and

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receive Swaption Notices to and from LCH SA in accordance with the provisions for the delivery of notices at Section 8 (*Delivery of Notices*) hereof and the terms of the relevant Exercise Cleared Transaction (and, in the case of a CCM Client Cleared Transaction, in accordance with Mandatory Provision 5.7 (*CCM Client Communications Failure Event*)) and not via the EEP.

(b) **Processing of Swaption Notices by LCH SA in case of Clearing Member Communications Failure Event or CCM Client Communications Failure Event**

(i) In case of Clearing Member Communications Failure Event or CCM Client Communications Failure Event affecting a Matched Buyer

Upon receipt of a Swaption Notice delivered by a Clearing Member (or its Exercise Delegation Beneficiary) in accordance with Section 6.10(a) above or (in respect of a CCM Client Cleared Transaction) a Swaption Notice delivered by a CCM Client in accordance with Mandatory Provision 5.7 (*CCM Client Communications Failure Event*), LCH SA shall, as soon as reasonably practicable, submit via the EEP, on behalf of such Clearing Member or Exercise Delegation Beneficiary, an Option Intent conforming to such Swaption Notice. Provided that (A) the Submission Time for such Option Intent is prior to the Submission Deadline and (B) LCH SA has completed those steps necessary to make such Option Intent available for viewing in the EEP, including validation of the EEP Controls, such Option Intent shall be deemed to constitute the delivery by the relevant Clearing Member or Exercise Delegation Beneficiary (as applicable) of a valid Exercise Notice or Abandonment Notice (as applicable). The deemed time of delivery of the relevant Swaption Notice shall be the Submission Time specified by the EEP in respect of such Option Intent.

Notwithstanding the above, in respect of any Swaption Notice delivered pursuant to Section 6.10(a) above or (in the case of a CCM Client Cleared Transaction) pursuant to Mandatory Provision 5.7 (*CCM Client Communications Failure Event*), LCH SA may determine in its sole discretion that it is not able to submit the relevant Option Intent in the relevant system prior to the Submission Deadline on the Expiration Date. In such case, LCH SA will inform the relevant Clearing Member or Exercise Delegation Beneficiary and such Clearing Member or Exercise Delegation Beneficiary will be deemed not to have submitted an Option Intent in respect of the relevant Exercise Cleared Transaction and the provisions of Sections 6.7 and 6.8 shall apply.

In respect of any Swaption Notice delivered pursuant to Section 6.10(a) above or (in the case of a CCM Client Cleared Transaction) pursuant to Mandatory Provision 5.7 (*CCM Client Communications Failure Event*), LCH SA may, in its sole discretion, elect to register the Exercise or Abandonment of an Exercise Cleared Transaction in an alternative internal system of LCH SA in which case

the terms 'EEP', 'Option Intent', 'Submission Time' and 'EEP Controls' shall be interpreted accordingly *mutatis mutandis*.

(ii) In case of Clearing Member Communications Failure Event or CCM Client Communications Failure Event affecting a Matched Seller

If a Clearing Member (or its FCM/BD Client as Exercise Delegation Beneficiary) is subject to a Clearing Member Communications Failure Event duly notified to LCH SA in accordance with Section 6.10(c) below, or (in respect of a CCM Client Cleared Transaction) CCM Client as Exercise Delegation Beneficiary is subject to a CCM Client Communications Failure Event duly notified to LCH SA in accordance with Mandatory Provision 5.7(b) (*Client to notify LCH SA of occurrence of CCM Client Communications Failure Event*), any Exercise (in whole or in part) or Abandonment of an Exercise Cleared Transaction of an Exercise Matched Pair to which such Clearing Member is a party as Matched Seller shall be notified to such Matched Seller (and its Exercise Delegation Beneficiary if applicable) by LCH SA as soon as reasonably practicable in accordance with the provisions for the delivery of notices at Section 8 (*Delivery of Notices*) hereof.

(c) **Clearing Member or Exercise Delegation Beneficiary to notify LCH SA of Occurrence of Clearing Member Communications Failure Event**

Following the occurrence of a Clearing Member Communications Failure Event (or, in respect of a CCM Client Cleared Transaction, a CCM Client Communications Failure Event), the affected Clearing Member or Exercise Delegation Beneficiary shall, as soon as reasonably practicable and, in any event, prior to or at the same time as delivering any Swaption Notice to LCH SA in accordance with Section 6.10(a) above, deliver to LCH SA a notice (in the form set out at Appendix VI hereto) signed by an authorised signatory of such Clearing Member (or its Exercise Delegation Beneficiary) certifying that such Clearing Member (or Exercise Delegation Beneficiary) is affected by a Clearing Member Communications Failure Event or CCM Client Communications Failure Event (or, if such Clearing Member or Exercise Delegation Beneficiary is unable to deliver such notice in writing, orally by telephone).

(d) **Notification of Resolution of Clearing Member Communications Failure Event**

As soon as reasonably practicable upon a Clearing Member (or its FCM/BD Client as Exercise Delegation Beneficiary, if applicable) ceasing to be subject to a Clearing Member Communications Failure Event (or, in respect of a CCM Client as Exercise Delegation Beneficiary, a CCM Client Communications Failure Event), it shall notify LCH SA accordingly in the form set out at Appendix VII hereto, such notice to be signed by an authorised signatory (or, if such Clearing Member or Exercise Delegation Beneficiary is unable to deliver such notice in writing, orally by telephone) and thereupon Section 6.3 (*Exercise and Abandonment by way of EEP*) shall apply and, accordingly, any Swaption Notice thereafter delivered or purported to be delivered by

such Clearing Member (or its Exercise Delegation Beneficiary) directly (and not via the EEP) will not be valid and effective.

(e) **Clearing Member Duty to Mitigate**

A Clearing Member which is subject to a Clearing Member Communications Failure Event shall use reasonable endeavours to mitigate the operational impact on other Clearing Members and LCH SA of any Clearing Member Communications Failure Event, to cure such Clearing Member Communications Failure Event as soon as reasonably practicable and to ensure that the circumstances giving rise to the relevant Clearing Member Communications Failure Event do not recur.

7. SETTLEMENT

7.1 Creation of Index Cleared Transactions

Notwithstanding and in addition to any Initial Single Name Cleared Transaction(s) or Restructuring Cleared Transaction(s) created pursuant to Section 7.2 (*Creation of Initial Single Name Cleared Transactions for Settlement purposes in respect of Credit Events other than M(M)R Restructuring*), Section 7.3 (*Creation of Restructuring Cleared Transactions for Triggering and/or Settlement purposes*) or Section 7.4 (*Creation of Initial Single Name Cleared Transactions in respect of untriggered M(M)R Restructuring*) below, following Exercise an Index Cleared Transaction shall be deemed to have been entered into between each Clearing Member and LCH SA on the terms of the Underlying Index Transaction to which the relevant Exercise Cleared Transactions relate. Such Index Cleared Transaction shall reference the currently Eligible Underlying Index Transaction Version as of the Expiration Date of the index referenced by the relevant Underlying Index Transaction. Subject to the below, such Index Cleared Transaction shall be entered into by LCH SA and the relevant Clearing Member on the terms of the Index Cleared Transaction Confirmation (as defined in Part B of the CDS Clearing Supplement).

Each such Index Cleared Transaction shall have a Floating Rate Payer Calculation Amount equal to:

(a) subject to (b) below, the Swaption Notional Amount of the Exercise Cleared Transaction from which such Index Cleared Transaction resulted; or

(b) if the Exercise Cleared Transaction from which such Index Cleared Transaction resulted was exercised in part, the portion of the Swaption Notional Amount of the Exercise Cleared Transaction that was exercised.

The provisions of this Part C of the CDS Clearing Supplement shall cease to apply to such Index Cleared Transaction upon its creation and such Index Cleared Transaction shall instead be subject to and cleared in accordance with Part B of this CDS Clearing Supplement; *provided, however, that*:

(i) an Initial Payment Amount shall be payable under such Index Cleared Transaction which shall be an amount equal to, and payable by the party that would be required to pay, the Settlement Payment (or the absolute value thereof, as applicable) that would be

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determined in respect of the Exercise Cleared Transaction from which such Index Cleared Transaction is created in accordance with the provisions of the Exercise Cleared Transaction (as amended by Section 2.2 (*Index Swaption Cleared Transaction Confirmation*) hereof). The Initial Payment Date in respect of such Initial Payment Amount shall be the Transaction Business Day (determined pursuant to paragraph (a)(i) of the definition of Transaction Business Day as if such payment were the Settlement Payment) immediately following the Expiration Date; and

(ii) the paragraph entitled 'Successors' of the iTraxx® Swaption Standard Terms Supplement shall continue to apply to such Index Cleared Transaction.

Following the creation of such Index Cleared Transaction and any Initial Single Name Cleared Transaction(s) and Restructuring Cleared Transaction(s) created pursuant to Section 7.2 (*Creation of Initial Single Name Cleared Transactions for Settlement purposes in respect of Credit Events other than M(M)R Restructuring*), Section 7.3 (*Creation of Restructuring Cleared Transactions for Triggering and/or Settlement purposes*) and Section 7.4 (*Creation of Initial Single Name Cleared Transactions in respect of untriggered M(M)R Restructuring*) below, the Exercise Cleared Transaction from which it was created shall be terminated.

7.2 **Creation of Initial Single Name Cleared Transactions for Settlement purposes in respect of Credit Events other than M(M)R Restructuring**

If a DC Credit Event Announcement has been made on or after the Credit Event Backstop Date which would be applicable to a Component Transaction of the Underlying Index Transaction of an Exercise Cleared Transaction (other than in respect of an M(M)R Restructuring and subject to the operation of the paragraph entitled 'Operation of each Underlying Swap Transaction' or, where relevant, 'Operation of each Underlying Transaction', of the iTraxx® Swaption Standard Terms Supplement or, as the case may be, of the paragraph entitled 'Operation of Underlying Swap Transaction' or, where relevant, 'Operation of Underlying Transaction', of the CDX Swaption Standard Terms Supplement) and the Auction Final Price Determination Date that would have been applicable to such Credit Event fell prior to the Expiration Date, then following Exercise an Initial Single Name Cleared Transaction (as defined in Part B of this CDS Clearing Supplement) shall be deemed to have been entered into on the Expiration Date between each Clearing Member and LCH SA on the terms of the Component Transaction (subject as set out below) in respect of the relevant Reference Entity of the Underlying Index Transaction. Subject to the below, such Initial Single Name Cleared Transaction shall be entered into by LCH SA and the relevant Clearing Member on the terms of the Single Name Cleared Transaction Confirmation (as defined in Part B of the CDS Clearing Supplement).

Each such Initial Single Name Cleared Transaction shall have a Floating Rate Payer Calculation Amount equal to:

(a) the Swaption Notional Amount of the Exercise Cleared Transaction from which such Initial Single Name Cleared Transaction resulted *multiplied by* the 'Reference Entity Weighting' (under the Underlying Index Transaction referenced by such Exercise Cleared Transaction) of the relevant Reference Entity; *multiplied by*

(b) the Exercise Percentage.

The provisions of this Part C of the CDS Clearing Supplement shall cease to apply to such Initial Single Name Cleared Transaction upon its creation and such Initial Single Name Cleared Transaction shall instead be subject to and cleared in accordance with Part B of this CDS Clearing Supplement; *provided, however, that*:

(i) the paragraph entitled 'Operation of each Underlying Swap Transaction' or, where relevant, 'Operation of each Underlying Transaction', and the paragraph entitled 'Successors' of the iTraxx® Swaption Standard Terms Supplement or, as the case may be, the paragraph entitled 'Operation of Underlying Swap Transaction' or, where relevant, 'Operation of Underlying Transaction', of the CDX Swaption Standard Terms Supplement shall continue to apply to such Initial Single Name Cleared Transaction; and

(ii) notwithstanding (i) above, the Auction Settlement Date in respect of such Initial Single Name Cleared Transaction shall be the later of (x) the Auction Settlement Date that would be determined in accordance with Section 6.3 of the 2014 ISDA Credit Derivatives Definitions and (y) the first Transaction Business Day following the Expiration Date.

7.3 **Creation of Restructuring Cleared Transactions for Triggering and/or Settlement purposes**

If:

(a) a DC Credit Event Announcement has been made on or after the Credit Event Backstop Date in respect of an M(M)R Restructuring which would be applicable to a Component Transaction of the Underlying Index Transaction of an Exercise Cleared Transaction (subject to the operation of the paragraph entitled 'Operation of each Underlying Swap Transaction' or, where relevant, 'Operation of each Underlying Transaction', of the iTraxx® Swaption Standard Terms Supplement); and

(b) either the CEN Triggering Period has not expired or, if the CEN Triggering Period has expired, a valid Credit Event Notice was delivered in respect of such M(M)R Restructuring prior to its expiry,

then following Exercise a Restructuring Cleared Transaction (as defined in Part B of this CDS Clearing Supplement) shall be deemed to have been entered into on the Expiration Date between each Clearing Member and LCH SA on the terms of the Component Transaction (subject as set out below) in respect of the relevant Reference Entity of the Underlying Index Transaction and any Credit Event Notice or Notice to Exercise Movement Option validly delivered in respect of the Swaption Restructuring Cleared Transaction from which such Restructuring Cleared Transaction is created shall be deemed to have been validly delivered in respect of such Restructuring Cleared Transaction by CDS Buyer and/or CDS Seller (as applicable). Subject to the below, such Restructuring Cleared Transaction shall be entered into by LCH SA and the relevant Clearing Member on the terms of the Single Name Cleared Transaction Confirmation (as defined in Part B of the CDS Clearing Supplement).

Such Restructuring Cleared Transaction shall have a Floating Rate Payer Calculation Amount equal to (x) the SRMP Triggerable Amount (for the relevant M(M)R Restructuring) of the Swaption Restructuring Cleared Transaction from which such Restructuring Cleared Transaction is created *multiplied by* (y) the Exercise Percentage.

The provisions of this Part C of the CDS Clearing Supplement shall cease to apply to such Restructuring Cleared Transaction upon its creation and such Restructuring Cleared Transaction shall instead be subject to and cleared in accordance with Part B of this CDS Clearing Supplement; *provided, however, that*:

(i) the paragraph entitled 'Operation of each Underlying Swap Transaction' or, where relevant, 'Operation of each Underlying Transaction', and the paragraph entitled 'Successors' of the iTraxx® Swaption Standard Terms Supplement shall continue to apply to such Restructuring Cleared Transaction; and

(ii) notwithstanding (i) above, the Auction Settlement Date in respect of such Restructuring Cleared Transaction (if a valid Credit Event Notice is delivered or deemed to be delivered in respect of such Restructuring Cleared Transaction) shall be the later of (x) the Auction Settlement Date applicable to such Restructuring Cleared Transaction pursuant to Part B of the CDS Clearing Supplement and (y) the first Transaction Business Day following the Expiration Date.

7.4 **Creation of Initial Single Name Cleared Transactions in respect of untriggered M(M)R Restructuring**

If:

(a) a DC Credit Event Announcement has been made that an M(M)R Restructuring Credit Event occurred on or after the Credit Event Backstop Date which would be applicable to a Component Transaction of the Underlying Index Transaction of an Exercise Cleared Transaction (subject to the operation of the paragraph entitled 'Operation of each Underlying Swap Transaction' or, where relevant, 'Operation of each Underlying Transaction', of the iTraxx® Swaption Standard Terms Supplement); and

(b) no valid Credit Event Notice was delivered in respect of such M(M)R Restructuring prior to the expiry of the applicable CEN Triggering Period,

then following Exercise, an Initial Single Name Cleared Transaction (as defined in Part B of this CDS Clearing Supplement) shall be deemed to have been entered into on the Expiration Date between each Clearing Member and LCH SA on the terms of the Component Transaction (subject as set out below) in respect of the relevant Reference Entity of the Underlying Index Transaction. Subject to the below, such Initial Single Name Cleared Transaction shall be entered into by LCH SA and the relevant Clearing Member on the terms of the Single Name Cleared Transaction Confirmation (as defined in Part B of the CDS Clearing Supplement).

Each such Initial Single Name Cleared Transaction shall have a Floating Rate Payer Calculation Amount equal to:

(a) the Swaption Notional Amount of the Exercise Cleared Transaction from which such Initial Single Name Cleared Transaction resulted *multiplied by* the 'Reference Entity Weighting' (under the Underlying Index Transaction referenced by such Exercise Cleared Transaction) of the relevant Reference Entity; *multiplied by*

(b) the Exercise Percentage.

The provisions of this Part C of the CDS Clearing Supplement shall cease to apply to such Initial Single Name Cleared Transaction upon its creation and such Initial Single Name Cleared Transaction shall instead be subject to and cleared in accordance with Part B of this CDS Clearing Supplement; *provided, however, that* the paragraph entitled 'Successors' of the iTraxx® Swaption Standard Terms Supplement shall continue to apply to such Initial Single Name Cleared Transaction.

8. DELIVERY OF NOTICES

8.1 General Rules relating to Notices

(a) **Methods of Delivery and deemed Time of Delivery**

Subject to Sections 6.3 (*Exercise and Abandonment by way of EEP*) and 6.5(b)(b)(iv) and without prejudice to Section 1.38 (*Requirements Regarding Notices*) of the 2014 ISDA Credit Derivatives Definitions and the remaining provisions of the 2014 ISDA Credit Derivatives Definitions and of the ISDA Swap Transaction Definitions (including, for the avoidance of doubt, in relation to notices permitted to be given orally), any notice or other communication in respect of any Cleared Transaction may be given in any manner described below and will be deemed effective as indicated:

(i) if delivered in person or by courier, on the date and at the time it is delivered;

(ii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted; or

(iv) if sent by electronic messaging system (including e-mail or any other electronic access solution established by LCH SA for such purpose), on the date it is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Transaction Business Day or that communication is delivered (or attempted) or received, as applicable, pursuant to the above after 6.00 p.m. in the location of the recipient on a Transaction Business Day, in which case that communication will be deemed given and effective on the first following day that is a Transaction Business Day.

(b) **Notices from or to LCH SA**

Any such notice or communication given by LCH SA to a Clearing Member or *vice versa* shall (except where given via the EEP in accordance with Section 6.3 (*Exercise and Abandonment by way of EEP*)) be given to the address or number previously specified in or previously notified for the relevant purpose in accordance with the CDS Admission Agreement or the Procedures.

Any notice or communication given by LCH SA to a Client of a Clearing Member as its Exercise Delegation Beneficiary or Restructuring Delegation Beneficiary or *vice versa* shall be given to the address or number provided by such Client or its Clearing Member to LCH SA and *vice versa* when the relevant Clearing Member registered such Client for the clearing of Index Swaption Cleared Transactions, or any other address or number duly notified thereafter by such Client to LCH SA or *vice versa*.

(c) **Notices between Clearing Members**

Notices given by a Clearing Member to another Clearing Member (or their respective Exercise Delegation Beneficiaries or Restructuring Delegation Beneficiairies) comprised in a relevant Matched Pair shall be given to the address or number notified by LCH SA to the deliver or pursuant to Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) or pursuant to Section 6.1 (*Creation and Notification of Exercise Matched Pairs*)and Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*), as applicable.

Such notices shall only be deemed to be delivered effectively by LCH SA through the relevant Clearing Member as its designee (acting itself or through the Exercise Delegation Beneficiary or Restructuring Delegation Beneficiary of such Clearing Member, if applicable) as against the recipient where the address or number so notified by LCH SA corresponds in all material respects to the address or number, as applicable, specified by such recipient in or pursuant to the CDS Admission Agreement.

(d) **No Obligation on LCH SA to verify Signatories**

LCH SA shall have no obligation to verify the authority of any signatory of any notice delivered by any Clearing Member pursuant to this Section 8 (*Delivery of Notices*).

8.2 **Failure to notify Matched Pairs**

Notwithstanding Section 5.3 (*Triggering of Swaption Restructuring Cleared Transactions*) or Section 6.5(b) (*Consequences of EEP Failure*), if LCH SA does not notify the relevant Clearing Members of Swaption Restructuring Matched Pairs (or their Restructuring Delegation Beneficiaries, if applicable) and related information specified in Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) by the SRMP Notification Deadline or does not notify the relevant Clearing Members of Exercise Matched Pairs (or their Exercise Delegation Beneficiaries, if applicable) and related information specified in Section 6.1. (*Creation and Notification of Exercise Matched Pairs*) and in Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*) and provide the Protected Exercise Matched Pair Report by the EMP Notification Deadline (as applicable) (or, where Section 6.5(b) (Consequences of EEP Failure) is applicable as a result of the occurrence of an EEP Failure Event that occurs after the EMP Notification Deadline, from the time of such EEP Failure Event until such time as LCH SA provides the Protected Exercise Matched Pair Report and related information in accordance with Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) and Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*)):

(a) the relevant Clearing Members (or their Restructuring Delegation Beneficiaries as their designees if applicable) may deliver Credit Event Notices and Notices to Exercise Movement Options in respect of their Swaption Restructuring Cleared Transaction to LCH SA and *vice versa*;

(b) if Section 6.5(b) (*Consequences of EEP Failure*) is applicable as a result of the occurrence of an EEP Failure Event, the relevant Clearing Members (or their Exercise Delegation Beneficiaries as their designees if applicable) may deliver Swaption Notices in respect of their Exercise Cleared Transaction to LCH SA, and *vice versa*; and

(c) the provisions of Section 9 (*Matched Pair Designations*) shall not apply and the terms of this CDS Clearing Supplement shall be construed accordingly.

8.3 **Oral Notices**

Notwithstanding the provisions of the ISDA Swap Transaction Definitions and of the 2014 ISDA Credit Derivatives Definitions and any other provision hereof, where Swaption Notices, Credit Event Notices and Notices to Exercise Movement Option are to be delivered directly to LCH SA, such notices may not be delivered orally or by telephone.

8.4 **Disputes as to Notices**

If any Clearing Member comprised in a Matched Pair where one such party is acting as designee of LCH SA disputes the effective delivery in accordance with the terms of the relevant Cleared Transactions of any notice delivered directly between Clearing Members pursuant to Section 5 (*Restructuring*) or Section 6.5(b) (*Consequences of EEP Failure*):

(a) LCH SA shall be entitled in accordance with the Procedures to calculate and call for Margin with respect to each such Clearing Member on the basis of the maximum requirement for such Clearing Member that could result from any foreseeable outcome of such dispute;

(b) following final resolution of such dispute by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures, the Clearing Members comprised in the relevant Matched Pair shall take such actions with respect to the affected Exercise Cleared Transactions or Swaption Restructuring Cleared Transactions, as the case may be, the subject of such dispute as LCH SA determines appropriate to give effect to any relevant binding resolution; and

(c) without prejudice to its obligations upon final resolution of the dispute, pending final resolution of any such dispute, LCH SA shall not be obliged to take any step pursuant to the terms of the relevant Exercise Cleared Transactions or Swaption Restructuring Cleared Transactions which would be required to have been taken by it had the relevant notice been validly delivered.

Each relevant Clearing Member must promptly notify LCH SA of any such disputes (in the form set out at Appendix V hereto).

9. MATCHED PAIR DESIGNATIONS

9.1 Creation of Matched Pairs

LCH SA will create Matched Pairs where required to do so pursuant to Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs)* and Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) using a matching procedure that matches Swaption Sellers with Swaption Buyers pursuant to an algorithm incorporating the following principles:

(a) the procedure seeks to create Matched Pairs between the same Clearing Member to the extent it is possible to do so before creating Matched Pairs between different Clearing Members and, for this purpose, in the context of CCMs, the procedure will create Matched Pairs separately for CCMs and their CCM Clients (individually where the CCM Client is allocated to a single CCM Client Margin Account or together where a set of CCM Clients is allocated to a single CCM Client Margin Account) and Clearing Member will be construed accordingly;

(b) the procedure seeks to minimise the number of Matched Pairs (and accordingly, largest positions will be matched first);

(c) each Matched Pair will, to the extent possible, have an aggregate Swaption Restructuring Matched Pair Amount or Exercise Matched Pair Amount (as applicable), which meets the criteria as set out in a Clearing Notice; and

(d) LCH SA will allocate a Matched Pair Amount to each Matched Pair such that:

(i) the sum of all Swaption Restructuring Matched Pair Amounts or Exercise Matched Pair Amounts (as applicable) of each Swaption Buyer under the Swaption Restructuring Cleared Transactions or Exercise Cleared Transactions matched on the relevant date pursuant to this Section 9.1 is equal to the aggregate of the Swaption Notional Amounts of the Index Swaption Cleared Transactions to which such Swaption Buyer is a party which are to be matched on such date pursuant to this Section 9.1; and

(ii) the sum of all Swaption Restructuring Matched Pair Amounts or Exercise Matched Pair Amounts (as applicable) of each Swaption Seller under the Swaption Restructuring Cleared Transactions or Exercise Cleared Transactions matched on the relevant date pursuant to this Section 9.1 is equal to the aggregate of the Swaption Notional Amounts of the Index Swaption Cleared Transactions to which such Swaption Seller is a party which are to be matched on such date pursuant to this Section 9.1.

9.2 Registration of new Swaption Restructuring Cleared Transactions and Exercise Cleared Transactions and Removal of original Index Swaption Cleared Transactions

To the extent that any Swaption Restructuring Cleared Transaction created pursuant to Section 5.2 (*Creation of Swaption Restructuring Cleared Transaction)* or any Exercise Cleared Transaction created pursuant to Section 6.2 (*Creation of Exercise Cleared Transactions*) is not automatically registered in accordance with the DTCC Rules, LCH SA shall register such new

Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction (as applicable) in the TIW in accordance with the DTCC Rules prior to 6.00 p.m. on the date on which the SRMP Notification Deadline or EMP Notification Deadline (as applicable) falls. In respect of CCMs and CCM Clients only, such registration by LCH SA shall also result in the automatic registration of any amendments made to the corresponding CCM Client Transactions.

In addition, LCH SA will, on behalf of the relevant Clearing Member, send an "Exit" message to the TIW in accordance with the DTCC Rules to terminate and remove the corresponding original Index Swaption Cleared Transactions from which such Swaption Restructuring Cleared Transactions or Exercise Cleared Transactions were created from the TIW prior to 10.00 p.m. on the date on which the SRMP Notification Deadline or EMP Notification Deadline (as applicable) falls.

9.3 **Resetting of Swaption Trade Date**

If LCH SA determines in respect of any Swaption Restructuring Cleared Transaction created pursuant to Section 5.2 (*Creation of Swaption Restructuring Cleared Transactions*) or any Exercise Cleared Transaction created pursuant to Section 6.2 (*Creation of Exercise Cleared Transactions*) that the Swaption Trade Date for such Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction would be after a DC Announcement Coverage Cut-off Date whereas the Swaption Trade Date for the Cleared Transaction(s) from which such Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction was created would have been prior to such DC Announcement Coverage Cut-off Date, LCH SA shall take such action as it deems necessary to ensure that such DC Credit Event Announcement is applicable to such Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction, including, without limitation, specifying an earlier Swaption Trade Date for such Swaption Restructuring Cleared Transaction or Exercise Cleared Transaction.

9.4 **Matched Buyer and Seller Contracts**

(a) In respect of each Matched Buyer Contract which is the subject of a Matched Pair, LCH SA, pursuant to Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions (amended as set out at Section 2.3 (*Amendments to 2014 ISDA Credit Derivatives Definitions*)), as designator, shall be deemed to have designated Matched Seller in such Matched Pair as its designee to receive on its behalf from, and to deliver on its behalf to, Matched Buyer of the Matched Pair any applicable notices or certifications) in accordance with the terms of the applicable Cleared Transaction (including, without limitation, Exercise Notices and Abandonment Notices).

(b) In respect of each Matched Seller Contract which is the subject of a Matched Pair, LCH SA, *pursuant* to Section 11.2(c)(iv) of the 2014 ISDA Credit Derivatives Definitions (as amended pursuant to Section 2.3 (*Amendments to 2014 ISDA Credit Derivatives Definitions*) above), as designator, shall be deemed to have designated Matched Buyer in such Matched Pair as its designee to receive on its behalf from, and to deliver on its behalf to, Matched Seller of the Matched Pair any applicable notices or certifications) in accordance with the terms of the applicable Cleared Transaction (including, without limitation, Exercise Notices and Abandonment Notices).

9.5 **Exercise of Rights**

In relation to each Matched Pair:

(a) the exercise of any rights by Matched Buyer against LCH SA under a Matched Buyer Contract shall be deemed to constitute the exercise of equal and simultaneous rights by LCH SA against Matched Seller under the Matched Seller Contract of the relevant Matched Pair; and

(b) the exercise of any rights by Matched Seller against LCH SA under a Matched Seller Contract shall be deemed to constitute the exercise of equal and simultaneous rights by LCH SA against Matched Buyer under the Matched Buyer Contract of the relevant Matched Pair.

9.6 **Clearing Member matched with Itself**

In the event that Matched Buyer and Matched Seller of a Matched Pair pursuant to this Section 9 (Matched Pair Designations) is the same Clearing Member, such Clearing Member shall be deemed to have sent a notice from itself in its role as Matched Buyer to itself in its role as Matched Seller (and vice versa) upon such Clearing Member sending a Clearing Member Notice to LCH SA pursuant to Section 5.8 (a) (*Duty to deliver Swaption Restructuring Clearing Member Notices*) or Section 6.5(c) (*Duty to deliver Swaption Clearing Member Notices*) above in respect of such notice.

9.7 **Notices**

In relation to each Matched Pair:

(a) where Matched Buyer validly delivers or serves any notice to Matched Seller as designee of LCH SA in accordance with the terms of a relevant Matched Buyer Contract, such notice shall additionally be effective as a notice given by such Matched Buyer as designee of LCH SA to Matched Seller for the purposes of the relevant Matched Seller Contract; and

(b) where Matched Seller validly delivers or serves any notice to Matched Buyer as designee of LCH SA in accordance with the terms of a relevant Matched Seller Contract, such notice shall additionally be effective as a notice given by such Matched Seller as designee of LCH SA to Matched Buyer for the purposes of the relevant Matched Buyer Contract.

10. MANDATORY PROVISIONS FOR CCM CLIENT TRANSACTIONS

In Appendix VIII, certain provisions are set-out (the "**Mandatory Provisions**") for incorporation into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

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LCH SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion or non-inclusion of the Mandatory Provisions in the CCM Client Transaction Documents.

11. AMENDMENTS

LCH SA may amend the provisions of this CDS Clearing Supplement (including, without limitation, the Mandatory Provisions) from time to time so as to comply with any legal or regulatory developments or any recommendations adopted by the industry in respect of CDS, Swaptions or Cleared Transactions or CCM Client Transactions, as applicable, or so as to reflect any technological advancements, in each case in accordance with the provisions of Section 1.2.2 (*Modification*) of Chapter 2 (*General Provisions*) of the CDS Clearing Rule Book.

12. FORMS OF NOTICES

A form of Exercise Notice, Abandonment Notice, Credit Event Notice, Notice to Exercise Movement Option, notice of dispute relating to any Matched Pair as contemplated by Section 8.4 (*Disputes as to Notices*) is set out in Appendix I, II, III, IV and V respectively hereto.

Any of the above referenced notices shall be delivered in substantially the form appended hereto, provided, for the avoidance of doubt, that such notices may refer to multiple transactions and may have certain firm-specific variations.

For the avoidance of doubt, the above referenced notices shall be governed by and construed in accordance with English law.

13. EXCLUSION OF LIABILITY

Without prejudice to the provisions of Article 1.2.10.3 of the CDS Clearing Rule Book:

(a) **No liability for Failure of Designee to perform in respect of Matched Pair**

Without prejudice to its obligations under or in respect of a Cleared Transaction, LCH SA shall not be liable for any loss or cost arising out of any failure of any Clearing Member comprised in a Matched Pair to perform its obligations as designee of LCH SA against a related Matched Buyer or Matched Seller, as applicable.

(b) **No liability for Exercise or Abandonment by Exercise Delegation Beneficiary**

LCH SA shall have no liability to a Clearing Member which has delegated to an Exercise Delegation Beneficiary its power to Exercise or Abandon Exercise Cleared Transactions in accordance with Section 6.4 (*Delegation by Clearing Members to Clients*) above for any loss, cost or expense arising out of any failure of such Exercise Delegation Beneficiary to perform its obligations in relation to such delegation or in connection with or arising from the Exercise or Abandonment (or attempted Exercise or Abandonment) of an Exercise Cleared Transaction by such Exercise Delegation Beneficiary.

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(c) **No liability for sending any Credit Event Notice or Notice to Exercise Movement Option**

LCH SA shall have no liability to a Clearing Member which has delegated to a Restructuring Delegation Beneficiary its power to send Credit Event Notices and Notices to Exercise Movement Option on its behalf in accordance with Section 5.7 (*Delegation by Clearing Members to Clients*) above for any loss, cost or expense arising out of any failure of such Restructuring Delegation Beneficiary to perform its obligations in relation to such delegation or in connection with or arising from the delivery of Credit Event Notices and Notices to Exercise Movement Option (or attempted delivery) in respect of a Swaption Restructuring Cleared Transaction by such Restructuring Delegation Beneficiary.

(d) **No liability for Fault of Third Party or Force Majeure**

LCH SA shall have no liability to any person where Swaption Restructuring Cleared Transactions or Exercise Cleared Transactions are not or are improperly created, Index Swaption Cleared Transactions, Swaption Restructuring Cleared Transactions or Exercise Cleared Transactions are not or are improperly terminated or where the Exercise process or the Movement Option process is not or is improperly implemented, because of a third party's fault or a force majeure event. In particular, LCH SA shall not incur any liability arising as a result of any action or omission of DTCC.

(e) **No Obligation to verify Notices received**

LCH SA shall have no responsibility to verify the contents of any notice received by it from any Clearing Member (or from an Exercise Delegation Beneficiary or a Restructuring Delegation Beneficiary of a Clearing Member) under the terms of any Cleared Transaction.

14. DISPUTE RESOLUTION

For the avoidance of doubt, all Disputes shall be referred to and finally resolved by arbitration or by litigation, as applicable, in accordance with the CDS Dispute Resolution Protocol, subject to the provisions of Sections 8 and 9 of the Procedures.

15. GOVERNING LAW

For the avoidance of doubt, the governing law applicable to this CDS Clearing Supplement (excluding the Mandatory Provisions to the extent that such terms are incorporated by reference in the CCM Client Transaction Documents entered into between a CCM and its CCM Client in respect of a CCM Client Transaction), the 2014 ISDA Credit Derivatives Definitions, the ISDA Swap Transaction Definitions and any Cleared Transactions (and any related definitions or Clearing Notices issued in respect of the CDS Clearing Supplement, the 2014 ISDA Credit Derivatives Definitions, the ISDA Swap Transaction Definitions or any Cleared Transactions) and any non-contractual obligations arising out of, relating to or having any connection with them shall be as set out in Section 1.2.14 (*Governing Law*) of the CDS Clearing Rule Book.

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APPENDIX I: FORM OF EXERCISE NOTICE

To: [*Exercise Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*Date*]

EXERCISE NOTICE:

Exercise Cleared Transaction Details: As set out in the Schedule hereto[1].

Reference is made to the Exercise Cleared Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction and in the CDS Clearing Documentation (as defined in such confirmation).

This letter is our Exercise Notice to you to confirm [our telephonic notice to you today] that we have elected to exercise our rights under the Transaction[s] as set out in the Schedule hereto.

Sincerely

[*Clearing Member*]

_____

Name:

Title:

[1] A single Exercise Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Exercise Cleared Transaction Details

Exercise Matched Pair ID	**Underlying Index**	**Swaption Type**	**Expiration Date**	**Swaption Notional Amount / Original Notional Amount**	**Amount of Original Notional Amount exercised**
[●]	iTraxx® Europe [*index name*] Series [●] Version [●]	[Payer / Receiver]	[●]	[●]	[●]
[●]	CDX [*index name*] Series [●] Version [●]	[Payer / Receiver]	[●]	[●]	[●]

The Underlying Index, Swaption Type and Swaption Notional Amount/Original Notional Amount for the Transaction[s] have been included in this Exercise Notice for identification purposes only. Any error in such items shall not invalidate this Exercise Notice and the Transaction[s] shall be exercised in the amount specified above notwithstanding any such error.

APPENDIX II: FORM OF ABANDONMENT NOTICE

To: [*Exercise Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*Date*]

ABANDONMENT NOTICE:

Exercise Cleared Transaction Details: As set out in the Schedule hereto[2].

Reference is made to the Exercise Cleared Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction and in the CDS Clearing Documentation (as defined in such confirmation).

This letter is our Abandonment Notice to you to confirm [our telephonic notice to you today] that we have elected not to exercise our rights under the Transaction[s] and that the Transaction[s] shall instead be terminated in whole.

Sincerely

[*Clearing Member*]

_____

Name:

Title:

[2] A single Abandonment Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Exercise Cleared Transaction Details

Exercise Matched Pair ID	**Underlying Index**	**Swaption Type**	**Expiration Date**	**Swaption Notional Amount / Original Notional Amount**
[●]	iTraxx® Europe [*index name*] Series [●] Version [●]	[Payer / Receiver]	[●]	[●]
[●]	CDX [*index name*] Series [●] Version [●]	[Payer / Receiver]	[●]	[●]

The Underlying Index, Swaption Type and Swaption Notional Amount/Original Notional Amount for the Transaction[s] have been included in this Exercise Notice for identification purposes only. Any error in such items shall not invalidate this Abandonment Notice and the Transaction[s] shall be terminated pursuant to this Abandonment Notice notwithstanding any such error.

APPENDIX III: FORM OF CREDIT EVENT NOTICE

To: [*Swaption Restructuring Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*Date*]

CREDIT EVENT NOTICE:

Swaption Restructuring Cleared Transaction Details: As set out in the Schedule hereto[3].

Reference is made to the Swaption Restructuring Cleared Transaction[s] described in the Schedule hereto (the **Transaction[s]**). Capitalised terms used and not otherwise defined in this letter shall have the meanings given them in the confirmation of the relevant Transaction and in the CDS Clearing Documentation (as defined in such confirmation).

This letter is our Credit Event Notice to you that an M(M)R Restructuring occurred with respect to [*insert name of Reference Entity*] on or about [*insert date*], when [*describe Credit Event*].

Nothing in this letter shall be construed of a waiver of any rights we may have with respect to the Transaction.

Sincerely

[*Clearing Member*]

_____

Name:

Title:

[3] A single Credit Event Notice may be submitted for multiple trades in respect of the same Counterparty

SCHEDULE

Swaption Restructuring Cleared Transaction Details

[*Clearing Member*] acting as CDS Seller/Buyer	**Swaption Restructuring Matched Pair ID**	**Reference Entity**	**Swaption Trade Date**	**Triggered Amount[4]**
[Seller] [Buyer]	[●]	[●]	[●]	[●]

[4] Where different to the relevant SRMP Triggerable Amount

APPENDIX IV: FORM OF NOTICE TO EXERCISE MOVEMENT OPTION

To: [*Swaption Restructuring Matched Pair Counterparty Address and Contact Information*]

[To/Copy to:]

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*Date*]

Dear Sir/Madam

Notice to Exercise Movement Option

Swaption Restructuring Cleared Transaction Details: As set out in the Schedule hereto[5].

Reference is made to: (a) the Swaption Restructuring Cleared Transaction[s] described in the Schedule hereto (the **Transaction[s]**) between [ ], as Matched Seller, and [ ], as Matched Buyer; (b) the Credit Event Notice previously delivered to you on [*insert date*]; and (c) the occurrence of the No Auction Announcement Date on [*insert date*] pursuant to Section 6.11(b) or Section 6.11(c)(ii) of the 2014 ISDA Credit Derivatives Definitions (the **Definitions**).

This letter constitutes a Notice to Exercise Movement Option. Any capitalised term not otherwise defined in this letter will have the meaning, if any, assigned to such term in the confirmation of the relevant Transaction and in the CDS Clearing Documentation (as defined in such confirmation) or, if no meaning is specified therein, in the Definitions.

We hereby exercise the Movement Option, confirm that the relevant transaction created from [each / the] Transaction[s] pursuant to Section 7 (*Settlement*) of Part C of the CDS Clearing Supplement following exercise of the Transaction will be settled in accordance with the relevant Credit Derivatives Auction Settlement Terms specified in the column entitled "Auction Settlement Terms" corresponding to such Transaction in the Schedule hereto and require performance by you in accordance therewith.

Yours faithfully,

[*Matched Buyer/Matched Seller*]

_____

Name:

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[5] A single Notice to Exercise Movement Option may be submitted for multiple trades in respect of the same Counterparty

Title:

SCHEDULE

Swaption Restructuring Cleared Transaction Details

Swaption Restructuring Matched Pair ID	Reference Entity	Swaption Trade Date	Auction Settlement Terms
[●]	[●]	[●]	[●]

APPENDIX V: FORM OF NOTICE OF DISPUTE RELATING TO ANY SWAPTION RESTRUCTURING / EXERCISE MATCHED PAIR

To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*Date*]

[Exercise Matched Pair ID: [●]] / [Swaption Restructuring Matched Pair ID: [●]]

Trade ID: [●]

Dear Sir/Madam

Notice of dispute relating to [*insert details of the relevant Exercise Matched Pairs / Swaption Restructuring Matched Pairs subject to a dispute*]

Reference is made to Section 8.4 (*Disputes as to Notices*) of Part C of the CDS Clearing Supplement. Defined terms shall have the meanings assigned to them in Part C of the CDS Clearing Supplement, unless otherwise defined herein.

In accordance with Section 8.4 (*Disputes as to Notices*) of Part C of the CDS Clearing Supplement, notice is hereby given of the following dispute(s):

[*insert details of Exercise Matched Pair(s) / Swaption Restructuring Matched Pair(s) affected and the relevant dispute*].

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Matched Buyer*]/[*Matched Seller*]

_____

Name:

Title:

APPENDIX VI: FORM OF NOTICE OF CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 6.10 (*Clearing Member Communications Failure Event*) OR CCM CLIENT COMMUNICATIONS FAILURE EVENT PURSUANT TO MANDATORY PROVISION 5.7 (*CCM Client Communications Failure Event*)

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To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[*date*]

Dear Sir/Madam

Notice certifying occurrence of a [Clearing Member Communications Failure Event] [CCM Client Communications Failure Event]

Reference is made to [Section 6.10(c) (*Clearing Member or Exercise Delegation Beneficiary to notify LCH SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement] [Mandatory Provision 5.7(b) (*Client to notify LCH SA of occurrence of CCM Client Communications Failure Event) in respect of the CDS Clearing Supplement*]. Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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In accordance with Section 6.10(c) (*Clearing Member or Exercise Delegation Beneficiary to notify LCH SA of Occurrence of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are affected by a Clearing Member Communications Failure Event [*insert details of such failure*].]

[In accordance with Mandatory Provision 5.7(b) (*Client to notify LCH SA of occurrence of CCM Client Communications Failure Event*) in respect of the CDS Clearing Supplement, notice is hereby given that we are affected by a CCM Client Communications Failure Event [*insert details of such failure*].]

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member / Exercise Delegation Beneficiary*]

_____

Name:

Title:

[*Signed by a senior officer (such as a managing director or equivalent) on behalf of the Clearing Member / Exercise Delegation Beneficiary*]

APPENDIX VII: FORM OF NOTICE FOR CEASING TO BE SUBJECT TO A CLEARING MEMBER COMMUNICATIONS FAILURE EVENT PURSUANT TO SECTION 6.10 (*Clearing Member Communications Failure Event*) OR CCM CLIENT COMMUNICATIONS FAILURE EVENT PURSUANT TO MANDATORY PROVISION 5.7 (*CCM Client Communications Failure Event*)

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To:

LCH SA
18, rue du Quatre Septembre
75002 Paris
France
[*Contact details*]

[date]

Dear Sir/Madam

Notice of cessation of [Clearing Member Communications Failure Event] [CCM Client Communications Failure Event]

Reference is made to Section 6.10(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement and the notice certifying the occurrence of a Clearing Member Communications Failure Event delivered by us to LCH SA on [·] (the **Notice of Clearing Member Communications Failure Event**).] [Reference is made to Mandatory Provison 5.7(c) (*Notification of Resolution of CCM Client Communications Failure Event*) in respect of the CDS Clearing Supplement and the notice certifying the occurrence of a CCM Client Communications Failure Event delivered by us to LCH SA on [·] (the **Notice of CCM Client Communications Failure Event**). Defined terms shall have the meanings assigned to them in the CDS Clearing Supplement, unless otherwise defined herein.

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In accordance with Section 6.10(d) (*Notification of Resolution of Clearing Member Communications Failure Event*) of the CDS Clearing Supplement, notice is hereby given that we are no longer subject to the relevant Clearing Member Communications Failure Event described in the Notice of Clearing Member Communications Failure Event.

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[In accordance with Mandatory Provision 5.7(c) (*Notification of Resolution of CCM Client Communications Failure Event*) in respect of the CDS Clearing Supplement, notice is hereby given that we are no longer subject to the relevant CCM Client Communications Failure Event described in the Notice of CCM Client Communications Failure Event.]

This notice (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

Yours faithfully,

[*Clearing Member / Exercise Delegation Beneficiary*]

_____

Name:

Title:

APPENDIX VIII: CCM CLIENT TRANSACTION REQUIREMENTS

The following provisions (the "**Mandatory Provisions**") are to be incorporated into a CCM Client Transaction between a CCM and its CCM Client that corresponds to a CCM Client Cleared Transaction (which is an Index Swaption Cleared Transaction, a Swaption Restructuring Cleared Transaction or an Exercise Cleared Transaction) registered in the CCM Client Trade Account in the name of such CCM for such CCM Client. The terms of the corresponding CCM Client Cleared Transaction will be governed by Part C of the CDS Clearing Supplement. Part C of the CDS Clearing Supplement and these Mandatory Provisions have been drafted so as to complement each other.

LCH SA shall not be responsible for any loss suffered or expense incurred by a CCM or any CCM Client as a result of the inclusion in the CCM Client Transaction Documents of the requirements set-out in this Appendix VIII.

The Mandatory Provisions, when they are incorporated into any CCM Client Transaction Documents, shall be governed by and construed in accordance with the governing law applicable to such CCM Client Transaction Documents of which they form part, or if different and applicable, in accordance with such CCM Client Transaction Documents, the governing law applicable to transactions entered into under such CCM Client Transaction Documents. The Mandatory Provisions shall be subject to such dispute resolution mechanisms and procedures and such courts or other forum for hearing disputes as are applicable in respect of such CCM Client Transaction Documents of which they form part. Each CCM and its CCM Client to which the Mandatory Provisions apply will waive any right to object to any such choice of law or proceedings on the basis of *forum non conveniens*, that the governing law or forum is not specified on the face of this document or otherwise.

1. ***Defined Terms***

Terms used in the Mandatory Provisions and not otherwise defined herein or in the iTraxx® Swaption Standard Terms Supplement or, as the case may be, the CDX Swaption Standard Terms Supplement, the ISDA Swap Transaction Definitions or in the 2014 ISDA Credit Derivatives Definitions shall have the meanings given to them in Part C of the CDS Clearing Supplement.

2. ***Terms of CCM Client Transactions***

2.1 *ISDA Swap Transaction Definitions and 2014 ISDA Credit Derivatives Definitions*

The definitions and provisions contained in the ISDA Swap Transaction Definitions and in the 2014 ISDA Credit Derivatives Definitions are incorporated into each CCM Client Transaction.

2.2 *Premium Payment Date*

Notwithstanding anything to the contrary in the ISDA Swap Transaction Definitions, if the Premium Payment Date specified in the CCM Client Transaction Documents in respect of any CCM Client Transaction is a date falling after the Clearing Day on which the Cleared Transactions related to such CCM Client Transaction are created by novation pursuant to Title III (*Clearing Operations*) of the CDS Clearing Rule Book, the Premium Payment Date in respect of such CCM Client Transaction shall be deemed to be the Transaction Business Day

which is also a Clearing Day immediately following the Clearing Day on which the Cleared Transactions relating to such CCM Client Transaction are created.

2.3 *Abandonment Notices*

On the Expiration Date, Swaption Buyer may notify Swaption Seller (which such notification may be given orally, including by telephone, if notices may generally be given orally pursuant to the terms of the CCM Client Transaction) that the CCM Client Transaction specified in such notice shall be terminated in whole and that no further amounts shall become due and payable by Swaption Buyer to Swaption Seller or *vice versa* in respect of such CCM Client Transaction and that notice will be deemed to be irrevocable (such notice, an "**Abandonment Notice**"). If applicable, Swaption Buyer will execute and deliver to Swaption Seller a written confirmation confirming the substance of any telephonic notice within one Exercise Business Day of that notice. Failure to provide that written confirmation will not affect the validity of the telephonic notice.

2.4 *ISDA 2019 NTCE Protocol*

The Protocol Effectiveness Condition (as defined in the 2019 NTCE Protocol) being satisfied, then from and including the Implementation Date (as defined in the 2019 NTCE Protocol) the amendments set forth in Schedule 1 (*Amendments*) of the 2019 NTCE Protocol shall apply to each CCM Client Transaction which incorporates the 2014 ISDA Credit Derivatives Definitions and each such CCM Client Transaction shall be a Protocol Covered Transaction for the purposes of the 2019 NTCE Protocol provided that:

(a) the date on which the Index Swaption CCM Client Cleared Transaction corresponding to such CCM Client Transaction is registered in the TIW is prior to the Implementation Date;

(b) such CCM Client Transaction is not an Excluded Transaction (as defined in the 2019 NTCE Protocol) provided that if the Underlying Swap Transaction or, as the case may be, the Underlying Transaction of such CCM Client Transaction relates to more than one Reference Entity and would otherwise be a Protocol Covered Transaction but for the inclusion of any Affected Portion (as defined in the 2019 NTCE Protocol) therein, such Affected Portion shall be exclude for the purposes of this Mandatory Provision 2.4 and the remaining portion of such CCM Client Transaction shall be deemed to be a Protocol Covered Transaction;

(c) the Expiration Date in respect of such CCM Client Transaction is on or after the Implementation Date; and

(d) no Event Determination Date has occurred in respect of the Underlying Swap Transaction or, as the case may be, the Underlying Transaction of such CCM Client Transaction prior to the Implementation Date.

3. ***Additional CCM Client Transactions, Compression and Succession Events***

3.1 *Creation of Additional CCM Client Transactions*

Immediately following the creation of Matched Pairs by LCH SA pursuant to Section 9.1 (*Creation of Matched Pairs*) of the CDS Clearing Supplement, if a CCM Client Transaction has been specified to have been split into or replaced by two or more separate CCM Client Transactions in the TIW as a result of the creation of such Matched Pairs, such CCM Client Transaction shall be split into or terminated and replaced by two or more (as applicable) corresponding CCM Client Transactions. The Swaption Notional Amount of each such CCM Client Transaction (and the Original Notional Amount for the relevant Underlying Swap Transaction or, as the case may be, the Underlying Transaction) shall correspond to the Swaption Notional Amount (and the Original Notional Amount) specified in TIW for such CCM Client Transaction.

3.2 *Reversal of Creation of Additional CCM Client Transactions*

If a CCM Client Transaction has been split into two or more CCM Client Transactions pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above and the relevant DC Credit Event Announcement in respect of a Restructuring Credit Event that led to the creation of the Matched Pairs is reversed such that Section 5.10 (*Reversal of DC Credit Event Announcements*) of Part C of the CDS Clearing Supplement applies, then, subject to Section 10.2(a)(i) of the 2014 ISDA Credit Derivatives Definitions and provided that no Subsequent Restructuring has occurred, any additional CCM Client Transactions created pursuant to Mandatory Provision 3.1 (*Creation of Additional CCM Client Transactions*) above shall be deemed not to have been created. Any Credit Event Notices delivered in connection with such CCM Client Transactions in relation to such Restructuring Credit Event shall be deemed to be ineffective.

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3.3 *Compression of CCM Client Transactions*

If two or more CCM Client Transactions are specified in TIW to have been compressed into a single CCM Client Transaction pursuant to Chapter 3 (*Compression*) of Title III (*Clearing Operations*) of the CDS Clearing Rule Book, such CCM Client Transactions shall be compressed into a single CCM Client Transaction with a Swaption Notional Amount (and an Original Notional Amount for the relevant Underlying Swap Transaction or, as the case may be, the Underlying Transaction) equal to the aggregate Swaption Notional Amounts of the original CCM Client Transactions.

4. ***Validity of Notices***

Save if and as expressly stated to the contrary in the Mandatory Provisions, any notice delivered by a CCM Client to its CCM in respect of a CCM Client Transaction at a time or in a manner in which the CCM would not be permitted to deliver such a notice to LCH SA (or to a relevant Matched Buyer or Matched Seller as designee of LCH SA (as applicable)) in respect of the corresponding CCM Client Cleared Transaction pursuant to the terms of Part C of the CDS Clearing Supplement shall be deemed not to have been delivered.

5. ***Designation of CCM Client by CCM for Exercise or Abandonment of Exercise Cleared Transactions***

5.1 *Designation by CCM*

CCM and CCM Client hereby agree that CCM shall designate the CCM Client as its Exercise Delegation Beneficiary in respect of the CCM Client Cleared Transaction(s) relating to the CCM Client Transaction(s) between CCM and CCM Client pursuant to Section 6.4 (*Delegation by Clearing Members to CCM Clients*) of Part C of the CDS Clearing Supplement for the purpose of the Exercise (in whole or in part) or Abandonment of such CCM Client Cleared Transaction(s) and receipt of Swaption Notices on its behalf.

5.2 *Exercise Notices and Abandonment Notices delivered in respect of CCM Client Cleared Transaction*

Neither the CCM nor CCM Client may deliver Swaption Notices in relation to the CCM Client Transaction corresponding to a CCM Client Cleared Transaction in respect of which CCM Client has been designated by the CCM as its Exercise Delegation Beneficiary in accordance with Mandatory Provision 5.1 (*Designation by CCM*) above. Instead, if CCM Client as Exercise Delegation Beneficiary of the CCM delivers or receives (or is deemed to deliver or receive) a valid Swaption Notice in respect of the CCM Client Cleared Transaction corresponding to such CCM Client Transaction, such notice shall be deemed also to be a valid Swaption Notice for the purposes of such CCM Client Transaction.

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5.3 *Exercise and Abandonment by way of EEP*

Subject to Mandatory Provision 5.4 (*Consequences of EEP Failure*) and Mandatory Provision 5.7 (*CCM Client Communications Failure Event*) below, any submission of an Option Intent by CCM Client in respect of a CCM Client Cleared Transaction in respect of which such CCM Client has been designated as Exercise Delegation Beneficiary shall be made via its Client Portal Account in the EEP. If (i) the CCM Client submits such an Option Intent via its Client Portal Account (ii) the Submission Time of such Option Intent is prior to the Submission Deadline on the Expiration Date and (iii) LCH SA has completed those steps necessary to make such Option Intent available for viewing in the EEP, including validation of the EEP Controls, such submission shall be deemed to constitute the delivery by the CCM (as Matched Buyer) of a valid Exercise Notice or Abandonment Notice (as applicable) in respect of the CCM Client Cleared Transactions pursuant to Section 6.4 (*Delegation by Clearing Members to CCM Clients*) of Part C of the CDS Clearing Supplement. An Option Intent shall become irrevocable by CCM Client as from the Submission Time. For the avoidance of doubt, CCM Client shall not be able to require a Force Submission in accordance with Section 5 of the Procedures after the Submission Deadline**,** including if the relevant Option Intent is deemed illogical further to EEP Controls carried out at or after the Submission Deadline. The deemed time of delivery of such Swaption Notice shall be the Submission Time specified by the EEP in respect of such Option Intent.

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5.4 *Consequences of EEP Failure*

If an EEP Failure Event occurs, from (and including) the EEP Failure Event Time to (but excluding) the EEP Resolution Time:

(a) Mandatory Provision 5.3 (*Exercise and Abandonment by way of EEP*) shall not apply and CCM Client shall deliver Swaption Notices directly to the Matched Seller or its relevant Exercise Delegation Beneficiary (with a copy to the Matched Seller), as applicable, in accordance with Section 6.5(b) (*Consequences of EEP* Failure) and Section 8 (*Delivery of Notices*) of Part C of the CDS Clearing Supplement using the notice details provided by LCH SA pursuant to Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) and Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*) of Part C of the CDS Clearing Supplement;

(b) If LCH SA does not provide the notice details pursuant to Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) and Section 6.510(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*) and the Protected Exercise Matched Pair Report by the EMP Notification Deadline (or, where an EEP Failure Event occurs after the EMP Notification Deadline, from the time of such EEP Failure Event until such time as LCH provides the notice details pursuant to Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) and Section 6.510(a)(ii) (*Access to the Protected Exercise Matched Pair Report and other information*) and the Protected Exercise Matched Pair Report), Mandatory Provision 5.2 (*Exercise Notices and Abandonment Notices delivered in respect of CCM Client Cleared Transaction*) and Mandatory Provision 5.3 (*Exercise and Abandonment by way of EEP*) and paragraph (a) above shall not apply and accordingly CCM Client shall deliver Swaption Notices to LCH SA on behalf of the CCM;

(c) any notice delivered via the EEP prior to the EEP Failure Event Time will be valid and will not be affected by such EEP Failure Event; and

(d) any notice delivered or purported to be delivered via the EEP at or following the EEP Failure Event Time but prior to the EEP Resolution Time will not be valid and effective.

Mandatory Provision 5.2 (*Exercise Notices and Abandonment Notices delivered in respect of CCM Client Cleared Transaction*) and Mandatory Provision 5.3 (*Exercise and Abandonment by way of EEP*) shall apply with effect from the EEP Resolution Time.

5.5 *Duty to Deliver Swaption CCM Client Notice*

CCM Client shall notify LCH SA and its CCM or deliver a copy to LCH SA and its CCM of any Swaption Notice delivered by it (as Exercise Delegation Beneficiary of Matched Buyer) to Matched Seller (or to the Client of Matched Seller as Exercise Delegation Beneficiary of Matched Seller on its behalf) in accordance with Mandatory Provision 5.4 (*Consequences of EEP Failure*) which such CCM Client asserts was effective (such notification, or delivery of such copy, in respect of any relevant notice, a **Swaption CCM Client Notice**) by no later than the Submission Deadline on the Expiration Date (the **Swaption CCM Client Notice Deadline**). If no Swaption CCM Client Notice is delivered by CCM Client prior to the Swaption CCM Client

Notice Deadline, any Exercise Notice sent by CCM Client pursuant to Mandatory Provision 5.4 (*Consequences of EEP Failure*) shall, subject to Section 6.8 (*Consequences of no Swaption Clearing Member Notice or Swaption CCM Client Notice being received by LCH SA)* of Part C of the CDS Clearing Supplement, be deemed to be invalid for the purposes of Mandatory Provision 5.2 (*Exercise Notices and Abandonment Notices delivered in respect of CCM Client Cleared Transaction*).

Notwithstanding the above:

(a) if LCH SA elects to give effect to an Exercise Notice in respect of a Swaption CCM Client Notice that it determines to have been delivered pursuant to Section 6.8 (*Consequences of no Swaption Clearing Member Notice or Swaption CCM Client Notice being received by LCH SA)* of Part C of the CDS Clearing Supplement, then Part C of the CDS Clearing Supplement shall apply as if LCH SA had received a Swaption CCM Client Notice in respect of the relevant Exercise Notice by the Swaption CCM Client Notice Deadline; and

(b) if LCH SA determines that it is not possible to give effect to the terms of any such Exercise Notice in respect of which no Swaption CCM Client Notice was received by LCH SA by the Swaption CCM Client Notice Deadline, the relevant Clearing Members (or their Exercise Delegation Beneficiaries, as applicable), as identified in the Protected Exercise Matched Pair Report, shall acquire rights as against each other as though party to a bilateral credit default swap transaction on the terms of the relevant Underlying Index Transaction. The Settlement Payment shall be due and payable two Transaction Business Days following the giving of a notice that such amount is due and payable. The relevant Clearing Members (or their Exercise Delegation Beneficiaries, as applicable) shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any resulting payments and deliveries; LCH SA shall have no liability in respect thereof.

5.6 *Delivery of notices to and from LCH SA in case of EEP Failure Event*

In the case of the occurrence of an EEP Failure Event, any notice or communication given by LCH SA to the CCM Client or *vice versa* shall be given to the address or number provided by the CCM Client or its CCM to LCH SA and *vice versa* when the relevant CCM registered such CCM Client for the clearing of Index Swaption Cleared Transactions, or any other address or number duly notified thereafter by such CCM Client or its CCM to LCH SA or *vice versa*.

5.7 *CCM Client Communications Failure Event*

(a) *Right to deliver Notices manually following CCM Client Communications Failure Event*

If CCM Client is affected by a significant communications or information technology failure resulting in it being impossible or impractical for it to deliver a Swaption Notice via the EEP (a "**CCM Client Communications Failure Event**") it may, notwithstanding Mandatory Provision 5.3 (*Exercise and Abandonment by way of EEP*) above, deliver Swaption Notices in respect of the CCM Client Cleared Transaction to LCH SA in accordance with Section 6.10(a) of Part C of the CDS Clearing Supplement and any Option Intent submitted by LCH SA in the EEP (or an alternative internal system of LCH

SA) in respect of such Swaption Notice pursuant to Section 6.10(b) of Part C of the CDS Clearing Supplement with a Submission Time prior to the Submission Deadline shall be deemed to have been submitted by CCM Client for the purposes of Mandatory Provision 5.3 (*Exercise and Abandonment by way of EEP*) above.

In respect of any Swaption Notice delivered pursuant to this Mandatory Provision 5.7, LCH SA may determine in its sole discretion that it is not able to submit the relevant Option Intent in the relevant system with a Submission Time prior to the Submission Deadline on the Expiration Date. In such case, LCH SA will inform the CCM Client and, subject to Mandatory Provision 5.5 above, such CCM Client will be deemed not to have submitted an Option Intent in respect of the relevant Exercise Cleared Transaction.

(b) *Client to notify LCH SA of occurrence of CCM Client Communications Failure Event*

Following the occurrence of a CCM Client Communications Failure Event, the CCM Client shall, prior to or at the same time as delivering any Swaption Notice to LCH SA pursuant to sub-paragraph (a) above, deliver to LCH SA a notice (in the form set out at Appendix VI to Part C of the CDS Clearing Supplement) signed by an authorised signatory certifying that it is affected by a CCM Client Communications Failure Event (or, if CCM Client is unable to deliver such notice in writing, orally by telephone).

(c) *Notification of Resolution of CCM Client Communications Failure Event*

As soon as reasonably practicable upon CCM Client ceasing to be subject to a CCM Client Communications Failure Event, it shall notify LCH SA accordingly (in the form set out at Appendix VII to Part C of the CDS Clearing Supplement) and thereupon sub-paragraph (a) above shall cease to apply.

(d) *Duty to Mitigate*

If CCM Client is subject to a CCM Client Communications Failure Event, it shall use reasonable endeavours to mitigate the operational impact of any CCM Client Communications Failure Event, to cure such CCM Client Communications Failure Event as soon as reasonably practicable and to ensure that the circumstances giving rise to the relevant CCM Client Communications Failure Event do not recur.

5.8 *Confidentiality Waiver*

CCM Client hereby agrees and consents to the disclosure of its address, fax number, telephone number, contact email address (and any other applicable notice details provided by it) by CCM to LCH SA and by LCH SA in accordance with Section 6.1 (*Creation and Notification of Exercise Matched Pairs*) and Section 6.5(a)(ii) (*Access to the Protected Exercise Matched Pair Report*) of Part C of the CDS Clearing Supplement.

6. ***Determination of Credit Events and Succession Events***

Notwithstanding any provision to the contrary:

(a) the Calculation Agent shall not make any determination in respect of any matter which is or may be subject to resolution under Sections 3.5 (*Successor Resolutions*) or 3.6 (*Substitute Reference Obligation Resolutions*) of the DC Rules; and

(b) neither party shall be entitled to deliver a Successor Notice or a Credit Event Notice (other than Credit Event Notices in relation to a Restructuring Credit Event in accordance with the terms of any CCM Client Transaction (including the Mandatory Provisions)).

7. ***Designation of CCM Client as a Restructuring Delegation Beneficiary by CCM***

7.1 *Designation by CCM*

CCM and CCM Client hereby agree that CCM shall designate the CCM Client as its Restructuring Delegation Beneficiary in respect of the CCM Client Cleared Transaction(s) relating to the CCM Client Transaction(s) between CCM and CCM Client pursuant to Section 5.7 (*Delegation by Clearing Members to CCM Clients*) of Part C of the CDS Clearing Supplement for the purpose of the delivery or receipt of Credit Event Notices and Notices to Exercise Movement Option of such CCM Client Cleared Transaction(s).

7.2 *Credit Event Notices and Notices to Exercise Movement Option delivered in respect of CCM Client Cleared Transactions*

Neither the CCM nor CCM Client may deliver Credit Event Notices and Notices to Exercise Movement Option in relation to the CCM Client Transaction corresponding to a CCM Client Cleared Transaction in respect of which CCM Client has been designated by the CCM as its Restructuring Delegation Beneficiary in accordance with Mandatory Provision 7.1 (*Designation by CCM*) above. Instead, if CCM Client as Restructuring Delegation Beneficiary of the CCM delivers or receives (or is deemed to deliver or receive) a valid Credit Event Notice or Notice to Exercise Movement Option in respect of the CCM Client Cleared Transaction corresponding to such CCM Client Transaction, such notice shall be deemed also to be a valid Credit Event Notice or Notice to Exercise Movement Option for the purposes of such CCM Client Transaction.

CCM Client as Restructuring Delegation Beneficiary shall deliver Credit Event Notices or Notices to Exercise Movement Option directly to the Matched Seller or Matched Buyer or its relevant Restructuring Delegation Beneficiary, as applicable, in accordance with Section 5 (*Restructuring*) and Section 8 (*Delivery of Notices*) of Part C of the CDS Clearing Supplement using the notice details provided by LCH SA pursuant to Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) of Part C of the CDS Clearing Supplement.

7.3 *Duty to Deliver Swaption Restructuring CCM Client Notice*

CCM Client shall notify LCH SA and its CCM or deliver a copy to LCH SA and its CCM of any Credit Event Notice or Notice to Exercise Movement Option delivered by it (as Restructuring Delegation Beneficiary of Matched Buyer or Matched Seller) to Matched Buyer or Matched

Seller (or to the Client of Matched Buyer or Matched Seller as Restructuring Delegation Beneficiary of such Matched Buyer or Matched Seller on its behalf) in accordance with Mandatory Provision 7.2 (*Credit Event Notices and Notices to Exercise Movement Option delivered in respect of CCM Client Cleared Transactions*) which such CCM Client asserts was effective (such notification, or delivery of such copy, in respect of any relevant notice, a **Swaption Restructuring CCM Client Notice**) by no later than the Swaption Restructuring Clearing Member Notice Deadline. If no Swaption Restructuring CCM Client Notice is delivered by CCM Client prior to the Swaption Restructuring Clearing Member Notice Deadline, any Credit Event Notice or Notice to Exercise Movement Option Notice sent by CCM Client pursuant to Mandatory Provision 7.2 (*Credit Event Notices and Notices to Exercise Movement Option delivered in respect of CCM Client Cleared Transactions*) shall, subject to Section 5.8 (c) (*Consequences of no Swaption Restructuring Clearing Member Notice or Swaption Restructuring CCM Client Notice being received by LCH SA)* of Part C of the CDS Clearing Supplement, be deemed to be invalid for the purposes of Mandatory Provision 7.2 (*Credit Event Notices and Notices to Exercise Movement Option delivered in respect of CCM Client Cleared Transactions*).

Notwithstanding the above:

(a) if LCH SA elects to give effect to a Credit Event Notice or Notice to Exercise Movement Option in respect of a Swaption Restructuring CCM Client Notice that it determines to have been delivered pursuant to Section 5.8 (c) (*Consequences of no Swaption Restructuring Clearing Member Notice or Swaption Restructuring CCM Client Notice being received by LCH SA)* of Part C of the CDS Clearing Supplement, then Part C of the CDS Clearing Supplement shall apply as if LCH SA had received a Swaption Restructuring CCM Client Notice in respect of the relevant Credit Event Notice or Notice to Exercise Movement Option by the Swaption Restructuring Clearing Member Notice Deadline; and

(b) if LCH SA determines that it is not possible to give effect to the terms of any such Credit Event Notice or Notice to Exercise Movement Option in respect of which no Swaption Restructuring CCM Client Notice was received by LCH SA by the relevant Swaption Restructuring Clearing Member Notice Deadline, then, following Exercise, an amount shall be payable between the Clearing Members equal to the difference between the value of the Matched Buyer Contract had the Swaption Restructuring CCM Client Notice been given to LCH SA prior to the Swaption Restructuring Clearing Member Notice Deadline and the value of such contract in the absence of such Swaption Restructuring CCM Client Notice having been given. Such difference in value shall be determined as of the earlier of the day on which notice is given by any relevant Clearing Member (or Restructuring Delegation Beneficiary, if applicable) that such amount is due and payable and the eighth Transaction Business Day following the Auction Settlement Date, No Auction Announcement Date or Auction Cancellation Date, as applicable, by reference to the relevant Auction Settlement Amount or end of day contributed prices, in each case if available. In each case, the relevant Clearing Members (or their Restructuring Delegation Beneficiaries, as applicable) shall have enforcement rights as against each other pursuant to the Contracts (Rights of Third Parties) Act 1999 in respect of any resulting payments and deliveries; LCH SA shall have no liability in respect thereof.

7.4 *Delivery of notices to and from LCH SA*

Any notice or communication given by LCH SA to the CCM Client or *vice versa* shall be given to the address or number provided by the CCM Client or its CCM to LCH SA and *vice versa* when the relevant CCM registered such CCM Client for the clearing of Index Swaption Cleared Transactions, or any other address or number duly notified thereafter by such CCM Client or its CCM to LCH SA or *vice versa*.

7.5 *Confidentiality Waiver*

CCM Client hereby agrees and consents to the disclosure of its address, fax number, telephone number, contact email address (and any other applicable notice details provided by it) by CCM to LCH SA and by LCH SA in accordance with Section 5.1 (*Creation and Notification of Swaption Restructuring Matched Pairs*) of Part C of the CDS Clearing Supplement.

8. ***Settlement***

8.1 *Creation of Underlying Swap Transaction or of Underlying Transaction*

Following exercise of the CCM Client Transaction (and the related CCM Client Cleared Transaction) and upon creation of the Underlying Swap Transaction or, as the case may be, the Underlying Transaction, such Underlying Swap Transaction or, as the case may be, the Underlying Transaction shall constitute a CCM Client Transaction between the CCM and its CCM Client for the purposes of Part B of the CDS Clearing Supplement corresponding to the CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of the CCM for the CCM Client created pursuant to Section 7.1 (*Creation of Index Cleared Transactions*) of Part C of the CDS Clearing Supplement and governed following creation by Part B of the CDS Clearing Supplement. The provisions of Appendix XIII (*CCM Client Transaction Requirements*) of Part B of the CDS Clearing Supplement shall be deemed to be incorporated into the new CCM Client Transaction.

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8.2 *Creation of Restructuring Single Name Transaction*

Following exercise of the CCM Client Transaction (and the related CCM Client Cleared Transaction), if any 'New Trade' is created pursuant to the provisions of sub-paragraph 5.2(b) (*Transfer and termination of Component Transactions*) of the Relevant Standard Terms Supplement (as defined in the iTraxx® Swaption Standard Terms Supplement) as a result of the occurrence of an M(M)R Restructuring, such 'New Trade' shall constitute a CCM Client Transaction for the purposes of Part B of the CDS Clearing Supplement corresponding to the CCM Client Cleared Transaction registered in the CCM Client Trade Account in the name of the CCM for the CCM Client created pursuant to Section 7.3 (*Creation of Restructuring Cleared Transactions for Triggering and/or Settlement purposes*) or Section 7.4 (*Creation of Initial Single Name Cleared Transactions in respect of untriggered M(M)R Restructuring*) of Part C of the CDS Clearing Supplement and governed following creation by Part B of the CDS Clearing Supplement. The provisions of Appendix XIII (*CCM Client Transaction Requirements*) of Part B of the CDS Clearing Supplement shall be deemed to be incorporated into the new CCM Client Transaction.

8.3 *Auction Settlement Date*

If an Event Determination Date has occurred in respect of a Credit Event for a Reference Entity referenced by the Underlying Swap Transaction or, as the case may be, the Underlying Transaction in accordance with the 'Operation of each Underlying Swap Transaction' or, where relevant, 'Operation of each Underlying Transaction' section of Part 4 (*Underlying Swap Transaction Terms*, or where relevant, *Underlying Transaction Terms*) of the iTraxx® Swaption Standard Terms Supplement or, as the case may be, section 5.2 (*Operation of Underlying Swap Transaction*, or where relevant, *Operation of Underlying Transaction*) of the CDX Swaption Standard Terms Supplement, notwithstanding anything to the contrary in the iTraxx® Swaption Standard Terms Supplement or, as the case may be, the CDX Swaption Standard Terms Supplement, the Auction Settlement Date for any such Event Determination Date will be deemed to be the later of (i) the Auction Settlement Date that would be determined in accordance with Section 6.3 of the 2014 Credit Derivatives Definitions and (ii) the Transaction Business Day immediately following the Expiration Date.

8.4 *Settlement Payment*

Notwithstanding anything to the contrary in the iTraxx® Swaption Standard Terms Supplement or, as the case may be, the CDX Swaption Standard Terms Supplement, the Settlement Payment (or the absolute value thereof, as applicable) shall be payable on the Transaction Business Day immediately following the Expiration Date.

9. ***Calculation Agent***

9.1 *Appointment of Calculation Agent*

The Calculation Agent in respect of any CCM Client Transaction shall be the CCM.

9.2 *Calculations and Determinations of Calculation Agent*

In the event that the Calculation Agent is entitled or required to make any calculation or determination in respect of a CCM Client Transaction in respect of a matter that has already been or will be determined in respect of and pursuant to the terms of the corresponding CCM Client Cleared Transaction, the Calculation Agent in respect of the CCM Client Transaction shall be obliged to make the same calculation or determination in respect of such CCM Client Transaction as the determination in respect of the corresponding CCM Client Cleared Transaction.

10. ***Amendments***

The Mandatory Provisions may be amended from time to time pursuant to Section 11 (*Amendments*) of Part C of the CDS Clearing Supplement. The parties agree that any amendments made to the Mandatory Provisions in accordance with Section 11 (*Amendments*) of Part C of the CDS Clearing Supplement shall be deemed to apply

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automatically to the CCM Client Transaction(s) with effect from the date of such amendment to the Mandatory Provisions.

LCH The Markets' Partner

CDSClear

LCH SA
CDS Clearing Procedures

Section 5 - CDS Clearing Operations

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Classification: Confidential

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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 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 SA designates:

(i) the Approved Trade Source Systems identified in a Clearing Notice;

(ii) ISDA; and

(iii) TIW,

as the industry organisations of which all Clearing Members must be a member (provided that, with respect to Approved Trade Source System membership, a Clearing Member must be a member of at least one (but is not required to be a member of each identified Approved Trade Source System). LCH 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 SA is open from 08.00 CET until 19.30 CET on all Business Days. During the Opening Hours the operations team of LCH 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 SA under this paragraph 5.2 should be sent to the CDSClear Operations Department at the following email address: cdsclear.ops@lch.com.

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(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.

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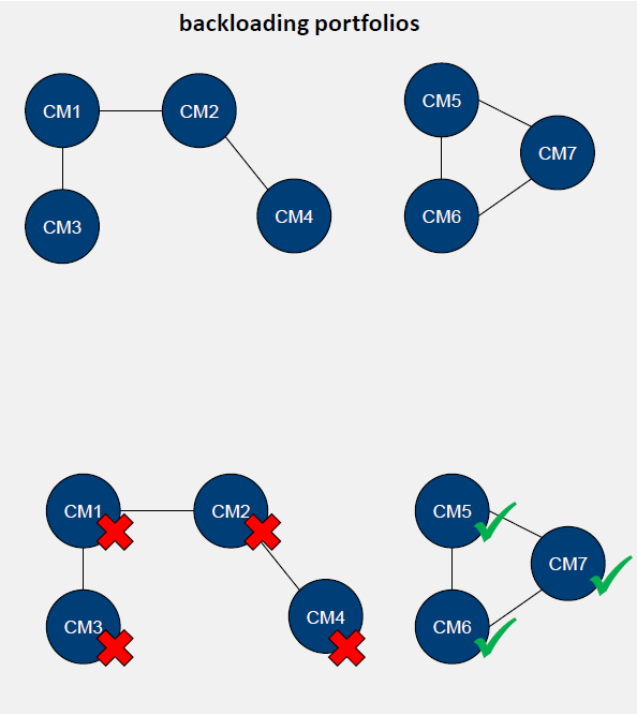
The following diagram illustrates the Backloading Transactions which will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.



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.

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(b) Weekly Backloading Cycle

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

(c) Daily Backloading Cycle

Pursuant to Section 3.1.2 of the CDS Clearing Rule Book, LCH SA operates the Daily Backloading Cycle in accordance with the timetable set out in a Clearing Notice. 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.

5.3 CLEARING OF CLIENT TRADE LEGS

(a) The Client Transaction Checks

Upon successful completion of the Eligibility Controls of:

(i) an Intraday Transaction, other than an Intraday Transaction that is a Trading Venue Transaction, comprising one or more Client Trade Leg(s), or

(ii) a Client Backloading Transaction,

LCH 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 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 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 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 SA of such Intraday Transaction or Client Backloading Transaction.

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

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(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, which are not Trading Venue 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, in each case, 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 SA shall send a Consent Request to such Clearing Member, acting in its capacity as Nominated Clearing Member, for each Intraday Transaction, other than an Intraday Transaction that is a Trading Venue 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 within the required timeframe, if any, under Applicable Law, or otherwise 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 SA will notify the relevant Approved Trade Source System, Trading Venue and/or Clearing Member(s) (as applicable) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted or rejected for clearing within the required timeframe, if any, under Applicable Law.

(e) Indirect clearing

When a CCM Client providing indirect clearing services to CCM Indirect Clients submits a Client Trade Leg of a CDS or of an Index Swaption for the account of a CCM Indirect Client for clearing by LCH SA via an Approved Trade Source System, that CCM Client will indicate the specific trading code allowing for the proper identification of Client Trade Legs submitted for its CCM Indirect Client. LCH SA will then use that specific trading code, together with the Original Transaction Data, received from the Approved Trade Source System to determine the appropriate CCM Client Trade Account of the relevant CCM Indirect Client Segregated Account Structure in which to register such Client Trade Leg.

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(f) Clients and CCM Indirect Clients' branches

Each Client of a Clearing Member may opt for multi-branch management allowing such Client to allocate Client Cleared Transactions registered in the relevant Client Trade Account to one of its branches or as the case may be, CCM Indirect Clients' branches, through which such Client, or CCM Indirect Client, operates. For this purpose, the Client will provide a specific code identifying its branch or the CCM Indirect Client's branch for a Client Trade Leg submitted for clearing to LCH SA by the relevant ATSS Participant.

The Clearing Member may update the allocation of Client Cleared Transactions registered in a Client Trade Account of such Client between its branches or, as the case may be, between the CCM Indirect Clients' branches, through the LCH Portal. Where each branch of a Client or a CCM Indirect Client's branch is identified in the TIW with a specific code, LCH SA will reflect each reallocation in the records of the TIW on its own behalf and on behalf of the relevant Clearing Member.

"LCH Portal" is the single sign-on solution for various LCH SA applications to which Clearing Members may have access over secured Internet.

For the avoidance of doubt, identification *per* branch of a Client or a CCM Indirect Client only affects Client Cleared Transactions held in the relevant Client Trade Account and has no effect on the net position held in the corresponding Client Margin Account. Furthermore, identification *per* branch of a Client or a CCM Indirect Client has no effect on the risk calculation which is based on the net position held in the relevant Client Margin Account.

5.4 CDS CLEARING MEMBER REPORTING

(a) Means of access and reporting mechanisms

LCH 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 SA, the Clearing Members, the Approved Trade Source Systems using the ClearLink gateway.

5.5 TRADE COMPRESSION

LCH 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 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 or Swaption Type;

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(ii) the Initial Payment Amounts or in respect of the ad-hoc compression of Index Swaption Cleared Transactions, Premiums, relating to such Cleared Transactions have been settled; and

(iii) where a Client has opted for multi-branch management of the corresponding Client Trade Account of its Clearing Member, automatic trade compression will be processed at the level of the branches within the same Client Trade Account, subject to the election by a Clearing Member to exclude some of the branches from this process as set in Paragraph 5.5 (b) below.

In respect of the compression of Cleared Transactions that are Index Cleared Transactions or Single Name Clearing Transactions:

(x) 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;

(y) 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;

(z) 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.

In respect of the compression of Cleared Transactions that are Index Swaption Cleared Transactions:

(x) the Original Notional Amount for the new Cleared Transaction will be the absolute value of the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer less the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller;

(y) if the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer is greater than the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller then the Clearing Member will be the Index Swaption Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the Index Swaption Seller on the resultant Cleared Transaction;

(z) if the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer is equal to the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller then no resultant trade is booked.

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For the avoidance of doubt, compression only affects Cleared Transactions held in the relevant 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, Single Name Cleared Transactions and/or Index Swaption 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 SA on any Clearing Day through any means of access specified in a Clearing Notice between 09.15 CET and 19.30 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH 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 SA receives such request after 19:30 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 CDSClear Operations Department by email (cdsclear.ops@lch.com) by 17:00 CET. Where LCH 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 SA receives such contingency request after 17:00 CET, LCH 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 SA does not, in its sole discretion, process such a request and compress the related Cleared Transactions on the same day, LCH 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 CDSClear 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.

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(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 or in respect of Client Trade Accounts, a list of branches of Clients or, as the case may be, a list of branches of CCM Indirect Clients, shall be excluded for the purposes of automatic trade compression.

A Clearing Member may request LCH 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 SA receives such a request by 19:30 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 SA receives a request after 19:30 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.

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(c) Restructuring Credit Event

Following the occurrence of a Restructuring Credit Event relating to:

(i) a Single Name Cleared Transaction; or

(ii) a Reference Entity referenced by an Underlying Index Transaction to which a set of Index Swaption Cleared Transactions of the same Swaption Type relates,

LCH SA will compress such Single Name Cleared Transaction or as the case may be, such Index Swaption Cleared Transactions 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 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 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 SA and the relevant Clearing Members, the relevant transfer shall not take effect.

Any form referred to in this paragraph 5.6 is available upon request to LCH SA's CDSClear Operations department (CDSClear.ops@lch.com).

(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 some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Individual Segregated Account Client ;

(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 CCM Net Omnibus Client Set;

(iii) Article 5.3.3.3 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 a CCM Gross Omnibus Multi Sub-Account Client Set;

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(iii) Article 5.3.3.4 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 a CCM Gross Omnibus Single Sub-Account Client ;

(iv) Article 5.3.3.5 of the CDS Clearing Rule Book, to receive a transfer of a portion of the portfolio of Client Cleared Transactions registered in the CCM Client Trade Account(s) of a CCM Indirect Client Segregated Account Structure of a Carrying Clearing Member; or

(v) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM/BD Client Trade Account of an FCM/BD Client;

it shall provide LCH SA with a form entitled "Client Partial Transfer Form", 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 form entitled "Client Partial Transfer Form", LCH 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, Article 5.3.3.3, Article 5.3.3.4 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain of the conditions have not been satisfied, using the form entitled "Carrying Member Response Form", LCH 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 form entitled "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 the Client Cleared Transactions registered in a CCM Client Trade Account of a CCM Individual Segregated Account Client 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 Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set of a Carrying Clearing Member;

(iii) Article 5.3.2.3 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 CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member;

(iv) Article 5.3.2.4 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in a CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client of a Carrying Clearing Member;

(v) Article 5.3.2.5 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Client

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Trade Account(s) of a CCM Indirect Client Segregated Account Structure of a Carrying Clearing Member; or

(vi) 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/BD Client Trade Account of an FCM/BD Client;

such Receiving Clearing Member shall provide LCH SA with a form entitled "Client Full Transfer Form", 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 form entitled "Client Full Transfer Form", it must confirm whether or not the Client(s) also wishes to transfer Client Assets. Following receipt of a form entitled "Client Full Transfer Form", LCH 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, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.2.5 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 SA that certain conditions have not been satisfied, using the form entitled "Carrying Member Response Form", LCH 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 form entitled "Client Full Transfer Form" or a new form entitled "Client Partial Transfer Form" in accordance with these Procedures.

Once a Carrying Clearing Member has been informed that a form entitled "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 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 SA that a Client wishes to transfer Client Assets from the Carrying Clearing Member to the Receiving Clearing Member, LCH 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, a CCM Net Omnibus Client Set, in accordance with Article 5.3.2.2, or a CCM Indirect Client Segregated Account Structure, in accordance with Article 5.3.2.5 of the CDS Clearing Rule Book, LCH 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.

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With respect to the transfer of a CCM Gross Omnibus Multi Sub-Account Client Set, in accordance with Article 5.3.2.3, a CCM Gross Omnibus Single Sub-Account Client, in accordance with Article 5.3.2.4, or an FCM/BD Client, in accordance with Article 6.3.2.1, of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH SA, using the form entitled "Carrying Member Response Form" which Client Assets are attributable to the CCM Gross Omnibus Gross Multi Sub-Account Client Set, CCM Gross Omnibus Single Sub-Account Client or FCM/BD 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 SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account in the case of a CCM Gross Omnibus Gross Multi Sub-Account Client Set or a CCM Gross Omnibus Single Sub-Account Client and FCM/BD Client Financial Account in the case of an FCM/BD Client. LCH 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 SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Client Assets in accordance with Article 5.3.4.2 or Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.2.5 or Article 6.3.2.1 of the CDS Clearing Rule Book, as applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain conditions have not been satisfied using the form entitled "Carrying Member Response Form", such that the Client Cleared Transactions will not be transferred, LCH SA shall not proceed with the transfer of the relevant Client Assets.

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

(d) Timetable for Client Transfers

No.	**Time** (all references below are to Continental European Time)	**Partial Transfer**	**Full Transfer (with Collateral)**	**Full Transfer (without Collateral)**
1	Day 0: 17:00	Deadline for receipt from Receiving Clearing Member of a form entitled "Client Partial Transfer Form".	Deadline for receipt from Receiving Clearing Member of a form entitled "Client Full Transfer Form" and confirmation that the Client(s) wish Client Assets to be transferred.	Deadline for receipt from Receiving Clearing Member of a form entitled "Client Full Transfer Form".
2	Day 0: 19:30	Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of a form entitled "Client Partial Transfer Form".	Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of a form entitled "Client Full Transfer Form".	Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of a form entitled "Client Full Transfer Form".

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No.	**Time** (all references below are to Continental European Time)	**Partial Transfer**	**Full Transfer (with Collateral)**	**Full Transfer (without Collateral)**
3	Day 1: 10:00	Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision by LCH 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 SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH 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 SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH 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(v), Article 5.3.3.2(v), Article 5.3.3.3(v), Article 5.3.3.4(v) or Article 5.3.3.5(vi) 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(vi), Article 5.3.2.2(vi), Article 5.3.2.3(vi), Article 5.3.2.4(vi), or Article 5.3.2.5(vii) 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(vi), Article 5.3.2.2(vi) Article 5.3.2.3(vi), Article 5.3.2.4(vi), or Article 5.3.2.5(vii) of the CDS Clearing Rule Book (as applicable)).
5	Day 2: 12:00 (For transfer of FCM/BD Clients and CCM Gross Omnibus Segregated Account Clients only)	N/A	Deadline for confirmation from Carrying Clearing Member of the Client Assets which are available to be transferred to the Receiving Clearing Member.	N/A
6	Day 2: 12:00 to 14:00	N/A	LCH SA notifies the Receiving Clearing Member of the Client Assets that would be transferred.	N/A

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No.	**Time** (all references below are to Continental European Time)	**Partial Transfer**	**Full Transfer (with Collateral)**	**Full Transfer (without Collateral)**
7	Day 2: 17:00	Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member.	Deadline for receipt by LCH 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 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 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 SA to the Carrying Clearing Member and/or the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement and/or NPV Payment Requirement, as applicable, is required to be satisfied effect the transfer.	Target deadline for notification by LCH SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement and/or NPV Payment Requirement, as applicable, is required to be satisfied to effect the transfer.	Target deadline for notification by LCH SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement and/or NPV Payment Requirement, as applicable, is required to be satisfied to effect the transfer.
10	Day 3: 08:30 - 09:00 Or in the case of an FCM/BD Clearing Member (for the purposes of Cash Payments): 09.00 – 09.05	The Carrying Clearing Member and/or the Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.	The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.	The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer.
11	Day 3: 09:05	LCH SA transfers the Client Cleared Transactions to the Receiving Clearing Member.	LCH SA transfers the Client Cleared Transactions and (if applicable) some or all of the Client Assets to the Receiving Clearing Member.	LCH SA transfers the Client Cleared Transactions to the Receiving Clearing Member.

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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 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 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 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 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 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:
  - Termination of the Intraday Transaction, if applicable
  - Creation of Cleared Transactions

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- Reallocation of a Client Cleared Transaction within a Client Trade Account between branches
    - Termination of the relevant Client Cleared Transaction allocated to the current branch
    - Creation of the Client Cleared Transaction resulting from the reallocation to another branch
- 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-couponing of the Cleared Transactions
    - Termination of Cleared Transactions affected by the re-couponing
    - Creation of Cleared Transactions resulting from the re-couponing
- Completion of Physical Settlement following a Credit Event
    - Termination of Cleared Transactions
- Creation of Swaption Restructuring Cleared Transactions
    - Termination, if necessary, of original Index Swaption Cleared Transactions
    - Creation of the Swaption Restructuring Cleared Transactions
- Creation of Exercise Cleared Transactions
    - Termination of the relevant Index Swaption Cleared Transactions
    - Creation of the Exercise Cleared Transactions
- Exercise of Exercise Cleared Transactions
    - Termination of Exercise Cleared Transactions
    - Creation of Index Cleared Transactions resulting from the exercise
    - Creation of Initial Single Name Cleared Transactions and/or Restructuring Cleared Transactions, if applicable

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LCH 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 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 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 (xx)(b) and Article 3.1.10.2 of the CDS Clearing Rule Book each Clearing Member authorises LCH 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 SA will book both trade legs in the TIW.

LCH 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 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 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 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.

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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 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 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 REGISTRATION OF CLEARED TRANSACTIONS

(a) STM or CTM Classification of Trade Accounts

Upon creation of each new Trade Account, each relevant Clearing Member (other than FCM/BDs or Clearing Members established under the laws of any state of the United States of America or under the federal laws of the United States of America) shall indicate to LCH SA, in the relevant documentation made available by LCH SA's CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com,) for such purposes from time to time, whether such Trade Account shall be classified as an STM Trade Account or a CTM Trade Account. In the absence of any such election at the time the request for the creation of a relevant Trade Account is received by LCH SA, such Trade Account shall be classified as a CTM Trade Account.

(b) 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 Trades 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 Trade Source System, if it has such functionality.

(c) Update of the Product Family Form

In accordance with Article 2.2.0.4, or as the case may be Article 3.1.6.8, of the CDS Clearing Rule Book, a Select Member is entitled to add or remove any Product Family indicated in its Product Family Form by sending a copy of a duly signed updated Product Family Form by email LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com, provided that a Select Member may request the removal of a Product Family only if all of its Cleared Transactions registered in its House Account (and, if applicable, in the Client Account Structures of Affiliated Firms to which such Select Member provides CDS Client Clearing Services) Structure belong to the outstanding Product Families indicated in its updated Product Family Form.

(d) Conversion of STM Cleared Transactions

Following its receipt of a request (an "**STM Conversion Request**") made by a Converting Clearing Member pursuant to Article 3.1.10.8 of the CDS Clearing Rule Book, LCH SA may, in its sole and absolute discretion, nominate a Business Day (the "**STM Conversion Date**") from, and including, which the relevant CTM Trade Account shall, subject to the satisfaction of the

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conditions specified below in this paragraph (d), become an STM Trade Account and all the Cleared Transactions registered in such Trade Account shall cease to be registered as CTM Cleared Transactions and shall immediately and automatically become STM Cleared Transaction.

For the avoidance of doubt, if LCH SA determines that it shall convert a CTM Trade Account into an STM Trade Account, such conversion shall be effected through LCH SA making such conversion in its systems and not through LCH SA and the Converting Clearing Member terminating the relevant CTM Transactions and entering into new Cleared Transactions registered into an STM Trade Account.

The occurrence of an STM Conversion Date in respect of an STM Trade Account shall be subject to the condition precedent that:

(i) the Converting Clearing Member is not a Defaulting Clearing Member;

(ii) no early termination date, howsoever described in the relevant CDS Client Clearing Agreement, has occurred in respect of the relevant Deemed Client Transactions(s);

(iii) the conversion of that CTM Trade Account to an STM Trade Account would not violate or result in the violation of any applicable law or regulation;

(iv) the Converting Clearing Member has satisfied all of its Cash Payment and Variation Margin and Collateral transfer obligations including any Margin Requirements, Variation Margin Requirements and Cash Payments in respect of the Cleared Transactions registered in that CTM Trade Account up to, but excluding, the STM Conversion Date. The Converting Clearing Member shall satisfy such Margin Requirements and Variation Margin Requirements in accordance with the CDS Clearing Rules, as would ordinarily be the case;

(v) the Converting Clearing Member has paid to LCH SA, or LCH SA has paid to the Converting Clearing Member (as applicable), any cash settlement amount that LCH SA determines (in its sole and absolute discretion) must be paid to ensure that the net present value of each Cleared Transaction registered in the relevant Trade Account shall be equal to zero on the STM Conversion Date. The Converting Clearing Member and LCH SA agree that LCH SA may, in its sole and absolute discretion, apply any Variation Margin transferred to and held by LCH SA in respect of the Cleared Transaction registered in the relevant Trade Account to satisfy (in whole or in part) the Converting Clearing Member's obligation to pay the amount (if any) required under this paragraph in relation to each such Cleared Transaction. The Converting Member and LCH SA agree that any Variation Margin transferred to and held by the Converting Clearing Member in respect of the Cleared Transaction registered in the relevant Trade Account shall be applied to satisfy (in whole or in part) LCH SA's obligation to pay the amount (if any) required under this paragraph in relation to each such Cleared Transaction; and

(vi) all other conditions stipulated by LCH SA have been complied with in a manner satisfactory to it.

Each time a Clearing Member delivers an STM Conversion Request that Clearing Member:

a. agrees and acknowledges for the benefit of LCH SA that if an STM Conversion Date occurs in respect of any CTM Trade Account, such Trade Account and the Cleared

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Transaction registered therein cannot, in any circumstance, be re-converted into, respectively, a CTM Trade Account and CTM Cleared Transactions; and

b. is deemed to represent to LCH SA that the person, agent, officer, employee, or representative that delivers that STM Conversion Request is fully authorised by it to do so, and has the requisite power to bind the Converting Clearing Member in this regard.

5.12 HEDGING TRANSACTIONS

LCH SA may enter into a CDS or an Index Swaption 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 SA and a Clearing Member.

5.13 REVERSING OF TRADES

Where a Clearing Member identifies an Original Transaction that it has cleared in error it may reverse the transaction by submitting an equal but opposite transaction via an Approved Trade Source System to LCH 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 Member 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 Part A or Part B of the CDS Clearing Supplement, LCH 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”);

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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-couponing 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-couponing 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)-(c) will be made available by LCH 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(d) will be made available by LCH 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 (e) and (f)will be made available by LCH SA to Clearing Members on an ad hoc basis.

A Clearing Member is entitled to request LCH SA to make all or part of the reports set out at paragraphs (a)(i)(D) to (J), (a)(ii), (b)(i), (b)(ii) and (c) as well as any other relevant report also available on Client Portal Accounts in order for their relevant Clients to access such reports (such process being referred to as a "**Feeding Request**"). A "**Client Portal Account**" means a technical account created by a Client on LCH Portal and which can be identified by a specific number. Each Feeding Request shall be made by sending a copy of a duly completed and signed form (a "**Feeding Request Form**", available on the LCH Portal) by email to LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com and one original of such Feeding Request Form by registered letter to the appropriate LCH SA interlocutor as set out on the Feeding Request Form. Promptly following any Feeding Request LCH SA shall make the reports which were the subject of such Feeding Request available on the relevant Client Portal Accounts.

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Clearing Members may withdraw a Feeding Request by sending a copy of a duly updated and signed Feeding Request Form by email to LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com.

(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 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 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 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.

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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 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 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 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.

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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;
- 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; and
- information on the classification of the Cleared Transactions as CTM Cleared Transactions or STM Cleared Transactions.

Timing: published by LCH 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 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 M(M)R Restructuring, this file will provide Clearing Members with details of the relevant Restructuring Matched Pairs created in accordance with the CDS Clearing Supplement.

LCH 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 M(M)R Restructuring 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

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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 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 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.

(J) **Protected Exercise Matched Pairs Report**

"**Protected Exercise Matched Pairs Report**" means the report described in this paragraph.

Description: this file will provide Clearing Members with details of the relevant Exercise Matched Pairs created in accordance with Part C of the CDS Clearing Supplement.

Timing: published by LCH SA on each of the three Business Days prior to the Exercise Date and made accessible to the Clearing Members and Exercise Delegation Beneficiaries (as defined in paragraph 5.19.1 below) following occurrence of an EEP Failure Event only.

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 Protected Exercise Matched Pairs Report will be published (provided that an EEP Failure Event has occurred).

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(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 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 ;
  - the hypothetical Client Margin Requirement calculated for each CCM Net Omnibus Segregated Account Client as if such client has opted for a CCM Direct Client Segregated Account Structure and for each Gross CCM Omnibus Multi Sub-Account Client as if such client has opted for a Gross CCM Omnibus Single Sub-Account Structure; and
  - the hypothetical Client Margin Requirement calculated for each branch identified as such by the relevant Client.

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 SA on each Business Day before 08.00 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

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calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.30 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 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; and
- for Euro cash flows and for USD cash flows, if applicable.

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

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(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 spread 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; and

- for Euro cash flows and for USD cash flows, 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 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.

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(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 SA will send the Initial and Global Financial Reports to each Clearing Member using 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 SA before each TARGET2 time slot on each Business Day and upon a Clearing Member crediting LCH 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 SA before each TARGET2 time slot on each Business Day and upon a Clearing Member crediting LCH 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.

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Description: the Advice Accounting Notes Report details all accounting operations recorded in LCH 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 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 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

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(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 SA on each Business Day at the times, 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 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.

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 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.

(C) **TIW Operations File**

Timing: published by LCH 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.

(ii) **Risk management reports**

(A) **Margin Requirements Results File**

Timing: published by LCH 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.

At these times, LCH 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

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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 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.

(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 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.

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Description: the Product File contains the details of all the types of CDS and Index Swaptions then eligible for clearing in the CDS Clearing System and all the types of CDS and Index Swaptions 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 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) **Cross Trades Report**

"**Cross Trades Report**" means the reports 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 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.

(iii) **Variation Margin and NPV Amount Report**

Description: the Variation Margin and NPV Amount Report is generated for each Clearing Member and sets out the detailed components of the calculation relating to the Variation Margin Requirement and NPV Payment Requirement.. The Variation Margin and NPV Amount Report is made up of two sub-files: the Variation Margin and NPV Amount House File with respect to the House Variation Margin Requirement and House NPV Payment Requirement and the Variation Margin and NPV Amount Client File with respect to the Client Variation Margin Requirement and Client NPV Payment Requirement for each Client Margin Account. Each of these sub-files specifies:

- with respect to each Cleared Transaction registered in the relevant Account Structure of the relevant Clearing Member, the Variation Margin and/or NPV Amount which shall be transferred or paid, as applicable, to LCH SA or, as applicable, received from LCH SA at the same time as the following Morning Call; and

- with respect to each Irrevocable Backloading Transaction pre-registered in the relevant Account Structure of the relevant Clearing Member, the Variation Margin and/or NPV Amount which shall be transferred or paid, as applicable, to

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LCH SA or, as applicable, received from LCH 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 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 and NPV Amount 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 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 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 SA, or due from LCH 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.

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LCH 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 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 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 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 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 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

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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 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 paragraph 5.5(a) above, LCH 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 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.

LCH 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 the trade repository 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 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 SA will send reports to a Swap Data Repository ("**SDR**"). For this purpose LCH 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 SA to DDR, upon occurrence of registration of the Cleared Transaction in accordance with Section 3.1.10 of the CDS Clearing Rule Book;

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2. Continuation data: information on lifecycle events of the Cleared Transaction, including any termination, compression, credit events will be reported by LCH 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 SA to DDR.

For the purpose of the above reporting, LCH 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) unless otherwise specified.

5.18.1 Market Data submission

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

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

Price Contribution Participants are required to submit Market Data at the times set out in paragraph 5.18.3 below.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH SA. For that purpose, the relevant Clearing Member shall contact LCH SA's CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com) and shall provide such information as may be required by LCH SA. For the avoidance of doubt, LCH SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

In accordance with Article 2.2.0.5 of the CDS Clearing Rule Book, a Clearing Member that is a Select Member may decide to receive, or as the case may be, stop receiving the Price Requirement Files (as defined in paragraph 5.18.3 below). For that purpose, the relevant Clearing Member shall contact LCH SA's CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com) and shall provide such information as may be required by LCH SA.

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5.18.2 **Calculation of End of Day Contributed Prices**

(a) In respect of CDS

The process for the calculation of End of Day Contributed Prices in respect of CDS involves the following steps for the Index Publisher (unless otherwise specified):

(i) Receipt of Price Contribution Participants' Market Data by the Index Publisher

(ii) Application of bid/ask constraint by the Index Publisher. The bid/ask constraint values are defined by LCH SA and updated from time to time

(iii) Determination of clearing price

(iv) Determination of any cross trades (potential)

(v) Communication of clearing price

(b) In respect of Index Swaptions

The process for the calculation of End of Day Contributed Prices in respect of Index Swaptions involves the following steps:

(i) Receipt of Price Contribution Participants' Market Data by the Index Publisher

(ii) Communication of Market Data by the Index Publisher to LCH SA

(iii) Application of bid/ask constraint by LCH SA. The bid/ask constraint values are defined by LCH SA and updated from time to time.

(iv) Determination of clearing price by LCH SA

(v) Determination of any cross trades (potential) by LCH SA.

5.18.3 **Price submission procedure**

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

- LCH 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 (each a "**Price Requirement File**");
- The Price Requirement Files will be available from the Index Publisher's website for download daily:
  - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in Euro: from 13.15; or
  - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: from 14.30 New York City local time,

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provided that the Price Requirement Files may be available at earlier times as notified in advance by LCH SA.

- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the Price Requirement File:

  - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in Euro: between 16.30 and 16.35; or

  - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: between 16.30 and 16.35 New York City local time,

  provided that Price Contribution Participants may be required to upload Market Data submissions at earlier times as notified in advance by LCH SA.

- 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 SA has not received: (x) End of Day Contributed Prices in respect of CDS with a CDS Contractual Currency in Euro or Market Data in respect of Index Swaptions with a CDS Contractual Currency in Euro from the Index Publisher by 17.15; or (y) End of Day Contributed Prices in respect of CDS with a CDS Contractual Currency in US Dollar or Market Data in respect of Index Swaptions with a CDS Contractual Currency in US Dollar from the Index Publisher by 17.15 New York City local time, it will use:

(a) With respect to Index Cleared Transactions, composite prices/spreads for the purposes of calculating the Variation Margin Requirement and/or NPV Payment Requirement for each Margin Account of a Clearing Member on the next following Business Day;

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

(c) With respect to Index Swaption Cleared Transactions, a computation of end of day contributed spreads and composite spreads for the purpose of calculating the Variation Margin Requirement and/or NPV Payment 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.

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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 SA shall require Price Contribution Participants to undertake trade crossing in accordance with Article 4.2.7.7 of the CDS Clearing Rule Book.

For the avoidance of doubt, in respect of Price Contribution Participants that are Select Members, or as the case may be their Price Contribution Delegates, paragraph 5.18.5 shall only apply to them in respect of Market Data that they have submitted.

(a) Firm Days

LCH 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 SA's sole discretion, and shall communicate such Firm Days to Price Contribution Participants promptly after the closure of the submission window:

- in respect of CDS and an Index Swaption with a CDS Contractual Currency in Euro: at 16.35; or

- in respect of CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: at 16.35 New York City local time,

on each such Firm Day.

(b) Determination of cross trades

(i) CDS

The Index Publisher will inform LCH SA on each Price Contribution 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)(i) below. CDS must be executed by a Price Contribution Participant:

- in respect of a CDS with a CDS Contractual Currency in Euro: prior to 18.30; or

- in respect of a CDS with a CDS Contractual Currency in US Dollar: prior to 17.30 New York local time,

on the Price Contribution Day following the relevant Firm Day.

(ii) Index Swaption

On each Price Contribution Day LCH SA will identify where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not reflect the quoted daily price for a particular Index Swaption. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily price for a particular Index Swaption on such Firm Day will be required to execute a "Delta Hedged Swaption Package" being an Index Swaption and a CDS referencing an eligible Index Version to hedge the Index Swaption delta, with another Price Contribution Participant on pre-determined terms, as set out in Paragraph

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5.18.5(c)(ii) below. The Delta Hedged Swaption Package must be executed by a Price Contribution Participant:

- in respect of an Index Swaption with a CDS Contractual Currency in Euro: prior to 18.30; or
- in respect of an Index Swaption with a CDS Contractual Currency in US Dollar: prior to 17.30 New York local time,

on the Price Contribution Day following the relevant Firm Day.

(c) Terms of cross trades

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

(i) For CDS:

- Index Version or Reference Entity as applicable
- Red code
- Original Notional Amount or Floating Rate Payer Calculation Amount as applicable
- Currency
- Fixed Rate
- Fixed Rate Payer
- Floating Rate Payer
- Scheduled Termination Date
- applicable ISDA Credit Derivatives Definitions
- Initial Payment Amount
- Initial Payment Payer
- Initial Payment Receiver
- Transaction Type

(ii) For Delta Hedged Swaption Package:

- In respect of the Index Swaption:
  - Swaption Type
  - Swaption Strike
  - Expiration Date
  - Swaption Buyer
  - Swaption Seller
  - Premium
  - Index Version of the Underlying Index Transaction
  - Red Code of the Underlying Index Transaction
  - Scheduled Termination Date of the Underlying Index Transaction
  - Original Notional Amount of the Underlying Index Transaction
  - Currency of the Underlying Index Transaction

- In respect of the CDS referencing an eligible Index Version to hedge the Index Swaption delta:
  - Original Notional Amount
  - Initial Payment Amount

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(d) Notification of execution

Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH SA with the DTCC trade reference identifiers (TRI):

- in respect of a CDS and an Index Swaption with a CDS Contractual Currency in Euro: before 18.30; or

- in respect of a CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: before 17.30 New York local time,

on the Price Contribution Day following the relevant Firm Day by emailing this to LCH SA's CDSClear Operations department at cdsclear.ops@lch.com.

5.18.6 **Failure to submit prices**

In the event that a General Member or as the case may be its Price Contribution Delegate, does not submit prices to the Index Publisher in accordance with paragraph 5.18.3, LCH SA shall be permitted to invoke Disciplinary Proceedings in respect of the General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, in accordance with Section 8 of the Procedures.

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

5.18.7 **Failure to execute cross trades**

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

In circumstances where a failure to execute cross trades in accordance with paragraph 5.18 is the only breach by that Price Contribution Participant, or 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 SA shall not be permitted to declare an Event of Default in respect of that Price Contribution Participant, or 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.

5.19 DELEGATION BY CLEARING MEMBERS TO CLIENTS AND ELECTRONIC EXERCISE PLATFORM

5.19.1. Delegation by Clearing Members to Clients

Any Clearing Member (a "**Delegating Clearing Member**") which has delegated to a Client:

(i) the power to Exercise and/or Abandon all or part of the relevant Exercise Cleared Transactions (an "**Exercise Delegation Beneficiary**"), in accordance with Section 6 of Part C of the CDS Clearing Supplement (in each case an "**Exercise Delegation**"); and

(ii) the power to send and receive Credit Event Notices and Notices to Exercise Movement Option in respect of the relevant Swaption Restructuring Cleared Transactions (a "**Restructuring Delegation Beneficiary**"), in accordance with Section 5 of Part C of the CDS Clearing Supplement (in each case a "**Restructuring Delegation**")

shall notify such Exercise Delegation and such Restructuring Delegation to LCH SA by sending a copy of a duly completed and signed notification form (a "**Delegation Form**", available on the LCH Portal) by email to LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com and one original of such Delegation Form by registered letter to the appropriate LCH SA interlocutor as set out on the Delegation Form.

Upon receipt of a duly completed and signed Delegation Form, LCH SA shall ensure that the relevant Client is authorised to act as an Exercise Delegation Beneficiary and as a Restructuring Delegation Beneficiary in respect of the relevant Client Cleared Transactions identified in such Delegation Form only.

Clearing Members who withdraw an Exercise Delegation and a Restructuring Delegation shall inform LCH SA by sending a copy of a duly updated and signed Delegation Form by email to LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com (an "**Delegation Withdrawal**"). For the avoidance of doubt, in accordance with Section 6 of Part C of the CDS Clearing Supplement, an Exercise Delegation may be withdrawn only if no Exercise Cleared Transaction is registered in the Client Trade Account of the relevant Exercise Delegation Beneficiary and, in accordance with Section 5 of Part C of the CDS Clearing Supplement, a Restructuring Delegation may be withdrawn only if no Swaption Restructuring Cleared Transaction is registered in the Client Trade Account of the relevant Restructuring Delegation Beneficiary.

Notwithstanding the above, receipt by LCH SA of one of the documents listed in paragraphs 5.7 (i) to (ii) above or Article 6.4.1.3 of the CDS Clearing Rule Book will be deemed a Delegation Withdrawal with respect to Client Cleared Transactions registered in the Client Trade Account of the relevant Client and will be processed as such by LCH SA, unless otherwise instructed by the relevant Delegating Clearing Member.

LCH SA shall process Exercise Delegations, Restructuring Delegations and Delegation Withdrawals as soon as reasonably practicable.

5.19.2. Electronic Exercise of Exercise Cleared Transactions

Except in case of EEP Failure Event, Clearing Members and Exercise Delegation Beneficiaries shall Exercise or Abandon Exercise Cleared Transactions using one of the EEP applications available on LCH Portal.

Upon submission by the relevant Clearing Member or Exercise Delegation Beneficiary of an Option Intent in the EEP, LCH SA will carry out logicality controls in respect of such Option Intent, in order to help Clearing Members and Exercise Delegation Beneficiaries identify an

Option Intent which could have been submitted in the EEP in error. Such logicality controls will be based on the relative position of the price of Exercise compared to reference prices determined by LCH SA in its sole discretion and provided in the EEP. Any Option Intent which does not pass such logicality controls will be deemed illogical and will not be registered in the EEP.

Notwithstanding the above, Clearing Members and Exercise Delegation Beneficiaries may elect to bypass such logicality controls by specifying "Confirm" (or "Force", as applicable) in relation to the relevant Option Intent when submitting such Option Intent ("**Force Submission**").

Clearing Members and Exercise Delegation Beneficiaries shall be informed as soon as reasonably practicable by LCH SA any time an Option Intent is deemed illogical, and such Clearing Member or Exercise Delegation Beneficiary may then elect to re-submit such Option Intent and Force Submission in relation to such Option Intent.

LCH SA will not carry out logicality controls in respect of any Option Intent in respect of which the relevant Clearing Member or Exercise Delegation Beneficiary has elected to Force Submission in relation to. Before registering any Option Intent submitted through (i) the LCH Portal or (ii) in case of Exercise Delegation, a Client Portal Account identified in the relevant Exercise Delegation Form received by LCH SA, LCH SA will ensure that:

(i) such Option Intent is submitted by a user who (a) is connected with the proper user ID and password and (b) based on such ID and password, is duly authorised to Exercise or Abandon, as applicable, the relevant Exercise Cleared Transactions;
(ii) an Option Intent has not already been submitted in the EEP in respect of the relevant Exercise Cleared Transaction (other than a partial Exercise);
(iii) the Option Intent passes the logicality controls or the relevant Clearing Member or Exercise Delegation Beneficiary has Forced Submission, as described above.

LCH SA will not be required to carry out any further control.

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