



LCH LIMITED

PROCEDURES SECTION 3

FINANCIAL TRANSACTIONS

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Please refer to Clearing Member circulars for details of Clearing House opening days and currency holidays at the following link www.lch.com/news-events/members-updates/general-information.

(i) *Contingency Payment Arrangements*

Clearing Members are required to have contingency payment arrangements in place to ensure that they can continue to meet their margin obligations in the event of failure of their nominated PPS bank(s). During the application process, the Clearing House will require the applicant to provide evidence of these arrangements and will test these prior to the applicant becoming a Clearing Member. The Clearing Member will be required to provide evidence of their contingency payment arrangements on an ongoing basis at the Clearing House's request.

(j) *Recovery from Insolvent PPS Banks*

In the event that payment is not completed by the relevant PPS bank, due to insolvency rather than technical failure, and the affected Clearing Member(s) make alternative payments, the Clearing House, should it make a recovery from the estate of the PPS bank, will credit such recovery, net of cost, to the accounts of the affected Clearing Members in proportion to the amount of the original missed payment.

1.4 New MAS Electronic Payment and Book-Entry System

1.4.1 The Monetary Authority of Singapore ("MAS") operates a real-time gross settlement system ("RTGS") known as the New MAS Electronic Payment and Book-Entry System ("MEPS+"). The Clearing House maintains an account on MEPS+, exclusively for the purpose of facilitating the transfer of cash denominated in SGD to and from Clearing Members in respect of initial margin.

1.4.2 The Clearing House will accept delivery of SGD via MEPS+ only to meet initial margin requirements. Cash collateral denominated in SGD cannot be used to meet the requirements of on demand initial margin calls

1.4.3 Any payment by a Clearing Member denominated in SGD to satisfy variation margin requirements will be collected via PPS.

1.4.4 To transfer cash denominated in SGD to the Clearing House's account on MEPS+ on a certain business day, a Clearing Member or its agent must submit a valid and complete payment instruction on that business day. MAS will not action such instructions on a SGD holiday. If a payment instruction, which a Clearing Member or its agent submits to the Clearing House on a business day is not subsequently fulfilled by the Clearing Member, or if the Clearing Member inputs an incorrect CMS Reference (as defined in Section 1.3 of Section 4 of the Procedures (Collateral), meaning that the Clearing House cannot action the payment instruction, the Clearing House will delete the instruction at 09:00 hours London

time on that business day. The Clearing Member or its agent must then submit a valid and complete instruction on the next business day.

1.4.5 The CMS process by which Clearing Members may transfer cash denominated in SGD to the Clearing House is described in Section 1.3 of Section 4 of the Procedures (Collateral). In accordance with, and subject to, that process, the amount of the Clearing Member's payment will appear as Collateral against that Clearing Member's account and may be used to satisfy the Clearing Member's initial margin liabilities.

1.4.6 If a Clearing Member instructs a payment to the Clearing House's account on MEPS+ on a certain business day, the value date for that payment will be that business day. The Clearing House will process only same day value instructions and will not process forward-dated instructions.

1.4.7 PPS calls and payments in respect of SGD to satisfy variation margin requirements are for value on the next business day.

1.4.8 The Auto-Repay Service described in Section 1.3.1(g) of these Procedures is not available in respect of MEPS+.

1.4.9 Clearing Members intending to use this service to transfer cash denominated in SGD to the Clearing House to satisfy initial margin requirements must notify the Clearing House in advance. Further details (including information about deposit and withdrawal deadlines) are available on the Clearing House's website at the following link:

<https://www.lch.com/collateral-management/ltd-collateral-management/ltd-acceptable-collateral/ltd-acceptable-cash>

1.4.1.5 Acceptable Forms of Collateral

The Clearing House accepts certain types of Collateral as determined by the Clearing House from time to time. Please refer to the following link for further details www.lch.com/risk-collateral-management/collateral-management/acceptable-collateral.

The Clearing House may vary, at its discretion, the standard requirements and valuation procedures set out in this Section 1.54, either generally or in a particular case, without giving prior written notice to Clearing Members. Further, the Clearing House may vary the types of Collateral acceptable to it.

1.4.1.5.1 Cash

In order not to fall within the scope of deposit-taking regulations applying to banks and similar institutions, the Clearing House can accept cash from Clearing Members only in relation to current or anticipated obligations.

Cash used as Collateral need not be provided in the same currency as that of the liability. In such cases, currencies will be notionally converted with reference to quoted exchange rates determined at approximately 16:45 London time the previous business day.