

## ICE CLEAR CREDIT DELIVERY PROCEDURES

These ICE Clear Credit Delivery Procedures (these “**Delivery Procedures**”) supplement the provisions of Chapter 22 of the ICE Clear Credit Rules with respect to Physically Settled CDS Contracts.

### 1. DEFINITIONS

(a) Capitalized terms used but not defined herein will have the meanings specified in the Rules or, if not specified therein, will have the meanings specified in the Applicable Credit Derivatives Definitions (as defined in the Rules).

(b) The following terms shall have the meanings indicated:

The term “**Business Day**” means an ICE Business Day.

The term “**CDS Buyer**” means, in relation to a CDS Contract, the CDS Participant that is the Buyer thereunder.

The term “**CDS Seller**” means, in relation to a CDS Contract, the CDS Participant that is the Seller thereunder.

The term “**CDS Sub-Account**” means, in relation to a CDS Participant, each sub-account at ICE Clear Credit with a unique identification number used by that CDS Participant for the recording of details of CDS Contracts with ICE Clear Credit, which account is linked to an identification code at Deriv/SERV for the recording of details of trades relating to such CDS Contracts and which account is further linked to the CDS Participant’s House Positions or Client-Related Positions.

The term “**Circular**” means a publication issued by ICE Clear Credit for the attention of all CDS Participants and posted on ICE Clear Credit’s website.

The term “**Contract Terms**” means the contract terms applicable to a CDS Contract as specified pursuant to the applicable Rules.

The term “**Manual Notice Process**” means the process for the delivery, receipt and copying to ICE Clear Credit of notices pursuant to paragraph 3.3(g).

The term “**Matched Delivery Pair**” or “**MDP**” means a Matched Delivery Pair created pursuant to Chapter 22 of the Rules in respect of a Physically Settled CDS Contract.

The term “**MDP Matched Table**” means the data file, in computer-readable format, containing details of all MDPs and MP Delivery Amounts and the CDS Contracts and CDS Participants to which they relate and reflecting the MDP

Matching Reports, all in relation to the allocation of Matched Delivery Pairs pursuant to Chapter 22 following a Restructuring Credit Event.

The term "MDP Matching Report" means the report given by ICE Clear Credit, as referred to in paragraph 3.3(e), to each CDS Participant identifying the allocations of Matched Delivery Pairs and the associated MP Delivery Amounts affecting the Open Position of that CDS Participant, which report comprises Matched Delivery Pair Notices for purposes of Chapter 22 in respect of each Matched Delivery Pair.

The term "Notification Cut-Off Time" means, with respect to delivery of a Notice of Physical Settlement or a NOPS Amendment Notice in relation to a CDS Contract, 4:30 p.m. on the second Business Day after (i) in relation to a 2003-Type CDS Contract, the last date on which a Notice of Physical Settlement or a NOPS Amendment Notice, as applicable, may be served in respect of the Credit Event in question, pursuant to Section 3.2(c) of the 2003 Definitions or (ii) in relation to a 2014-Type CDS Contract, the NOPS Cut-off Date.

## 2. INTENTIONALLY OMITTED.

## 3. CREDIT EVENTS AND PHYSICAL SETTLEMENT

### 3.1 Intentionally omitted.

### 3.2 Notices

- (a) MP Delivery Notices delivered between a Matched Delivery Buyer, ICE Clear Credit and a Matched Delivery Seller shall be delivered in accordance with the terms of the relevant CDS Contract, the Rules and these Delivery Procedures. Subject to paragraphs 3.2 and 3.3 of these Delivery Procedures and Chapter 22, Section 1.10 of the 2003 Definitions (in the case of a 2003-Type CDS Contract) or Section 1.38 of the 2014 Definitions (in the case of a 2014-Type CDS Contract), as applicable, will apply to MP Delivery Notices delivered under a CDS Contract (and for purposes of MP Delivery Notices, the provisions of Section 1.10 of the 2003 Definitions or Section 1.38 of the 2014 Definitions, as the case may be, shall prevail over the general timing and process for notices set out in the Rules). Any MP Delivery Notices (including memoranda of telephone notices) under a CDS Contract shall be copied or sent to the following e-mail address of ICE Clear Credit: cdscen@theice.com. ICE Clear Credit shall have no responsibility to any CDS Participant to verify in any manner the contents of any MP Delivery Notice received by it.
- (b) In respect of a Physically Settled CDS Contract (other than following a Relevant Restructuring Credit Event), ICE Clear Credit

will circulate, by e-mail to all relevant CDS Participants prior to 4:30 p.m. on the tenth calendar day following the No Auction Announcement Date or Auction Cancellation Date, as applicable:

- (i) such details as it has received of CDS Participants' address, fax number, telephone number, e-mail address and any other applicable notice details for the delivery of notices through the Manual Notice Process; and
- (ii) the e-mail address of ICE Clear Credit for the delivery of notices or copies or memoranda of notices through the Manual Notice Process or otherwise in connection with the Credit Event in question (if different from those specified in paragraph 3.2(a) above).

MP Delivery Notices delivered by CDS Participants to other CDS Participants or copied to ICE Clear Credit must be made to the contact details specified in paragraph 3.2(a) or otherwise in such manner as is specified by ICE Clear Credit in the e-mail circulated pursuant to this paragraph 3.2(b).

### **3.3 Matched Delivery Pairs**

- (a) For the avoidance of doubt, Matched Delivery Pairs will not be allocated in respect of any CDS Contracts for which the applicable Settlement Method is "Auction Settlement." Sections 3.3(b), (c), (d) and (e) will not apply to Matched Delivery Pairs resulting from Matched Restructuring Pairs pursuant to Rule 2201(a). Matched Delivery Pairs resulting from Client-Related Positions will be allocated on a "gross" basis without netting across positions relating to different Non-Participant Parties.
- (b) For purposes of allocating Matched Delivery Pairs under Chapter 22, ICE Clear Credit will consider, to the extent reasonably practicable, the minimization of each of the following:
  - (i) the number of Matched Delivery Pairs in respect of which the MP Delivery Amount is less than EUR 1,000,000 (for iTraxx, STEC or STEFC Contracts) or USD1,000,000 (for sovereign, CDX or SNAC Contracts), as applicable (or such other amount as may be notified by ICE Clear Credit by Circular, after consultation with the Risk Committee) or not an integral multiple of such amount;
  - (ii) the number of Matched Delivery Pairs into which an individual CDS Participant is matched, provided that the MP Delivery Amount for any Matched Delivery Pair shall not exceed EUR 50,000,000 (for iTraxx, STEC or STEFC

Contracts), USD10,000,000 (for sovereign Contracts) or USD50,000,000 (for CDX or SNAC Contracts), as applicable (or such other amount as may be notified by ICE Clear Credit by Circular, after consultation with the CDS Risk Committee) and further provided that this shall not preclude the same CDS Seller and CDS Buyer being matched with each other in respect of more than one Matched Delivery Pair;

- (iii) the overall number of Matched Delivery Pairs; and
  - (iv) the number of, and notional amounts in Matched Delivery Pairs with two different CDS Participants.
- (c) For purposes of Chapter 22, ICE Clear Credit will allocate to each Matched Delivery Pair an MP Delivery Amount such that: (i) the sum of all MP Delivery Amounts of each CDS Buyer is equal to the aggregate Floating Rate Payer Calculation Amounts of such CDS Buyer in respect of all its CDS Contracts of the relevant type; and (ii) the sum of all MP Delivery Amounts of each CDS Seller is equal to the aggregate of the Floating Rate Payer Calculation Amounts of such CDS Seller in respect of all its CDS Contracts of the relevant type.
- (d) In the case of the allocation of Matched Delivery Pairs under Chapter 22, ICE Clear Credit will, as soon as reasonably practicable, provide each CDS Participant an MDP Matching Report. Each CDS Participant to whom an MDP Matching Report is delivered shall check that the MDP Matching Report reflects its netted Contracts for each CDS Sub-Account. Any CDS Participant which believes that the MDP Matching Report does not so reflect its net Open Position shall notify ICE Clear Credit of the same as soon as possible. If an error is notified to or noticed by ICE Clear Credit, ICE Clear Credit will, (i) provided that it has the time to do so, issue a replacement MDP Matching Report to any affected CDS Participant or (ii) take any other such steps as may be required to correct the error.
- (e) Matched Delivery Pair Notices.
- (i) If ICE Clear Credit is obliged to issue Matched Delivery Pair Notices in respect of a CDS Contract pursuant to Chapter 22, it will endeavor to do so as soon as reasonably practicable after the Clearance Cut-off Time for such contract.

- (ii) Matched Delivery Pair Notices may be delivered by ICE Clear Credit by e-mail or fax or by posting to a secure section of ICE Clear Credit's website which only ICE Clear Credit and the relevant CDS Participant may view, such that confidentiality (to the extent required under the Rules) is maintained. ICE Clear Credit will give each CDS Participant reasonable notice of any method of delivery to be used other than ICE Clear Credit's secure website, unless a particular CDS Participant and ICE Clear Credit mutually agree upon an alternative form of notice being used. The Matched Delivery Pair Notice will be effective when received by, or available on the secure section of ICE Clear Credit's website for inspection by, the relevant CDS Participant, as applicable.
- (iii) ICE Clear Credit shall issue Matched Delivery Pair Notices prior to 4:30 p.m. on the tenth calendar day following the No Auction Announcement Date or Auction Cancellation Date, as applicable.
- (iv) In accordance with and to the extent permitted under Chapter 22, if ICE Clear Credit fails to issue Matched Delivery Pair Notices by the time specified in subparagraph (e)(iii) above, CDS Participants may deliver Notices of Physical Settlement and NOPS Amendment Notices, as applicable, directly to ICE Clear Credit until such time as the Matched Delivery Pair Notices have been issued. Such notices must be made by fax or e-mail to the contact details specified in accordance with paragraph 3.2(b).
- (f) Intentionally omitted.
- (g) Manual Notice Process.

Notices of Physical Settlement, NOPS Amendment Notices and Asset Package Delivery Notices between a Matched Delivery Buyer and Matched Delivery Seller in a Matched Delivery Pair may be delivered in any manner permitted for delivery of such notice in accordance with the terms of the CDS Contract and will only be valid and effective if delivered to the relevant contact address, fax number, telephone number or e-mail address specified in accordance with paragraph 3.2(b) (or as otherwise agreed between the parties in the Matched Delivery Pair and ICE Clear Credit).

Notwithstanding any provision of the terms of the CDS Contract, any notice under a Matched Delivery Contract which is required to be copied or given to ICE Clear Credit in accordance with the Rules

must be copied or given to ICE Clear Credit in writing or in any other manner permitted by ICE Clear Credit. Only a CDS Participant may deliver a MP Delivery Notice to ICE Clear Credit.

On each day on which a MP Delivery Notice is served:

- (i) Each MP Delivery Notice shall be effective, subject to this paragraph 3.3(g) and Section 1.10 of the 2003 Definitions (in the case of a 2003-Type CDS Contract) or Section 1.38 of the 2014 Definitions (in the case of a 2014-Type CDS Contract). Chapter 22 applies in full in respect of each MP Delivery Notice.
- (ii) Each CDS Participant in receipt of a MP Delivery Notice or which has served a MP Delivery Notice shall deliver a copy of such MP Delivery Notice (if it was a written notice) or a written memorandum of such MP Delivery Notice (if it was oral) to ICE Clear Credit at or prior to 5:00 p.m. on the day on which the MP Delivery Notice was served or purported to be served. Any memorandum of a notice given by telephone must be in the same form as a written notice.
- (iii) ICE Clear Credit shall deliver copies of each copy or memorandum of a MP Delivery Notice received by it under and in accordance with paragraph 3.3(g)(ii) to both CDS Participants in each relevant Matched Delivery Pair at or prior to 6:00 p.m. on the day on which the copy or memorandum was delivered to it.
- (iv) If a CDS Participant wishes to dispute any MP Delivery Notice of which a copy or a memorandum was delivered to it by ICE Clear Credit under paragraph 3.3(g)(iii), that CDS Participant must inform ICE Clear Credit of the existence of the dispute prior to the Notification Cut-off Time, and will use reasonable endeavors to inform ICE Clear Credit within one hour of the time at which the report, copy or memorandum (in which the disputed notice is referred to) is first delivered to it by ICE Clear Credit.
- (v) Subject to paragraph 3.3(g)(x)-(xii) below, neither the failure of any CDS Participant to deliver a copy or memorandum of a MP Delivery Notice to ICE Clear Credit nor the failure of ICE Clear Credit to deliver a copy or memorandum of a MP Delivery Notice to any CDS Participant of itself shall result in any notice under a CDS Contract being invalid.

- (vi) Notwithstanding any breach of paragraph 3.3(g)(ii) and without prejudice to any liabilities resulting from such breach, a CDS Participant shall inform ICE Clear Credit as soon as practicable upon becoming aware that a copy or memorandum of any MP Delivery Notice was not delivered to ICE Clear Credit on time, providing a copy or memorandum of such MP Delivery Notice.
- (vii) Intentionally omitted.
- (viii) Where neither CDS Participant in a Matched Delivery Pair delivers a copy or memorandum of a MP Delivery Notice to ICE Clear Credit until after the Notification Cut-off Time;
  - (A) If such CDS Participants do not dispute that such notice was delivered between themselves correctly in accordance with the Contract Terms (excluding this paragraph 3.3(g)), the CDS Participants may either agree to settle directly with each other through a CADP under Rule 2208 or, without such agreement, pursue a claim against each other in accordance with paragraphs 3.3(g)(x) to 3.3(g)(xiii) below ; and
  - (B) If such CDS Participants do dispute that such notice was delivered between themselves correctly in accordance with the Contract Terms (excluding this paragraph 3.3(g)), paragraph 3.3(g)(x) to 3.3(g)(xiii) shall apply.
- (ix) With respect to any dispute between any CDS Participants in a Matched Delivery Pair or between any CDS Participant in a Matched Delivery Pair and ICE Clear Credit in relation to the effectiveness of any MP Delivery Notice or the issue of whether any MP Delivery Notice was served, the two CDS Participants in such Matched Delivery Pair and ICE Clear Credit shall each be deemed to agree to joinder of any separate proceedings between either of the two such CDS Participants and ICE Clear Credit.
- (x) Until such time as any dispute concerning an MP Delivery Notice is resolved, ICE Clear Credit shall be entitled to calculate Margin requirements for each of the CDS Participants in a Matched Delivery Pair based on the maximum Margin requirement for each of the CDS Participants that could result, in the opinion of ICE Clear

Credit, from any reasonably foreseeable outcome of any such dispute.

- (xi) Unless and until such time as any dispute concerning an MP Delivery Notice is resolved, ICE Clear Credit shall not be obliged to take any step that would have been required of it were the MP Delivery Notice to have been validly served.
- (xii) Upon final resolution of any such dispute, ICE Clear Credit and the relevant CDS Participants shall take such actions with respect to the disputed CDS Contract as ICE Clear Credit determines appropriate to give effect to such resolution, which may include, without limitation, effecting physical settlement in accordance with Chapter 22, and the CDS Participants shall perform their respective obligations in accordance with ICE Clear Credit's determinations. Notwithstanding anything to the contrary herein or in any arbitral or other decision resolving such dispute, ICE Clear Credit shall not be obliged to take any other action nor shall ICE Clear Credit be liable for any other damages, including, without limitation, punitive damages, consequential damages, incidental damages, lost profits, attorney's fees or other costs or pre- or post-judgment interest. Any other action or damages required by any such resolution shall be the direct obligation of the relevant CDS Participants to each other, and such CDS Participants shall be entitled to pursue directly against each other whatever legal remedies may be available. For the avoidance of doubt, ICE Clear Credit shall have no liability with respect to any such legal remedies between such CDS Participants and ICE Clear Credit shall have no obligation to participate in any related proceeding.
- (xiii) If ICE Clear Credit receives notice, from either the CDS Seller or the CDS Buyer in a Matched Delivery Pair, after the Notification Cut-Off Time, in respect of an MP Delivery Notice that:
  - (A) Such MP Delivery Notice was allegedly timely delivered between the parties in such Matched Delivery Pair but a copy or memorandum thereof was not delivered to ICE Clear Credit before the Notification Cut-Off Time; or
  - (B) Such MP Delivery Notice is under dispute as to whether it was timely delivered between CDS Participants in such Matched Delivery Pair,



then ICE Clear Credit will notify the other party in such Matched Delivery Pair as soon as reasonably practicable. Upon such notification by ICE Clear Credit, unless paragraph 3.3(g)(viii)(A) applies, the Matched Delivery Buyer and Matched Delivery Seller in such Matched Delivery Pair shall be directly liable to each other, and shall be entitled to pursue directly against each other whatever legal remedies may be available, for the difference between (x) their respective Open Positions (or proceeds thereof) in the relevant CDS Contract at ICE Clear Credit by virtue of such notice being invalid against ICE Clear Credit (in the case of (A) above) or by virtue of ICE Clear Credit acting based on its interpretation of the notice it received that was not timely delivered (in the case of (B) above) and (y) what such Open Positions (or proceeds thereof) would have been if a copy of such allegedly valid MP Delivery Notice was validly provided to and given effect by ICE Clear Credit at the time, if any, such MP Delivery Notice was validly delivered between the parties to the Matched Delivery Pair. For the purpose only of pursuing any such legal remedies for the difference between (x) and (y), the Matched Delivery Buyer and the Matched Delivery Seller in such Matched Delivery Pair shall be entitled to enforce the terms of their respective CDS Contracts against each other as if each of them were the counterparty to the other in place of ICE Clear Credit, including the right to have the dispute settled pursuant to arbitration under the Rules. With respect to the determination of such legal remedies, the validity of any allegedly valid MP Delivery Notice as between the relevant CDS Buyer and CDS Seller in the Matched Delivery Pair shall be unaffected by whether or not such notice is valid against ICE Clear Credit. For the avoidance of doubt, but without prejudice to any liability or obligation of ICE Clear Credit, ICE Clear Credit shall have no liability with respect to any such MP Delivery Notice a copy of which was not timely and properly delivered to ICE Clear Credit or a dispute with respect to which was not timely and properly notified to ICE Clear Credit, including, without limitation, with respect to any such legal remedies between the CDS Buyer and CDS Seller in such Matched Delivery Pair, and ICE Clear Credit shall have no obligation to participate in any related proceeding.

#### 4. DELIVERY OF NON DVP OBLIGATIONS AND PHYSICAL SETTLEMENT AMOUNTS

The following deadlines apply for the delivery of Non DVP Obligations and Physical Settlement Amounts for purposes of Rule 2204:

- (a) The Matched Delivery Buyer shall notify ICE Clear Credit under Rule 2204(i) of readiness to deliver at or prior to 4:30 p.m. on the Business Day prior to the date on which Delivery is scheduled to occur. In such notice, the Matched Delivery Buyer shall also specify the amount of any amount to be payable to the Matched Delivery Buyer under Section 9.2(c)(vi) of the 2003 Definitions or Section 11.2(c)(vi) of the 2014 Definitions, as applicable.
- (b) ICE Clear Credit shall notify the Matched Delivery Seller under Rule 2204(ii) of its obligation to pay ICE Clear Credit the Physical Settlement Amount in respect of the relevant Non DVP MP Amount and any amounts in respect of expenses notified by the CDS Buyer). Such a request for payment would in the ordinary course be made during the evening of the Business Day, or before 8 a.m. on the Business Day following the Business Day, after receipt of the notice referred to in Rule 2204(i) and paragraph (a) above.
- (c) The Matched Delivery Seller shall pay ICE Clear Credit under Rule 2204(iii) such amounts as are due pursuant to the payment requested under Rule 2204(ii) by 9:00 a.m. on the Business Day immediately following the date on which the Matched Delivery Buyer notified ICE Clear Credit of its readiness to deliver under Rule 2204(iii) and paragraph (a).
- (d) ICE Clear Credit shall notify the Matched Delivery Buyer under Rule 2204(iv) that it has received payment at or prior to 4:30 p.m. on the same Business Day as ICE Clear Credit receives payment under Rule 2204(iii), provided that payment is received by ICE Clear Credit at or prior to 9:00 a.m. on such Business Day as described in paragraph 4(c) (or on the next following Business Day if ICE Clear Credit receives such payment under Rule 2204(iii) after 9:00 a.m. on a Business Day).
- (e) The Delivery Period for delivery of the relevant Non DVP Obligations pursuant to Rule 2204(v) shall be 3 ICE Clear Credit Business Days following the date of receipt by the Matched Delivery Buyer of the notice referred to in Rule 2204(iv) and paragraph 4(d) (exclusive of the date of receipt of such notice).
- (f) The Matched Delivery Seller shall notify ICE Clear Credit under Rule 2204(vi) that Delivery has occurred, on the same Business Day if Delivery has occurred by 4:30 p.m. on a Business Day, or on the next following Business Day if Delivery has occurred after 4:30 p.m. on a Business Day. Notices received after 4:30 p.m. will be

deemed received on the next following Business Day, unless ICE Clear Credit agrees otherwise.

- (g) ICE Clear Credit shall be obliged to pay the Physical Settlement Amount (or, where the Matched Delivery Seller notified ICE Clear Credit of Delivery in part only, an amount equal to the Delivered Percentage of the Physical Settlement Amount) in respect of the relevant Non DVP MP Amount and any expenses due to the CDS Buyer under Section 9.2(c)(vi) of the 2003 Definitions or Section 11.2(c)(vi) of the 2014 Definitions, as applicable, by 9:00 a.m. on the Business Day following the Business Day on which ICE Clear Credit receives the notice referred to in Rule 2204(vi) and paragraph 4(f).
- (h) The first date on which the Matched Delivery Seller may serve notice on ICE Clear Credit under Rule 2204 (viii) requesting ICE Clear Credit to repay the Physical Settlement Amount in respect of the Non DVP MP Amount, less the Delivered Percentage of such Physical Settlement Amount, is the first Business Day following the end of the Delivery Period.

## **5. CDS ALTERNATIVE DELIVERY OR SETTLEMENT PROCEDURE**

- (a) CADP Notices received by ICE Clear Credit after 3:00 p.m. hours will be deemed to have been received on the next ICE Clear Credit Business Day.
- (b) CADP Notices must be submitted in the form published by ICE Clear Credit from time to time.