



FCM PROCEDURES OF THE CLEARING HOUSE

LCH LIMITED

5. BUSINESS CONTINUITY

5.1 Recovery situations

~~The FCM Procedures set out in this Section are intended to provide FCM Clearing Members with a guide to the changes in working practices which would follow the invocation of the Clearing House's business continuity or disaster recovery plans ("**Business Continuity Plans**").~~

~~Due to the uncertain nature of the events which would lead to the need for business recovery the Clearing House reserves the right to depart from these FCM Procedures to meet the characteristics of specific business recovery situations.~~

These FCM Procedures are intended to provide FCM Clearing Members with a guide to the changes in working practices which would follow the invocation of the Clearing House's business continuity or disaster recovery plans ("**Business Continuity Plans**").

Due to the uncertain nature of the events which would lead to the need for business recovery, the Clearing House reserves the right to depart from these FCM Procedures to meet the characteristics of specific business recovery situations.

These FCM Procedures provide for the evacuation or decommissioning of its principal office and. ~~The FCM Procedures~~ detail the alterations to the Clearing House's operations and also the action to be taken on invocation of the Business Continuity Plans.

5.2 Recovery situations affecting FCM Members' Ability to Perform Clearing Activities

5.2.1 *During office hours*

FCM Clearing Members that are unable to gain access to perform clearing activities and as a result require the Clearing House assistance should contact their usual contact as the Clearing House or the Help Service Desk on +44 (0)20 7426 7200.

5.2.2 *Outside office hours*

FCM Clearing Members that are unable to perform clearing activities and as a result require the Clearing House's assistance should telephone the Clearing

~~House-Service Desk~~ on +44 (0)20 7426 7545200, leaving the following information:

Name:
 Company Name:
 Contact Telephone Number:
 Brief Details of the Nature of the Problem:

A member of the Clearing House ~~operational~~ staff will then make contact regarding any assistance that can be given.

5.3 Principal Office evacuation

5.3.1 *Communicating with FCM Clearing Members*

Should the Clearing House be forced to evacuate its principal office it will need to inform its FCM Clearing Members as soon as practicable. ~~The following Sections detail a number of different messages that the~~ Clearing House may wish to communicate a number of different messages. ~~However, in all cases the means by which information will be disseminated is the same. Information will be communicated to its~~ FCM Clearing Members and may use either or both of these ~~by the following~~ methods of communication:

~~(a) — posting messages on the Member Information Line toll free number 0800 1 69 69 09 (primary method);~~

~~(b)~~(a) via Clearing House messaging, where applicable; and

~~(e)~~(b) posting messages on www.lch.com.

~~Some of the above communication methods can only be used to disseminate very short messages. However the toll free number is capable of recording a message of up to ten minutes duration, and handling unlimited concurrent connections. It is therefore likely to be the main method used for providing FCM Clearing Members with progress reports following an initial broadcast message.~~

5.3.2 *Invoking of Business Continuity Plans*

~~The Clearing House is contracted with specialist providers for dedicated and syndicated work area recovery facilities. The agreement between the Clearing House and the providers stipulates that dedicated work area recovery positions will be available immediately.~~

Depending on the severity of an incident, a full or partial invocation of Business Continuity Plans ~~the service~~ may be required. Recovery options available include the use of dedicated work area recovery facilities, regional handovers and remote access capabilities for all staff.

~~In the event of a metropolitan incident, critical clearing services will be handed over to another region in order to meet regulatory deadlines.~~

~~5.3.3—*Limited invocation*~~

~~If the Clearing House's assessment of the incident suggests that reoccupation of its principal office will be possible within two hours, then it is likely that only the mission critical activities, as determined by the Clearing House, will be recovered at a recovery site. In the event of a metropolitan incident, critical clearing services may be handed over to another region in order to seek to ensure continuity of business (including meeting regulatory deadlines)(MCA) will be recovered to the recovery site. All other activities will cease until its principal office becomes available.~~

~~The following message will be posted in accordance with section 5.3.1:~~

~~"The Clearing House has invoked Business Continuity Plans for its MCA's. Please refer to the Clearing House's Procedures—Business Continuity for further information."~~

~~Additional messages may be provided to FCM Clearing Members of particular FCM Clearing Services.~~

~~5.3.4—*Full invocation*~~

~~If Once a decision has been taken to proceed with full invocation of Business Continuity Plans, FCM Clearing Members will be informed at the earliest opportunity. This will be achieved by disseminating the following message using the methods described in Section 5.3.1 (Communicating with FCM Clearing Members) above.~~

~~"The Clearing House has invoked all Business Continuity Plans. Please refer to the Clearing House's Procedures—Business Continuity for further information."~~

~~Additional messages may be provided to FCM Clearing Members of particular FCM Clearing Services.~~

~~It is anticipated that a maximum period of two hours will elapse between the invocation of full Business Continuity Plans and the relocation of recovery teams. During this time-, most of the activities normally carried out at its the Clearing House's principal office will cease.~~

~~The Clearing House operates data centres that are geographically distinct and that are not located at its principal office, which means that an evacuation of the principal office will not affect Clearing Members' ability to access IT applications.~~

~~Please note that the Clearing House's primary data center is not located at its principal office and so an evacuation of the site will not affect FCM Clearing Members' ability to access IT applications. If the two main data centres are impacted by an incident, a failover will occur to the third (recovery) data centre.~~

5.3.3 *Imminent expiry of options*

~~The responsibility for exercising options before their expiry deadline lies solely with FCM Clearing Members and any assistance given by the Clearing House is on a reasonable endeavours' basis only. If an evacuation of its principal office coincides with, or is soon before, an option expiry, this assistance may cease.~~

~~5.3.5~~

~~Clearing Members are reminded that the responsibility for exercising options prior to their expiry deadline lies solely with them and that any assistance given by the Clearing House is purely on a 'reasonable efforts' basis. If an evacuation of its principal office coincides with an option expiry, this assistance may cease.~~

If the Clearing House's invocation of Business Continuity Plans coincides with an option expiry, the notification of FCM Clearing Members' option allocations and the deadline for the entry of option exercises may be delayed.

5.3.65.3.4 *Arrangements for cover*

In order to simplify the Treasury process, it is likely that a number of routine Treasury pProcedures may be amended or suspended. The Clearing House will advise FCM Clearing Members of these changes through available reporting channels, as necessary. These may include but are not limited to:

- (a) the acceptance/release of securities ~~and guarantees~~;
- (b) the conversion of currencies; and
- (c) the ability to cover liabilities using collateral denominated in other currencies.

5.3.75.3.5 *Registration of Contracts*

The Clearing House will register new business in accordance with the relevant FCM Procedures. ~~However, the Clearing House reserves the right, at its discretion, to amend the timing of registration as it deems necessary in accordance with the Business Continuity Plans. If n the event that registration is to be delayed,~~ the Clearing House will notify FCM Clearing Members as soon as practically possible.

5.3.85.3.6 *New address for document delivery*

Following invocation of the Business Continuity Plans, the Clearing House will provide new address details for document delivery. The Clearing House will arrange to have its mail forwarded to its office recovery site.

5.3.95.3.7 *Permanent change of address*

The Clearing House is able to occupy the recovery site for a maximum of 180 consecutive days. If the incident is so serious that the Clearing House is unable

to reoccupy its principal office, within this time period, FCM Clearing Members will be informed of the proposed new office location and contact numbers ~~prior to~~ before occupation of the premises. This information will be communicated via the methods described in Section 5.3.1 (Communicating with FCM Clearing Members) above.

FCM Clearing Members will be informed of the date when the new arrangements will take effect.

~~5.3.10~~ ***Return to normal***

~~When the Clearing House is able to resume a normal service a message will be disseminated using the methods described in Section 5.3.1 (Communicating with FCM Clearing Members) above. Assuming that it has been possible to return to its principal office the following message will be broadcast:~~

~~"The Clearing House has returned to its principal office. Please revert to normal contact telephone numbers and procedures."~~

~~If normal working is being resumed at a site other than its principal office FCM Clearing Members will already have been informed of the new office location and contact numbers (see Section 5.3.8 (New address for document delivery) above). The following message will be broadcast:~~

~~"The Clearing House is resuming normal service at <insert location name>. Please use the new contact numbers previously supplied."~~

~~Additional messages may be provided to FCM Clearing Members of particular FCM Clearing Services.~~

5.4 Clearing House data centers

~~5.4.1~~ ***Failure of LCH's data center***

If the Clearing House's primary data center fails during business hours, those Clearing House IT systems that are used by FCM Clearing Members will be temporarily unavailable while processing is transferred to the secondary data center.

~~5.4.2~~ ***Failure of LCH's secondary data center***

~~If following a failure of the primary data center, the Clearing House's secondary data center fails during business hours, those Clearing House IT systems that are used by the FCM Clearing Members will be temporarily unavailable while processing is transferred to the tertiary data center.~~

5.5 Compliance with Business Continuity Testing

FCM Clearing Members are required to participate in the Clearing House's ~~b~~Business ~~c~~Continuity ~~p~~Planning (~~BCP~~) coordination and testing programs, as required by CFTC Regulation 39.18. The Clearing House will notify FCM Clearing Members when it intends to carry out any such test via an FCM Clearing Member circular and via a posting on www.lch.com at least 90 days in advance. The Clearing House will, ~~prior~~

| ~~to~~before the date of any such test, provide FCM Clearing Members with further details of the steps that will be required under the relevant program.