

Rule 101

The term "**Affiliated Person**" or "**Affiliate**" means, with respect to any specified Person, any other Person that Controls, is Controlled by, or is under common Control with, such specified Person.

The term "**Appeals Appeal Panel**" means the panel at which an appeal of a decision of a Disciplinary Panel is heard pursuant to Rule 1005.

The term "**Applicable Credit Derivatives Definitions**" means, in relation to any provisions of the Rules or the Contract Terms applicable to a CDS Non-2014 Contract or any Component Transaction in the form of a CDS Non-2014 Contract, the 2003 Credit Derivatives Definitions and, in relation to any provisions of the Rules or the Contract Terms applicable to a 2014-type CDS Contract or any Component Transaction in the form of a 2014-type CDS Contract, the 2014 Credit Derivatives Definitions.

The term "**Applicable Law**" means any applicable national, federal, supranational, state, regional, provincial, local or other statute, law, ordinance, regulation, rule, code, guidance, order, published practice or concession, regulatory requirement, judgment or decision of a Governmental Authority and, for the avoidance of doubt, includes all the provisions of EMIR, the FCA Rules, the PRA Rules, rules, regulations, guidance and approach documents of the Bank of England, the CEA, the rules and regulations of the CFTC, the Exchange Act, the rules and regulations of the SEC, any rules or regulations of any other Regulatory Authority and applicable Insolvency laws (including the U.S. Bankruptcy Code).

The term "**Approved Financial Institution**" means a credit institution, bank, trust company or other institution which is an "institution" as defined in the Settlement Finality Regulations and which has been designated as an approved financial institution by the Clearing House for purposes of making and receiving cash transfers to and from the Clearing House and Payment Transfer Orders.

The term "**Assessment Amount**" means an F&O Assessment Amount, a CDS Assessment Amount or an FX Assessment Amount.

The term "**Assessment Contribution**" means an F&O Assessment Contribution, a CDS Assessment Contribution or an FX Assessment Contribution.

The term "**Banking Consolidation Directive**" means Directive 2006/48/EC.

The term "**Bankruptcy**" means, in relation to a Person, where that Person: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it, by a Governmental Authority with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such Governmental Authority; (v) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (iv) above and either

(1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (vi) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vii) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (viii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;

(ix) causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (viii) above; or (x) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts. For the purposes of this definition and for the avoidance of doubt, "Person", in the case of a CDS Clearing Member or Sponsored Principal in respect of CDS Clearing, includes any Office (as defined in the CDS Procedures) which the Clearing House and the CDS Clearing Member or Sponsored Principal have agreed pursuant to paragraph 8.2(b)(i) of the CDS Procedures that the CDS Clearing Member or Sponsored Principal may enter into a CDS Contract through or have an open CDS Contract recorded in the name of, or any Office of such CDS Clearing Member or Sponsored Principal through which it is acting.

The term "**Basis Trades**" means ~~a 'basis trades' under the LIFFE Rules and/or the ICE Futures Europe~~ trade' transaction under applicable Market Rules or any similar transaction under any Market Rules.

The term "**BClear**" means ~~the~~ a service operated by ~~LIFFE~~ a Market which enables Financials & Softs Clearing Members to report bilateral trades to ~~LIFFE~~ that Market for the purposes of the ~~LIFFE~~ relevant Market Rules or any similar transaction under any Market Rules.

The term "**Bilateral CDS Transaction**" means: (i) a CDS transaction between two CDS Clearing Members (or, to the extent permitted in the CDS Procedures, involving the same CDS Clearing Member acting in two different capacities); or (ii) a CDS transaction between a CDS Clearing Member and an Affiliate of the same or a different CDS Clearing Member; or (iii) a CDS transaction between an Affiliate of a CDS Clearing Member and an Affiliate of the same or a different CDS Clearing Member; or (iv) any of cases (i), (ii) or (iii) but where a Sponsored Principal is party to the transaction instead of a CDS Clearing Member, (to which in either case (i), (ii), (iii) or (iv), for the avoidance of doubt, the Clearing House is not a party).

The term "**Board**" means the board of Directors or any other body established thereunder (whether called a board, a committee or otherwise) of the Clearing House.

The term "**Business Day**" means a day on which the Clearing House is open for business or, in relation to deliveries in respect of a particular F&O Contract, has the meaning given in the Delivery Procedures or, in relation to certain Contract Terms, has the meaning given in or pursuant to the Contract Terms Procedures, ~~ICE Endex Rules, ICE Endex UK Rules, ICE Endex Continental Rules, ICE Futures Europe Rules, ICE Futures US Rules or LIFFE or Market~~ Rules.

The term "**Buyer**" means, in relation to deliveries under Part 7 or a Contract of Sale, the Clearing Member (or Sponsored Principal) or the Clearing House, whichever is obliged to receive delivery of a Deliverable (whether itself or through another Person).

The term "**Buying Counterparty**" means, in respect of a Contract: (a) except in circumstances in which sub-paragraph (c) below applies, the Clearing Member that was, before formation of a Contract, party to the corresponding Transaction (or specified in the CDS Trade Particulars or FX Trade Particulars) as buyer (or, in relation to CDS Contracts, as protection buyer or, in relation to a Financially-Settled FX Contract, Reference Currency Buyer); (b) except in circumstances in which sub-paragraph (c) below applies, where a Non-FCM/BD Clearing Member's Customer is a party to the corresponding Transaction (or specified in the CDS Trade Particulars or FX Trade Particulars) as buyer, protection buyer or Reference Currency Buyer (as applicable), the Clearing Member that provides clearing services to that Customer in relation to the Transaction in question (or, for F&O Contracts, if more than one such Clearing Member exists, the Clearing Member that was selected by the Customer for the initial booking of that Transaction); (c) where an FCM/BD Customer is a party to the corresponding Transaction (or specified in the CDS Trade Particulars or FX Trade Particulars) as buyer, protection buyer or Reference Currency Buyer (as applicable), the FCM/BD Clearing Member clearing on behalf of such FCM/BD Customer; (d) in relation to F&O Contracts only and overriding any designation that would occur pursuant to (a), (b) or (c) above, where one Clearing Member that would be the Buying Counterparty in accordance with (a), (b) or (c) above has allocated an F&O Transaction to another Clearing Member for clearing in accordance with Market Rules, the Clearing Member to whom such F&O Transaction is allocated; or (e) notwithstanding (a) to (d), in respect of an Individually Segregated Sponsored Account, the Sponsored Principal shall act as principal to all Contracts as the Buying Counterparty on a joint and several basis with the Sponsor, instead of the relevant Clearing Member referred to in (a) to (d) above, subject to and as set out in Part 19.

The term "**CAD**" means Canadian dollars, or any other lawful currency that is a successor to it.

The term "**Call**", in respect of an F&O Contract, means an Option pursuant to which a Person with a Long position has the actual or notional right to buy a Deliverable from a Person with a Short position at the Strike Price and at a specified time.

The term "**Capital**":

- (a) with respect to a Non-FCM/BD Clearing Member or a Sponsored Principal that is not an FCM/BD, has the same meaning as the term "own funds", as such term is defined in the Banking Consolidation Directive and determined on a stand-alone (non-consolidated) basis and subject to the limits and deductions set out therein and, in relation to matters reserved for member states, as implemented in the United Kingdom, whether or not the relevant Clearing Member is subject to the Banking Consolidation Directive or the supervision of the PRA; or
- (b) with respect to an FCM/BD Clearing Member, means its "adjusted net capital" as defined in CFTC Rule 1.17,

and, in either case, such other classes of capital as are permitted at the Clearing House's discretion pursuant to the [Finance Membership](#) Procedures.

authorisation in writing to submit CDS Trade Particulars for Clearing and receive Acceptance Notices and accordingly, such a CDS Trade Execution/Processing Platform will be a Representative of such CDS Clearing Member or Sponsored Principal for such purposes until the expiry of not less than one Business Day's written notice to the Clearing House given by such CDS Clearing Member or Sponsored Principal that such CDS Trade Execution/Processing Platform is no longer, or is not, authorised to act as its Representative. Where an Affiliate of a CDS Clearing Member or Sponsored Principal may submit or confirm CDS Trade Particulars for the account of that CDS Clearing Member or Sponsored Principal as referred to in the CDS Procedures, any person which, as a CDS Trade Execution/Processing Platform, is a Representative of such CDS Clearing Member or Sponsored Principal shall be deemed to be, additionally, a Representative of such Affiliate for these purposes.

The term "**CDS Trade Particulars**" means trade particulars submitted to the Clearing House by one or more Clearing Members, Sponsors or Sponsored Principals (including by any Representative, including via a CDS Trade Execution/Processing Platform), which particulars, if accepted by the Clearing House, will give rise to a CDS Contract or CDS Contracts (and, in the case of particulars of a CDS submitted by or for a Non-FCM/BD Clearing Member for one of its Customer Accounts, a Customer-CM CDS Transaction). For the avoidance of doubt, CDS Trade Particulars may or may not reflect a binding Bilateral CDS Transaction between two CDS Clearing Members or Sponsored Principals or any binding transaction between a CDS Clearing Member and its Customer.

The term "**CEA**" means the U.S. Commodity Exchange Act.

The term "**CFTC**" means the Commodity Futures Trading Commission of the United States of America, or any successor thereto.

The term "**Chairman**" means the chairman of the Board from time to time.

The term "**CHF**" means the Swiss ~~frank~~[franc](#), or any other lawful currency that is a successor to it.

The term "**Circular**" means a publication issued by the Clearing House for the attention of all Clearing Members and posted on the Clearing House's website in accordance with Rule 109(g).

The term "**Clearing**" means the central counterparty and, where relevant, related risk, Open Contract Position, Margin, settlement, delivery, administrative, acceptance, transaction data, settlement price establishment and other functions of the Clearing House pursuant to these Rules.

The term "**Clearing House**" means ICE Clear Europe Limited, a company registered in England & Wales with registered number 06219884.

The term "**Clearing House Account**" means an account of the Clearing House at an Approved Financial Institution.

The term "**Clearing House CDS Contributions**" means the Clearing House CDS GF Contribution and the Clearing House CDS Initial Contribution.

with Rule 908(d)(ii) or Rule 908(g)(ii)(C) and as maintained pursuant to Rule 1103(e) including, where the context so requires, any proceeds of realisation of the same.

The term "**Clearing Member**" means a Person which has entered into a Clearing Membership Agreement with the Clearing House and which has been admitted as a clearing member pursuant to Part 2 of these Rules.

The term "**Clearing Member-Required Additional Margin**" has the meaning set out in the relevant Standard Terms.

The term "**Clearing Membership Agreement**" means an agreement between the Clearing House and a Clearing Member under which, *inter alia*, the Clearing House agrees to provide Clearing in respect of Contracts to that Clearing Member and that Clearing Member agrees to be bound by and subject to these Rules. Without prejudice to the generality of Rule 102(b) or to the effectiveness of any other agreement between a Clearing House and a Clearing Member, for the avoidance of doubt, for Clearing Members that have executed a Pledged Collateral Addendum, the relevant Clearing Membership Agreement will be interpreted as amended by that Pledged Collateral Addendum.

The term "**Clearing Organisation**" means any clearing house duly authorised, regulated, recognised or licensed under Applicable Laws in any jurisdiction, including any recognised clearing house, recognised overseas clearing house, derivatives clearing organisation or similar entity.

The term "**Clearing Processing System**" means the clearing processing system for Energy Contracts, the universal clearing platform for Financials & Softs Contracts and other clearing processing systems and platforms used by the Clearing House for F&O Contracts.

The term "**CLS Bank**" means CLS Bank International.

~~The term "**Component Transaction**" has the meaning set out in Part 15.~~

The term "**Collateral Offset Obligations**" means obligations of a Clearing Member arising pursuant to Rule 919 to pay the Clearing House, which offset obligations of the Clearing House to pay the Clearing Member or return assets in respect of Permitted Cover transferred or pledged to the Clearing House by the Clearing Member.

~~The term "**Component Transaction**" has the meaning set out in Part 15.~~

The term "**Concentration Bank**" means an Approved Financial Institution at which the Clearing House has an account or accounts for the purpose of making transfers between Clearing House Accounts.

The term "**Contract**" means a contract between the Clearing House and a Clearing Member (or Sponsored Principal) arising in accordance with these Rules, and as amended, subject to netting or aggregation in accordance with these Rules, the terms and conditions of which are the relevant Contract Terms.

The term "**Contract Category**" means any of the three categories of Contract cleared by the Clearing House which are linked to a specific Guaranty Fund, i.e. F&O Contracts, CDS Contracts and FX Contracts.

For the definition of the term "**Contract Position**", see 'Open Contract Position' below.

The term "**Contract Terms**" means all the terms and conditions of a Contract, as applicable, in: (i) the general conditions set out in the Contract Terms Procedures; (ii) (in relation to ~~ICE Endex F&O~~ Contracts only) the ~~ICE Endex~~relevant Market Rules; (iii) ~~(in relation to ICE Endex UK Contracts only), the ICE Endex UK Rules;~~ (iv) ~~(in relation to ICE Natural Gas Continental Spot Contracts only) the ICE Endex Continental Rules;~~ (v) ~~(in relation to ICE Futures Europe Contracts only) the ICE Futures Europe Rules;~~ (vi) ~~(in relation to ICE Futures US Contracts only) the ICE Futures US Rules;~~ (vii) ~~(in relation to Financials & Softs Contracts only) the LIFFE Rules or the ICE Futures Europe Rules, as applicable;~~ (viii) (except in relation to F&O Contracts which are settled only in cash) if such F&O Contract becomes deliverable or is a Contract of Sale, the relevant Delivery Procedures for the class of F&O Contract, the specified terms set out in the Contract Terms Procedures ~~and ICE Endex Rules, ICE Endex UK Rules, ICE Endex Continental Rules, ICE Futures Europe Rules, ICE Futures US Rules or LIFFE Rules,~~ as applicable; and (ix) for CDS Contracts, the terms specified pursuant to Rule 1502; and ~~(x)~~v for FX Contracts, the general conditions set out in the Rules and Procedures.

The term "**Control**" means the rights and powers exercised over a Person by a Controller and its cognate terms shall be construed accordingly.

The term "**Controller**" has the meaning given to that term in section 422 of the FSMA.

The term "**Controller Guarantee**" means a guarantee given by a Controller of a Clearing Member under Rule 201(a)~~(xviii)~~.

The term "**Credit Support Document**" means any guarantee or letter of credit or other security interest issued or granted to or for the benefit of the Clearing House that guarantees, covers or secures the Clearing Member's or a Sponsored Principal's obligations under any Contract, but excluding any Pledged Collateral Addendum.

The term "**Credit Support Provider**" means, in respect of a Clearing Member or Sponsored Principal, each provider of a Credit Support Document in relation to that Clearing Member.

The term "**Custodian**" means any bank, custodian, sub-custodian, registry, nominee, agent, depository or settlement system.

The term "**Customer**" means a Person who is a client or customer of a Clearing Member (which Customer may, subject to Applicable Law, be acting for one or more other clients or customers for purposes of the clearing of Contracts). In respect of a Sponsor, the term includes each of its Sponsored Principals.

The term "**Customer Account**" means any one customer account at the Clearing House of the various different Customer Account Categories and comprises in the case of each Customer Account the related Customer Position Account and Customer Margin Account.

The term "**Customer Account Category**" means:

- (i) in relation to an FCM/BD Clearing Member, any of the following categories of Customer Account of such FCM/BD Clearing Member:

divided for administrative convenience only into sub-accounts relating to different DCM Customers or groups of DCM Customers.

The term "**Default Amount**" means any of the F&O Default Amount, the CDS Default Amount or the FX Default Amount, as the context requires, and "**Default Amounts**" means any two of the foregoing or all of them, as the context requires.

The term "**Default Auction**" means an auction which takes place in accordance with any of the Default Auction Procedures.

The term "**Default Auction Procedures**" means the Default Auction Terms for F&O Default Auctions, the Default Auction Terms for CDS Default Auctions or the Default Auction Terms for FX Default Auctions, as applicable to the Relevant Contract Category in question.

The term "**Default Notice**" means a notice issued by the Clearing House under Rule 902(b).

The term "**Default Portability Preference**" means the identity of any one or more designated "preferred" Transferee Clearing Member(s) specified to the Clearing House by a Customer or Sponsored Principal as being the Clearing Member to which it would prefer its Customer-CM Transactions (and related Contracts) to be Transferred pursuant to the Default Portability Rules in the case of an Event of Default.

The term "**Default Portability Rules**" means Rule 904 and any terms setting out the meaning of the defined terms used therein.

The term "**Defaulter**" means a Clearing Member or former Clearing Member or Sponsored Principal or former Sponsored Principal or Disclosed Principal Member or former Disclosed Principal Member in respect of whom a Default Notice has been issued.

The term "**Deliverable**" means any property, right, interest, register or book entry, commodity, certificate, property entitlement or Investment, which is capable of being delivered pursuant to an F&O Contract.

The term "**Delivery Default**" means a Clearing Member or Sponsored Principal failing to deliver or transfer to the Clearing House in full any Deliverable required to be delivered or transferred by that Clearing Member or Sponsored Principal under or in connection with any Contract, including a failure to deliver or transfer a Deliverable in accordance with the applicable Delivery Procedures, unless such failure constitutes a Force Majeure Event affecting the relevant Clearing Member or Sponsored Principal.

The term "**Delivery Facility**" means any Person or facility used for the delivery of Deliverables (excluding Transferors and Transferees), including but not limited to, warehouses ~~appearing on the list of nominated warehouses as published by ICE Futures Europe, balancing systems, gas networks, central securities depositories, settlement systems, designated systems, custodians, vessels, ports, terminals and Emissions Registries and their operators, facilities, records, ledgers and Registries (as defined in the Delivery Procedures), including~~ National Grid, GTS, GASPOOL, Fluxys Belgium, Huberator, TenneT, Elia, TSO (as such Persons are defined in the Delivery Procedures), ~~facilities and systems (including gas or electricity transmission systems) operated by such Persons, and Emissions Registries.~~

The term "**Deriv/SERV**" means the system for storage and processing of trade information in relation to CDS operated by The Depository Trust & Clearing Corporation or its Affiliates,

currently known as Deriv/SERV, or any successor thereto or any other similar service specified by the Clearing House as a trade information warehouse (not being a Repository) for CDS.

The term "**Designated Controller**" means a Controller that has: (i) been notified to the Clearing House by a Clearing Member or Sponsored Principal as a controller which should be taken into account by the Clearing House for purposes of calculating the Capital or Margin requirements of the Clearing Member or Sponsored Principal; and (ii) executed in favour of, and delivered to, the Clearing House an acceptable Controller Guarantee, which Controller Guarantee remains valid and in effect.

The term "**Director**" means a director of the Clearing House.

The term "**Disciplinary Panel**" means a disciplinary panel established pursuant to Rule 1003.

The term "**Disclosed Principal Member**" means, where a Clearing Member acts as agent for a disclosed principal in respect of its Energy Contract clearing business and such principal has been admitted by the Clearing House as a Disclosed Principal Member, that principal.

The term "**Dispute**" means any dispute, difference, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, in relation to, or in connection with these Rules or any Contract, including any dispute as to the existence, construction, validity, interpretation, enforceability, termination or breach of these Rules or any Contract.

The term "**EFPs**" means an 'exchange for physicals' transaction under applicable Market Rules or any similar transaction under any Market Rules.

The term "**EFRP**" means an 'exchange for related positions' transaction under applicable Market Rules or any similar transaction under any Market Rules.

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The term "**EFSSs**" means an 'exchange for swaps' transaction under applicable Market Rules or 'exchange for related position' transaction under applicable Market Rules, ~~as applicable~~ or any similar transaction under any Market Rules.

The term "**Eligible Currencies**" means USD, EUR, GBP, CAD, CHF, SEK and such other currencies as are specified as eligible in the Finance Procedures or otherwise by the Clearing House from time to time.

The term "**Emission Allowance**" has the same meaning as that given to the term in MiFID II.

The term "**Emissions Registry**" means a 'registry' (within the meaning of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC or otherwise) that has been approved by the Clearing House for purposes of deliveries of Emission Allowances under F&O Contracts.

The term "**EMIR**" (European Market Infrastructure Regulation) means Regulation (EU) No, 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and includes all delegated or implementing regulations, decisions and technical standards thereunder as interpreted in accordance with any

applicable guidance publicly issued by ESMA or any Regulatory Authority.

The term "**Encumbrance**" means any claim, charge, mortgage, security, lien, equity, beneficial interest, power of sale, option or other right to purchase, usufruct, hypothecation, retention of title, right of pre-emption or other third party right or security interest of any kind or an agreement to create any of the foregoing.

The term "**Energy**" is used to refer to the Clearing of the ICE Endex, ICE Endex UK, ICE ~~Endex Continental~~, ICE Futures Europe and ICE Futures US Markets, excluding the Clearing of Financials & Softs Contracts on the ICE Futures Europe market.

The term "**Energy Block Trade Facility**" means a 'block trade' transaction under applicable Market Rules or any similar transaction under any Market Rules, for Energy Transactions.

The term "**Energy Block Transaction**" means an EFS, EFP, EFRP, Basis Trade or Energy Block Trade Facility transaction in respect of Energy reported through a Market in accordance with the relevant Market Rules.

The term "**Energy Clearing Member**" means a Clearing Member that is authorised by the Clearing House to become party to Energy Contracts.

The term "**Energy Contracts**" means Contracts resulting from the clearing of Energy Transactions.

The term "**Energy Transaction**" means an ICE Endex Transaction, ICE Endex UK Transaction, ICE Futures Europe Transaction (excluding a Financials & Softs Transaction), or ICE Futures US Transaction ~~or ICE Natural Gas Continental Spot Transaction~~.

The term "**ESMA**" means the European Securities and Markets Authority or any successor entity.

The term "**EUR**" means the euro, or any other lawful currency that is a successor to it.

The term "**Event of Default**" has the meaning set out in Rule 901 and the term "**Default**" shall be construed accordingly.

The term "**Exchange**" means any exchange or similar body duly authorised, regulated, recognised or licensed (to the extent necessary) under Applicable Laws in any jurisdiction, including, but not limited to, any recognised investment exchange, recognised overseas investment exchange, designated investment exchange, designated contract market, national securities exchange, swap execution facility, security-based swap execution facility, exempt commercial market, regulated market, alternative trading system, multilateral trading facility, swap execution facility, organised trading facility, systematic internaliser, trade affirmation or confirmation platform or similar entity.

The term "**Exchange Act**" means the U.S. Securities Exchange Act of 1934.

The term "**Exchange Delivery Settlement Price**" or "**EDSP**" in respect of a Set of F&O Contracts or an F&O Contract, means the closing, delivery or cash settlement price determined pursuant to Rule 701.

The term "**F&O**" means futures and options and refers to the Clearing of Energy ~~and/or~~ Financials & Softs products or both.

The term "**F&O Assessment Amount**" means the total amount of all F&O Assessment Contributions payable by F&O Clearing Members pursuant to Rule 909(b) in respect of an

Event of Default.

The term "**F&O Assessment Contribution**" has the meaning set out in Rule 909(b).

The term "**F&O Block Contract**" means an F&O Contract(s) resulting from an F&O Block Transaction.

The term "**F&O Block Transaction**" means a Financials & Softs Block Transaction or Energy Block Transaction.

The term "**F&O Clearing Member**" means a Clearing Member that is authorised by the Clearing House to become party to Energy Contracts or Financials & Softs Contracts or both.

The term "**F&O Contract**" means an Energy Contract and/or a Financials & Softs Contract.

The term "**F&O Default Amount**" has the meaning set out in Rule 908(e).

The term "**F&O Guaranty Fund**" means the guaranty fund established and maintained pursuant to Part 11 relating only to F&O Contracts.

The term "**F&O Guaranty Fund Contribution**" means a Guaranty Fund Contribution relating to the F&O Guaranty Fund.

The term "**F&O Matched Contract**" means an F&O Contract(s) resulting from an F&O Matched Transaction.

The term "**F&O Matched Transaction**" means an F&O Transaction that occurs or occurred on a Market in accordance with the relevant Market's rules.

The term "**F&O Standard Terms**" means the form of Customer-CM F&O Transactions Standard Terms as published by the Clearing House from time to time as an Exhibit to these Rules, but which do not form part of these Rules, which are applicable as between each Non-FCM/BD Clearing Member and each of its Customers in relation to F&O Clearing, as amended from time to time in accordance with the F&O Standard Terms.

The term "**F&O Transaction**" means an Energy Transaction ~~and/or~~ a Financials & Softs Transaction.

The term "**Failure To Pay**" means, in respect of a particular Contract Category, the failure of the Clearing House to make any payment when due (including the return of assets equivalent to any Pledged Collateral) pursuant to Part 3 of the Rules if such failure is not remedied on or before:

- (i) if no extension has been granted to the Clearing House pursuant to Rule 110(b) or Rule 110(c) prior to this date: the date falling 3 Business Days after notice of such failure is given to it by the Clearing Member or Sponsored Principal to whom such payment or return is due; or
- (ii) if an extension has been granted to the Clearing House as referred to in paragraph (i) of this definition, 10 a.m. on the next Business Day after service of a notice of that failure to the Clearing House by the Clearing Member or Sponsored Principal to whom such payment or return is due, provided that such notice is given no earlier than the final day of a period for which an extension has been granted to the Clearing House pursuant to Rule 110(b) or Rule 110(c),

The term "**Financially-Settled FX Contract**" means an FX Contract which provides for cash settlement in a single predetermined currency on the relevant FX Settlement Date based on the difference between the values on the FX Settlement Date of: (i) the purchase of an agreed amount in one currency by the Reference Currency Buyer from the Reference Currency Seller; and (ii) the purchase by the Reference Currency Seller of an agreed amount in a different currency from the Reference Currency Buyer. Each leg of an FX Swap may form the basis of FX Trade Particulars which, if eligible for Clearing and Cleared, would give rise to two Financially-Settled FX Contracts.

The term "**Financials & Softs**" is used to refer to the Clearing of Financials & Softs Contracts on ~~the ICE Futures Europe and LIFFE Markets, as applicable.~~

The term "**Financials & Softs Block Contract**" means a Contract resulting from a Financials & Softs Block Transaction.

The term "**Financials & Softs Block Trade Facility**" means ~~the~~ a block trade ~~facility operated by LIFFE in accordance with the LIFFE Rules and the block trade facility operated by ICE Futures Europe in accordance with the ICE Futures Europe' transaction under applicable Market Rules or any similar transaction under any Market~~ Rules, ~~in each case~~ for Financials & Softs Transactions.

The term "**Financials & Softs Block Transaction**" means an EFS, EFP, Soft Commodity EFRPs, Basis Trade, Financials & Softs Block Trade Facility transaction or BClear transaction ~~in respect of Financials & Softs~~ reported through ~~either LIFFE a Market~~ in accordance with the ~~LIFFE Rules or ICE Futures Europe in accordance with the ICE Futures Europe Rules, as applicable~~ relevant Market Rules.

The term "**Financials & Softs Clearing Member**" means a Clearing Member that is authorised by the Clearing House to become party to Financials & Softs Contracts and that is a clearing member of ~~either LIFFE or ICE Futures Europe, as applicable.~~

The term "**Financials & Softs Contract**" means a Financials & Softs Block Contract or a Financials & Softs Matched Contract.

The term "**Financials & Softs Matched Contract**" means a Contract resulting from a Financials & Softs Matched Transaction.

The term "**Financials & Softs Matched Transaction**" means a Transaction that occurs or occurred ~~on LIFFE in accordance with the LIFFE Rules or a Transaction~~ in respect of Financials & Softs ~~Contracts that occurs or occurred on ICE Futures Europe~~ on a Market in accordance with the ~~ICE Futures Europe~~ relevant Market Rules.

The term "**Financials & Softs Transaction**" means a Financials & Softs Matched Transaction or a Financials & Softs Block Transaction where the related trade particulars or data submitted or provided to the Clearing House, ~~LIFFE~~ or ICE Futures Europe by or on behalf of a Clearing Member or Clearing Members (including by any Representative) will give rise to a Contract or Contracts if the relevant circumstances specified in Rule 401(a) occur (or in such a case but where a Sponsored Principal takes the place of one or both of the relevant Clearing Members).

The term "**Force Majeure Event**" means any occurrence outside the control of the Clearing House or the relevant Clearing Member or Sponsored Principal, as applicable, which hinders or prevents the performance in whole or in part of any of its obligations hereunder (excluding an obligation to make a payment, except for a payment by the Clearing House to a Clearing Member or Sponsored Principal that would be funded from a Clearing House Account at a Concentration Bank which Concentration Bank has not released or made available funds to the Clearing House when expected or required) (and, in relation only to any obligation of the Clearing House or a Clearing Member or Sponsored Principal under a Contract, which obligation has not yet fallen due, such an occurrence which would hinder or prevent performance in whole or in part of any of its obligations thereunder were the occurrence or effects of the occurrence to continue until the date of performance of the relevant obligation), including, but not limited to, fire, flood, storm, earthquake, explosion, war, hostilities, accidents howsoever caused, strike, labour dispute, lockout, work to rule or other industrial dispute, lack of energy supply, disruption or blackout of gas or electricity transmission systems, criminal action, terrorist action, civil unrest, embargoes, acts of God, acts of a public enemy, unavailability or impairment of computer or data processing facilities, the actions or omissions of third Persons (including, without limitation, Deriv/SERV, Repositories, CLS Bank, any CDS Trade Execution/Processing Platform, FX Trade Exchange/Processing Platform, Delivery Facilities, Approved Financial Institutions, Concentration Banks, bank or electronic transfer systems, Exchanges, Markets, Clearing Organisations, Governmental Authorities and Regulatory Authorities, but excluding the Clearing House in the case of a Force Majeure Event affecting the Clearing House and further excluding a Clearing Member, its Customers, Transferors and Transferees in the case of a Force Majeure Event affecting a Clearing Member and [excluding](#) a Sponsored Principal in the case of a Force Majeure Event affecting a Sponsored Principal); and, for CDS Clearing Members, Sponsored Principals and the Clearing House in relation to CDS Contracts only, Illegality; or, in relation to delivery of a Deliverable pursuant to any F&O Contract, any event that is an event of force majeure (or similar event, howsoever defined) for that F&O Contract under the Contract Terms or Market Rules.

The term "**FSMA**" means the UK's Financial Services and Markets Act 2000.

The term "**Future**" means an F&O Contract or FX Contract subject to Clearing by the Clearing House that is a 'future' or 'contract for differences etc.' under articles 84 or 85 of the FSMA (Regulated Activities) Order 2001, any similar investment which may be labelled as a 'spot', 'forward' or 'swap' contract or treated as such under any Applicable Law or any economically similar Contract that is not an investment, [but excluding for the avoidance of doubt Options](#).

The term "**FX**" means foreign exchange.

The term "**FX Acceptance Notice**" has the meaning set out in the FX Procedures.

The term "**FX Assessment Amount**" means the total amount of all FX Assessment Contributions payable by FX Clearing Members pursuant to Rule 909(e) in respect of an Event of Default.

The term "**FX Assessment Contribution**" has the meaning set out in Rule 909(e).

The term "**Governmental Authority**" means any Regulatory Authority and any national, federal, supranational, state, regional, provincial, local or other government, government department, ministry, governmental or administrative authority, regulator, agency, commission, secretary of state, minister, court, tribunal, judicial body or arbitral body or any other Person exercising judicial, executive, interpretative, enforcement, regulatory, investigative, fiscal, taxing or legislative powers or authority anywhere in the world with competent jurisdiction.

The term "**Group Company**" means, with respect to any entity, an undertaking which is a parent undertaking or subsidiary undertaking of that entity or a subsidiary undertaking of any parent undertaking of that entity. For the purposes of this definition, the expressions "parent undertaking" and "subsidiary undertaking" shall have the meanings given to them in section 1162 of the Companies Act 2006, the expression "undertaking" shall have the meaning given to it in section 1161 of the Companies Act 2006 and the expression "entity" shall have the same meaning as the expression "undertaking".

The term "**Guaranty Funds**" means the F&O Guaranty Fund, the CDS Guaranty Fund and the FX Guaranty Fund.

The term "**Guaranty Fund Contribution**" means Permitted Cover transferred by a Clearing Member to the Clearing House as a contribution to the Guaranty Fund pursuant to Part 11 that has not been applied pursuant to Part 9 and includes, where the context so requires, any proceeds of realisation of the same.

The term "**Guaranty Fund Period**" (i) for the F&O Guaranty Fund, means a period for which the total amount of F&O Guaranty Fund Contributions for the F&O Guaranty Fund is fixed pursuant to the Finance Procedures (subject to any termination or suspension of any F&O Clearing Member's membership or status as an F&O Clearing Member, new F&O Clearing Members making F&O Guaranty Fund Contributions and the Clearing House's discretions pursuant to Part 11); (ii) for the CDS Guaranty Fund, means a period for which the total amount of CDS Guaranty Fund Contributions for the CDS Guaranty Fund is fixed pursuant to the Finance Procedures (subject to any termination or suspension of any CDS Clearing Member's membership or status as a CDS Clearing Member, new CDS Clearing Members making CDS Guaranty Fund Contributions and the Clearing House's discretions pursuant to Part 11; or (iii) for the FX Guaranty Fund, means a period for which the total amount of FX Guaranty Fund Contributions for the FX Guaranty Fund is fixed pursuant to the Procedures (subject to any termination or suspension of any FX Clearing Member's membership or status as an FX Clearing Member, new FX Clearing Members making FX Guaranty Fund Contributions and the Clearing House's discretions pursuant to Part 9).

The term "**Guidance**" means guidance issued by the Clearing House pursuant to Rule 109(f).

The term "**HM Treasury**" means Her Majesty's Treasury in the UK and any successor thereto.

The term "**ICE Endex**" means ICE Endex [Derivatives Markets](#) B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, registered with the trade register of the chamber of commerce in Amsterdam, the Netherlands, under number 09100980, and [includes each of](#): (i) the regulated market it operates pursuant to a licence under section 5:26(1) of the Dutch Act on the

Financial Supervision (*Wet op het financieel toezicht*) and (ii) the spot market known as the ICE Endex Spot Market.

The term "**ICE Endex Block Contract**" means a Contract resulting from an ICE Endex Block Transaction.

The term "**ICE Endex Block Trade Facility**" means the over-the-counter clearing service operated by ICE Endex in accordance with the ICE Endex Rules.

The term "**ICE Endex Block Transaction**" means an EFS, EFP or ICE Endex Block Trade Facility transaction reported through ICE Endex whether on the regulated market or ICE Endex Spot Market in accordance with the ICE Endex Rules (and for the avoidance of doubt, the term includes any ICE Endex Spot Market Transaction that falls within this definition).

~~The term "**ICE Endex Continental**" means ICE Endex Gas B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, registered with the trade register of the chamber of commerce in Amsterdam, the Netherlands, under number 34221038-0000.~~ **Spot Market**" means the "*Spot Market*" (as that term is defined in the ICE Endex Rules) operated by ICE Endex in accordance with the ICE Endex Spot Market Rules.

The term "**ICE Endex Spot Market Contract**" means a Contract resulting from an ICE Endex Spot Market Transaction.

The term "**ICE Endex ~~Continental~~Spot Market Rules**" means the ~~rules of~~ ICE Endex ~~Continental~~Rules which are applicable to ICE Endex Spot Market, to the extent that they are general in nature or apply to "*Cleared Products*" (as such term is defined in the ~~rules of~~ ICE Endex ~~Continental~~), ~~and, except when a particular rule is cross-referenced herein, has the same meaning as that given to the term "*Gas Rules*".~~ and includes the "*Rules applicable to the Spot Market Rules*" in chapter of the ~~rules of~~ ICE Endex ~~Continental~~Rules, as amended from time to time.

The term "**ICE Endex Spot Market Transaction**" means a transaction that occurs or occurred on or is submitted, provided or reported to the ICE Endex Spot Market in accordance with the ICE Endex Spot Market Rules.

The term "**ICE Endex Contract**" means an ICE Endex Block Contract or an ICE Endex Matched Contract.

The term "**ICE Endex Matched Contract**" means a Contract resulting from an ICE Endex Matched Transaction.

The term "**ICE Endex Matched Transaction**" means a transaction that occurs or occurred on the ICE Endex (whether on the regulated market or ICE Endex Spot Market) in accordance with the ICE Endex Rules (and, for the avoidance of doubt, the term includes any ICE Endex Spot Market Transaction that falls within this definition).

The term "**ICE Endex Rules**" means the rules of ICE Endex, (in the case of ICE Endex Spot Market, only to the extent that such rules apply to "*Cleared Products*" as such term is defined in the rules of ICE Endex) and, except when a particular rule is cross-referenced herein, has

The term "**ICE Futures Europe Matched Transaction**" means a Transaction that occurs or occurred on the ICE Futures Europe exchange in accordance with the ICE Futures Europe Rules.

The term "**ICE Futures Europe Rules**" means the rules of ICE Futures Europe and, except when a particular rule is cross-referenced herein, has the same meaning as that given to the term "*Regulations*" in the regulations of ICE Futures Europe.

The term "**ICE Futures Europe Transaction**" means an ICE Futures Europe Matched Transaction or an ICE Futures Europe Block Transaction where the related trade particulars or data submitted or provided to the Clearing House or ICE Futures Europe by or on behalf of a Clearing Member or Sponsored Principal (including by any Representative) will give rise to a Contract or Contracts if the relevant circumstances specified in Rule 401(a) occur.

The term "**ICE Futures US**" means ICE Futures U.S. Inc. and the designated contract market operated thereby.

The term "**ICE Futures US Block Contract**" means a Contract resulting from an ICE Futures US Block Transaction.

The term "**ICE Futures US Block Trade Facility**" means the block trade facility operated by ICE Futures US in accordance with the ICE Futures US Rules.

The term "**ICE Futures US Block Transaction**" means an EFS, EFP or ICE Futures US Block Trade Facility transaction reported through ICE Futures US in accordance with the ICE Futures US Rules.

The term "**ICE Futures US Contract**" means an ICE Futures US Block Contract or an ICE Futures US Matched Contract.

The term "**ICE Futures US Matched Contract**" means a Contract resulting from an ICE Futures US Matched Transaction.

The term "**ICE Futures US Matched Transaction**" means a transaction that occurs or occurred on the ICE Futures US exchange in accordance with the ICE Futures US Rules.

The term "**ICE Futures US Rules**" means the bylaws and rules of ICE Futures US.

The term "**ICE Futures US Transaction**" means an ICE Futures US Matched Transaction or an ICE Futures US Block Transaction where the related trade particulars or data submitted or provided to the Clearing House or ICE Futures US by or on behalf of a Clearing Member or Sponsored Principal (including by any Representative) will give rise to a Contract or Contracts if the relevant circumstances specified in Rule 401(a) occur.

The term "**ICE Group**" means the Clearing House and all its Group Companies.

~~The term "**ICE Natural Gas Continental Spot**" is used to refer to the Relevant ICE Endex Continental Product (as defined in Part 22) traded on ICE Endex Continental.~~

~~The term "**ICE Natural Gas Continental Spot Contract**" means an ICE Natural Gas Continental Spot Matched Contract.~~

~~The term "ICE Natural Gas Continental Spot Matched Contract" means a Contract resulting from an ICE Natural Gas Continental Spot Matched Transaction.~~

~~The term "ICE Natural Gas Continental Spot Matched Transaction" means a transaction in respect of an ICE Natural Gas Continental Spot that occurs or occurred on ICE Endex Continental in accordance with the ICE Endex Continental Rules.~~

~~The term "ICE Natural Gas Continental Spot Transaction" means an ICE Natural Gas Continental Spot Matched Transaction where the related trade particulars or data submitted or provided to the Clearing House or ICE Endex Continental, by or on behalf of a Clearing Member or Clearing Members (including by any Representative) will give rise to a Contract or Contracts if the relevant circumstances specified in Rule 401(a) occur.~~

The term "ISDA" means the International Swaps and Derivatives Association, Inc. and any successor thereto.

The term "**Illegality**" means where, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, these Rules, the Procedures and the applicable Contract Terms, due to an event or circumstance (other than any action taken by a Clearing Member or Sponsored Principal) occurring after a Contract arises, it becomes unlawful under any Applicable Law on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the Clearing Member or Sponsored Principal of Rules 202 and 203), to perform any absolute or contingent obligation to make a payment or delivery in respect of such Contract, to receive a payment or delivery in respect of such Contract or to comply with any other material provision of the Rules and Procedures relating to such Contract.

The term "**Impossibility**" means where, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, these Rules, the Procedures and the applicable Contract Terms, due to an event or circumstance (other than any action taken by a Clearing Member or Sponsored Principal) occurring after a Contract arises, it becomes impossible on any day, or it would be impossible if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the Clearing Member or Sponsored Principal of Rules 202 and 203), to perform any absolute or contingent obligation to make a payment or delivery in respect of such Contract, to receive a payment or delivery in respect of such Contract or to comply with any other material provision of the Rules and Procedures relating to such Contract.

The term "**Indirect Client**" has the same meaning as that given to the term "indirect client" in Article 1(a) of Commission (2) Delegated Regulation (EU) No 149/2013, subject to the derogations to that definition set out therein or under MiFID II in the context of long chains.

The term "**Individually Segregated Margin-flow Co-mingled Account**" has the meaning set out in the definition of Margin-flow Co-mingled Account.

The term "**Individually Segregated Sponsored Account**" means an Account of a Sponsored Principal, being a kind of Customer Account at the Clearing House for the recording of positions and related Margin, in which solely assets and positions relating to the Sponsored Principal are recorded, enabling the Sponsor and Clearing House to distinguish the assets and positions recorded in the relevant Individually Segregated Sponsored Account from assets

and positions relating to other Customers of the Sponsor in its capacity as a Clearing Member and from the assets and positions relating to other Sponsored Principals and Customers.

The term "**Initial CDS Auction**" means a Default Auction held in accordance with Rule 905(b)(i) and the CDS Default Auction Procedures.

The term "**Initial Margin**" means the Permitted Cover required to be provided or actually provided (by way of title transfer pursuant to a Clearing Membership Agreement or Sponsored Principal Clearing Agreement or by way of pledge pursuant to a Pledged Collateral Addendum) to the Clearing House as collateral for the obligations of a Clearing Member or Sponsored Principal in respect of CDS Contracts, including ~~Portfolio Risk Margin~~, Physical Settlement Margin and other margin transferred in relation to CDS Contracts pursuant to Part 5 including any margin provided in relation to CDS Contracts pursuant to Rule 502(g), in each case as calculated or permitted to be called in accordance with the risk policies of the Clearing House, but excluding in any case Mark-to-Market Margin and any Customer-CM Collateral that is not transferred to the Clearing House and includes, where the context so requires, any proceeds of realisation of the same.

The term "**Initial Payment**" means, in relation to a CDS Contract, the payment, if any, specified as the "Initial Payment Amount" under the Contract Terms for such CDS Contract and, in relation to a Bilateral CDS Transaction or CDS Trade Particulars, the payment, usually described therein as the "Initial Payment Amount" or "Additional Amount", payable by one party thereto to the other usually not later than the third business day after the trade date of such Bilateral CDS Transaction or CDS Trade Particulars.

The term "**Insolvency**" means, in relation to any Person: a bankruptcy or winding-up petition being presented; a bankruptcy order being made; a voluntary arrangement being approved; an Insolvency Practitioner being appointed or petition or order being made for such an appointment (other than in connection with a Resolution Step which is not an Unprotected Resolution Step); a composition or scheme of arrangement being approved by a court or other Governmental Authority; an assignment, compromise or composition being made or approved for the benefit of any creditors or significant creditor; an order being made or resolution being passed for winding up; dissolution; the striking off of that Person's name from a register of companies or other corporate bodies; a distress process being levied or enforced or served upon or against property of that Person; a Governmental Authority making an order pursuant to which any of that Person's securities, property, rights or liabilities are transferred (other than a Resolution Step); a trust deed granted by it becoming a protected trust deed (where the terms 'trust deed' and 'protected trust deed' are construed in accordance with section 73(1) of the Bankruptcy (Scotland) Act 1985) and, for CDS Clearing Members and Sponsored Principals in respect of CDS Contracts only, also any event not otherwise falling within this definition but which constitutes a Bankruptcy in respect of such CDS Clearing Member or Sponsored Principal; or any event analogous to any of the foregoing in any jurisdiction (always excluding any frivolous or vexatious petition or solvent reorganisation, change of Control or merger notified to the Clearing House in accordance with Rule 204(a)(i)).

The term "**Insolvency Practitioner**" means a receiver, administrator, temporary administrator, bank administrator, manager, administrative receiver, liquidator, conservator, examiner, trustee in bankruptcy, relevant office-holder (under the Companies Act 1989) or any other Person appointed or with powers in relation to an Insolvency in any jurisdiction.

The term "**Intellectual Property**" means copyright, trade marks, design rights, patents, domain names, database rights and know-how, in each case whether registered or unregistered and including applications to register and rights to apply for registration, and all similar or equivalent rights which may subsist anywhere in the world.

The term "**Investment**" means any 'specified investment' as defined in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 or any loan, bond, obligation or debenture referenced in a CDS Contract.

The term "**Investment Losses**" means losses, liabilities, damages, costs, claims, shortfalls or expenses incurred or suffered by the Clearing House, to the extent that the same are not subjected to any power of assessment under Rule 909 or any mechanism under Rules 914 to 916, arising in connection with the default of the issuer of any instrument and/or the counterparty to any repurchase or reverse repurchase contract or similar transaction in respect of any investment(s) or re-investment(s) by the Clearing House of assets representing Original/Initial Margin, Guaranty Fund Contributions or Permitted Cover in respect thereof (including any such assets transferred by a Defaulter) or the proceeds of any of the foregoing, other than any such losses, liabilities, damages, costs, claims, shortfalls or expenses resulting directly from a failure by the Clearing House to comply with its own investment policies. For the avoidance of doubt, "Investment Losses" shall not include losses, liabilities, damages, costs, claims, shortfalls or expenses incurred or suffered by the Clearing House as a result of a Custodian default.

The term "**Invoice Back**" means the process by which an offsetting Contract of the same Set as an existing Contract is created by the Clearing House pursuant to Rule 104(a)(i) or Rule 104(b) and Rule 401(a)(vi), with the role of Buying Counterparty or Selling Counterparty reversed and, at the Clearing House's discretion, a different price or premium and other terms as are determined by the Clearing House pursuant to Rule 104 or an existing Contract is terminated by the Clearing House pursuant to Rule 104(a)(i) or Rule 104(b) at a termination price and other terms as are determined by the Clearing House pursuant to Rule 104; and the terms "**Invoiced Back**", "**Invoicing Back**" and other similar expressions shall be construed accordingly.

The term "**LCIA**" means the London Court of International Arbitration or any successor thereto.

The term "**LCIA Rules**" means the arbitration rules of the LCIA.

~~The term "**LIFFE**" means LIFFE Administration and Management (a company registered in England and Wales with registration number 01591809) and the recognised investment exchange (as defined in the FSMA) known as and operated by LIFFE Administration and Management.~~

~~The term "**LIFFE Block Contract**" means a Contract resulting from a LIFFE Block Transaction.~~

~~The term "**LIFFE Block Trade Facility**" means the block trade facility operated by LIFFE in accordance with the LIFFE Rules.~~

~~The term "**LIFFE Block Transaction**" means an EFS, EFP, LIFFE Block Trade Facility Transaction or BClear transaction reported through LIFFE in accordance with the LIFFE Rules.~~

~~The term "**LIFFE Clearing Member**" means a Clearing Member that is authorised by the Clearing House to become party to LIFFE Contracts and that is a clearing member of LIFFE.~~

~~The term "**LIFFE Contract**" means a LIFFE Block Contract or a LIFFE Matched Contract.~~

~~The term "**LIFFE Matched Contract**" means a Contract resulting from a LIFFE Matched Transaction.~~

~~The term "**LIFFE Matched Transaction**" means a Transaction that occurs or occurred on the LIFFE exchange in accordance with the LIFFE Rules.~~

~~The term "**LIFFE Rules**" means the rules of LIFFE, together with any procedures, as interpreted in accordance with guidance, notices and circulars, of LIFFE and, except when a particular rule is cross referenced herein, has the same meaning as that given to the term "**Rules**" in the rules of LIFFE, as amended from time to time.~~

The term "**Long**", in respect of an Option, refers to the positions of Persons entitled to exercise Options.

The term "**Loss Assets**" means assets of the Clearing House of a value specified pursuant to Rule 919(p) which are intended to be applied towards Non-Default Losses or Investment Losses pursuant to Rule 919.

The term "**Margin**" means Permitted Cover required to be provided or actually provided (by way of title transfer pursuant to a Clearing Membership Agreement or Sponsored Principal Clearing Agreement or by way of pledge pursuant to a Pledged Collateral Addendum) to the Clearing House (or, in the case of Variation Margin, Mark-to-Market Margin and FX Mark-to-Market Margin, provided to or by the Clearing House, as the context may require or, in the case of Variation Margin provided pursuant to a transfer of cash) pursuant to a requirement for Original Margin, Variation Margin, FX Original Margin, Initial Margin, Mark-to-Market Margin, FX Mark-to-Market Margin or any other requirement under the Rules or the Finance Procedures and includes, where the context so requires, any proceeds of realisation of the same.

The term "**Margin Account**" means a Proprietary Margin Account or Customer Margin Account.

The term "**Margin-flow Co-mingled Account**" means a kind of Customer Account of a Non-FCM/BD Clearing Member at the Clearing House for the recording of positions and related Margin, in which solely assets and positions and related Margin relating to a particular Customer (or a particular group of Customers) are recorded, enabling the Clearing House to distinguish the assets and positions recorded in such account from assets, positions and Margin relating to other Customers of the Clearing Member and from assets, positions and Margin relating to Sponsored Principals, but in respect of which transfers of Permitted Cover to and from the Clearing House are co-mingled or netted with transfers of Permitted Cover relating to other Margin-flow Co-mingled Accounts of the same Clearing Member that are recorded in the same position-keeping account, in accordance with Rules 302(a)(v)-(vi)

and 503(k) and the Clearing Procedures. A Margin-flow Co-mingled Account may be an Account: (i) in which solely assets and positions and related Margin relating to a particular Customer are recorded, in which case it will be an "**Individually Segregated Margin-flow Co-mingled Account**" and result in 'individual client segregation' for purposes of EMIR; or (ii) in which assets and positions and related Margin relating to a group of Customers (such as, without limitation, Customers that are Affiliates of one another or Customers which are all funds managed by the same fund manager or fund managers that are Affiliates of one another) are recorded, in which case it will be an "**Omnibus Margin-flow Co-mingled Account**" and result in 'omnibus client segregation' for purposes of EMIR.

The term "**Mark-to-Market Margin**" means cash required to be provided or actually provided by a Clearing Member or Sponsored Principal (by way of title transfer pursuant to a Clearing Membership Agreement or Sponsored Principal Clearing Agreement or, or for FCM/BD Clearing Members, by way of pledge pursuant to a Pledged Collateral Addendum) to the Clearing House or by the Clearing House to a Clearing Member or Sponsored Principal related to the market value of a Clearing Member's or Sponsored Principal's Open Contract Positions relating to CDS Contracts, as determined pursuant to Rule 503(f)(ii) and the Finance Procedures and includes, where the context so requires, any proceeds of realisation of the same.

The term "**Mark-to-Market Price**" has the meaning given in Rule 503(g).

The term "**Market**" means ICE Endex, ICE Endex UK, ICE ~~Endex Continental~~, ICE Futures Europe, ICE Futures US, ~~LIFFE~~ and any other ~~market~~ Exchange for which the Clearing House provides or may provide Clearing services (and for the purposes of Clearing Membership Agreements for CDS Clearing Members and FX Clearing Members only, also includes the over-the-counter markets for CDS and FX).

The term "**Market Rules**" means the rules, regulations, procedures of, and agreements governing, a Market, ~~including the ICE Endex Rules, ICE Endex UK Rules, ICE Endex Continental Rules, ICE Futures Europe Rules, ICE Futures US Rules, LIFFE Rules and the procedures of each of ICE Endex, ICE Endex UK, ICE Endex Continental, ICE Futures Europe, ICE Futures US and LIFFE.~~

The term "**Membership Category**" means any of the three membership categories, as applicable to the clearing permissions of a Clearing Member or Sponsored Principal, that are linked to a specific Guaranty Fund, i.e. F&O, CDS and FX.

The term "**MiFID II**" means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, and includes all delegated or implementing regulations, decisions and technical standards thereunder as interpreted in accordance with any applicable guidance publicly issued by ESMA or any Regulatory Authority.

The term "**Monetary Default**" means a Clearing Member or Sponsored Principal failing to transfer to, deposit with, or pay to, the Clearing House in full any Margin, Guaranty Fund Contribution, amount due under or in connection with any Contract or other amount due to the Clearing House or required by or pursuant to Market Rules, unless such failure

may be determined by the Clearing House to be Permitted Cover only in respect of Proprietary Accounts, particular kinds of Customer Accounts, Energy Contracts, Financials & Softs Contracts, F&O Contracts, FX Contracts, CDS Contracts or certain Sets of Contracts.

The term "**Person**" means any individual, partnership, firm, body corporate, association, trust, unincorporated organisation or other entity, including:

- (a) an investment fund (*Sondervermögen*) within the meaning of the German Investment Act (*Investmentgesetz* – "**InvG**") or the German Investment Capital Act (*Kapitalanlagegesetzbuch* – "**KAGB**"), including a sub-fund (*Teilfonds*) within the meaning of section 34 para. (2) InvG or a sub-fund (*Teilsondervermögen*) within the meaning of section 96 para (2) KAGB; or
- (b) a fund segment of such investment fund;

(in each case under (a) and (b)) managed by a German investment company (*Kapitalanlagegesellschaft*) ("**KAG**") within the meaning of the InvG or by a German management company (*Kapitalverwaltungsgesellschaft*) ("**KVG**") within the meaning of the KAGB; [or](#)
- (c) [any similar structures in any other jurisdiction.](#)

The term "**Physical Settlement Margin**" means the Permitted Cover required to be provided or actually provided (by way of title transfer pursuant to a Clearing Membership Agreement or Sponsored Principal Clearing Agreement or by way of pledge pursuant to a Pledged Collateral Addendum) to the Clearing House as collateral for the obligations of a Clearing Member or Sponsored Principal related to the risk and size of such Clearing Member's or Sponsored Principal's obligations relating to physical settlement of a CDS Contract, as determined pursuant to Rule 503(f)(i) and the Finance Procedures and as calculated or permitted to be called in accordance with the risk policies of the Clearing House from time to time, including the proceeds of realisation of the same.

The term "**Pledged Collateral**" means Margin (or Permitted Cover in respect thereof) provided by a Clearing Member or Sponsored Principal in respect of a Pledged Collateral Account by way of pledge pursuant to a Pledged Collateral Addendum and any proceeds of realisation of the same.

The term "**Pledged Collateral Account**" means a Proprietary Account or Customer Account (or any sub-account of such an account) in respect of which the Clearing House has designated (including by way of Rule 1603(c) or Circular) that some or all Margin (or Permitted Cover in respect thereof) is to be provided by a Clearing Member or Sponsored Principal by way of security interest in accordance with a Pledged Collateral Addendum rather than by way of title transfer pursuant to the Clearing Membership Agreement or Sponsored Principal Clearing Agreement.

The term "**Pledged Collateral Addendum**" means a pledged collateral addendum to a Clearing Membership Agreement or Sponsored Principal Clearing Agreement entered into between a Clearing Member or Sponsored Principal and the Clearing House and shall, for an FCM/BD Clearing Member, Non FCM/BD Clearing Member, Sponsored Principal and/or particular Account, refer to the relevant form of pledged collateral addendum for such

Clearing Member, Sponsored Principal or Account as specified by the Clearing House from time to time.

~~The term "**Portfolio Risk Margin**" means the Permitted Cover required to be provided or actually provided (by way of title transfer pursuant to a Clearing Membership Agreement or Sponsored Principal Clearing Agreement or by way of pledge pursuant to a Pledged Collateral Addendum) to the Clearing House as collateral for the obligations of a Clearing Member or Sponsored Principal related to the size and risk of a Clearing Member's or Sponsored Principal's Open Contract Positions in relation to CDS Contracts, as determined pursuant to Rule 503(f)(i) and as calculated or permitted to be called in accordance with the risk policies of the Clearing House from time to time, including the proceeds of realisation of the same.~~

The term "**Position Account**" means a Proprietary Position Account or Customer Position Account.

The term "**Position Holder**" has the meaning set out in Rule 407.

The term "**Position Limit**", of any Clearing Member or Sponsored Principal or in respect of any Account, means the limit(s) on Open Contract Positions established by the Clearing House pursuant to Rule 601.

The term "**Potential Event of Default**" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

The term "**PRA**" means the UK's Prudential Regulatory Authority or any successor entity.

The term "**PRA Rules**" means all rules, requirements, directions, guidance, examples, waivers and other similar materials published or otherwise made by the PRA from time to time.

The term "**President**" means the president of the Clearing House from time to time.

The term "**Procedures**" means the procedures of the Clearing House from time to time, as amended pursuant to Rule 109(e) and any reference to the "**Finance Procedures**", "**Delivery Procedures**", "**Clearing Procedures**", "**Complaint Resolution Procedures**", "**CDS Procedures**", "~~General~~ **Contract Terms Procedures**", "**Membership Procedures**", "**Business Continuity Procedures**", "**FX Procedures**", "**FX Contract Terms**", "**Default Auction Procedures**", "**CDS Default Auction Procedures**", "**Default Auction Terms for F&O Default Auctions**", "**Default Auction Terms for FX Default Auctions**", "**Default Auction Terms for CDS Default Auctions**" or any other section of the Procedures shall be interpreted accordingly.

The term "**Proprietary Account**" refers to a proprietary account at the Clearing House which may be designated for CDS Contracts, Energy Contracts or FX Contracts and all related Margin and comprises a Proprietary Position Account and Proprietary Margin Account.

The term "**Proprietary Account Contract**" means a Contract recorded in a Proprietary Position Account (or any sub-account thereof).

own account are recorded, enabling the Non-FCM/BD Clearing Member to distinguish the assets and positions in FX Contracts held for the account of its Segregated TTFCAs Customers).

The term "**SEK**" means Swedish krona, or any other lawful currency that is a successor to it.

The term "**Seller**" means, in relation to deliveries under Part 7 or a Contract of Sale, the Clearing Member (or Sponsored Principal) or the Clearing House, whichever is obliged to make delivery of a Deliverable (whether itself or through another Person).

The term "**Selling Counterparty**" means, in respect of a Contract: (a) except in circumstances in which sub-paragraph (c) below applies, the Clearing Member that was, before formation of a Contract for Clearing, party to the corresponding Transaction (or specified in the CDS Trade Particulars or FX Trade Particulars) as seller (or, in relation to CDS Contracts, as protection seller or, in relation to Financially-Settled FX Contracts, Reference Currency Seller); or (b) except in circumstances in which sub-paragraph (c) below applies, where a Non-FCM/BD Clearing Member's Customer is party to the corresponding Transaction (or specified in the CDS Trade Particulars or FX Trade Particulars) as seller, protection seller or Reference Currency Seller (as applicable), the Clearing Member that provides clearing services to that Customer in relation to the Transaction in question (or, for F&O Contracts, if more than one such Clearing Member exists, the Clearing Member that was selected by the Customer for the initial booking of that Transaction); (c) where an FCM/BD Customer is a party to the corresponding Transaction (or specified in the CDS Trade Particulars or FX Trade Particulars) as seller, protection seller or Reference Currency Seller (as applicable), the FCM/BD Clearing Member clearing on behalf of such FCM/BD Customer; (d) in relation to F&O Contracts only and overriding any designation that would occur pursuant to (a), (b) or (c) above, where one Clearing Member that would be a Selling Counterparty in accordance with (a), (b) or (c) above has allocated an F&O Transaction to another Clearing Member for clearing in accordance with Market Rules, the Clearing Member to whom such F&O Transaction is allocated; or (e) notwithstanding (a) to (d), in respect of an Individually Segregated Sponsored Account, the Sponsored Principal shall act as principal to all Contracts as the Selling Counterparty on a joint and several basis with the Sponsor, instead of the relevant Clearing Member referred to in (a) to (d) above, subject to and as set out in Part 19.

The term "**Set**" means:

- (a) for Futures Contracts: a set or class of Contracts that are identical as to their terms (including the Deliverable to which such Contract relates and contract date; but excluding any amount paid or to be paid for entry into the Contract and any amount paid or to be paid in respect of settlement or delivery of a Contract);
- (b) for Options Contracts: a set of Contracts that are identical as to their terms (including the Deliverable to which such Contracts relate, contract date and ~~strike price~~[Strike Price](#); but excluding any amount paid or to be paid for entry into or writing of a Contract and any amount paid or to be paid in respect of settlement);
- (c) for CDS Contracts that are based on an index (including Triggered Restructuring CDS Contract Portions and Component Transactions forming part thereof or, pursuant to the Rules, resulting therefrom), a set of Contracts that are similar as to their terms (including, without limitation, identical as to their terms concerning the

Applicable Credit Derivatives Definitions, the reference entities and obligations to which any payment or delivery obligation is linked, series number, fixed rate and scheduled termination date; but which may differ, without limitation, as to any Initial Payment, the 'Trade Date' and any provisions relating to tax or the provision of forms relating to tax);

- (d) for CDS Contracts that are based on a single reference entity, a set of Contracts that are similar as to their terms (including, without limitation, identical as to their terms concerning the Applicable Credit Derivatives Definitions, the reference entity and obligations to which any payment or delivery obligation is linked, fixed rate, scheduled termination date and, where terms are determined by reference to a "Physical Settlement Matrix", referring to the same version of such "Physical Settlement Matrix"; but which may differ, without limitation, as to any Initial Payment, the 'Trade Date' and any provisions relating to tax or the provision of forms relating to tax); and
- (e) for Financially-Settled FX Contracts: a set of Contracts that are identical as to their terms and economic characteristics (including the currency pair to which such Financially-Settled FX Contracts relate and their FX Settlement Date; but excluding any amount paid or to be paid for entry into or writing of the Financially-Settled FX Contract, any amount paid or to be paid in respect of settlement under the Financially-Settled FX Contract and the position of the FX Clearing Member or Clearing House as Reference Currency Buyer or Reference Currency Seller).

The term "**Settlement and Notices Terms**" means the Settlement and Notices Terms as published by the Clearing House from time to time as an Exhibit to these Rules, but which do not form part of these Rules, which are applicable in respect of CDS Contracts, Customer- CM CDS Transactions and clearing agreements or arrangements between FCM/BD [Clearing Members that are](#) CDS Clearing Members and their Customers, as amended from time to time in accordance with the terms thereof.

The term "**Settlement Finality Regulations**" means the Financial Markets and Insolvency (Settlement Finality) Regulations 1999.

The term "**Short**", in respect of an Option, refers to the positions of Persons against whom Put Options and Call Options may be exercised.

The term "**Soft Commodity EFRP**" means a 'Soft Commodity EFRP' ~~as defined in the ICE Futures Europe~~ [transaction under applicable Market Rules](#) or '~~AAs~~' ~~as defined in the LIFFE~~ [any similar transaction under any Market Rules](#).

The term "**Sponsor**" means a Clearing Member that has permission from the Clearing House to act as such, acting in its capacity as sponsor of an Individually Segregated Sponsored Account.

The term "**Sponsor Agreement**" means an agreement between a Sponsor and the Clearing House under which, *inter alia*, the Sponsor agrees to act as a Sponsor, the Sponsor agrees to be bound by and subject to these Rules in its capacity as such and pursuant to which the Sponsor nominates Sponsored Principals for whom it will act as Sponsor.

The term "**Transaction Rights or Obligations**" means the rights, liabilities or obligations (if any) of a Clearing Member, Sponsor or Sponsored Principal relating to, or arising out of or in connection with any Transaction, whether pursuant to contract, tort, equity, restitution or otherwise, whether joint or several, pursuant to the laws of any jurisdiction, which fall or fell due for performance to any Person other than as between a Customer (excluding a Sponsored Principal) of a Clearing Member in relation to the Transaction in question and such Clearing Member (to which the relevant Standard Terms shall apply), but excluding any rights or liabilities arising pursuant to the relationship of agency between an FCM/BD Clearing Member and its Customer arising in accordance with Part 16.

The term "**Transfer**" has the meaning given to that term in Rule 904(a).

The term "**Transferee**" means a Person nominated by a Buyer to whom a transfer or delivery is to be made under an F&O Contract, [pursuant to Part 7 and the Delivery Procedures](#), and includes reference to the Buyer where transfer or delivery is to be made to the Buyer.

The term "**Transferee Clearing Member**" means a Clearing Member which becomes party to a Contract as a result of a Transfer pursuant to Part 9 of the Rules.

The term "**Transferor**" means a Person nominated by a Seller by whom a transfer or delivery is to be made under an F&O Contract, [pursuant to Part 7 and the Delivery Procedures](#), and includes reference to the Seller where transfer or delivery is to be made by the Seller.

The term "**Tribunal**" means an arbitral tribunal established under Rule 117.

The term "**Under-priced Auction**" means, (i) for the F&O and FX Contract Categories, a situation in which a Default Auction has taken place in accordance with the Default Auction Procedures and the Clearing House determines that such Default Auction is a failed F&O Auction or a failed FX Auction in accordance with the applicable Default Auction Procedures; and (ii) for the CDS Contract Category, that a situation in which a Secondary CDS Auction may be held has arisen pursuant to Rule 905(d)(i)(B).

The term "**Unprotected Resolution Step**" means a Resolution Step occurring in respect of a Person, other than the Clearing House, in which either (x) the substantive obligations of that Person to the Clearing House (including payment and delivery obligations and the provision of collateral) under the Clearing Membership Agreement, these Rules, the Procedures or any other agreement between that Person and the Clearing House are not being performed or (y) the Clearing House is not prohibited or otherwise prevented from declaring an Event of Default or exercising its termination and close-out rights under Part 9 with respect to that Person, whether as a result of section 48Z of the Banking Act or otherwise.

The term "**USD**" means the lawful currency from time to time of the United States of America.

The term "**U.S. Future**" means (i) a Future or an Option that is an option on a Future, in either case that is traded on or subject to the rules of a designated contract market under Section 5 of the CEA and (ii) Permitted Co-mingled Contracts recorded in a DCM Customer Account. For the avoidance of doubt, U.S. Futures will not include Swaps or SBS.

The term "**U.S. Person**" means a Person that is organised under the laws of or has its principal place of business in the United States of America or a state or territory thereof.

Rule 102(f)

provision of the Contract Terms of the CDS Contract shall prevail; and except as provided in Rule 1518);

- (ii) the Clearing Membership Agreement;
- (iii) in relation to an Individually Segregated Sponsored Account, the Sponsored Principal Clearing Agreement;
- (iv) in relation to an Individually Segregated Sponsored Account, the Sponsor Agreement;
- (v) in the case of CDS Contracts only, the CDS Procedures;
- (vi) in the case of [Energy F&O](#) Contracts ~~traded on ICE Endex~~ only, ~~in relation to~~ those aspects of the ~~ICE Endex Market~~ Rules that include ~~Contract Terms only, the ICE Endex Rules~~ [contract terms only or contract specifications which govern deliveries or which otherwise apply to cleared Contracts](#);
- ~~(vii) in the case of Energy Contracts traded on ICE Endex UK only, in relation to those aspects of the ICE Endex UK Rules that include Contract Terms only, the ICE Endex UK Rules;~~
- ~~(viii) in the case of Energy Contracts traded on ICE Endex Continental only, in relation to those aspects of the ICE Endex Continental Rules that include Contract Terms only, the ICE Endex Continental Rules;~~
- ~~(ix) in the case of Energy Contracts traded on ICE Futures Europe only, in relation to those aspects of the ICE Futures Europe Rules that include Contract Terms only, the ICE Futures Europe Rules;~~
- ~~(x) in the case of Energy Contracts traded on ICE Futures US only, in relation to those aspects of the ICE Futures US Rules that include Contract Terms only, the ICE Futures US Rules;~~
- ~~(xi) in the case of Financials & Softs Contracts traded on LIFFE, in relation to those aspects of the LIFFE Rules that include Contract Terms only, the LIFFE Rules;~~
- ~~(xii) in the case of Financials & Softs Contracts traded on ICE Futures Europe, in relation to those aspects of the ICE Futures Europe Rules that include Contract Terms only, the ICE Futures Europe Rules;~~
- (vii) ~~(xiii)~~ in the case of F&O Contracts only, the Contract Terms other than those set out in these Rules or Market Rules (except as set out in Rule 102(f)(i)) (excluding the Rules and any other document incorporated by reference);
- (viii) ~~(xiv)~~ the Procedures (excluding any Contract Terms set out in the Procedures) save to the extent included in (v);

- (ix) ~~(xv)~~ Market Rules other than those referred to in [Rule 102\(f\)](#)(vi) to ~~(xiii)~~[vii](#) above (excluding any document described in Rule 102(f)(i) to ~~(xiii)~~[vii](#) incorporated by reference);
 - (x) ~~(xvi)~~ any Guidance;
 - (xi) ~~(xvii)~~ any Circular (except for a Circular communicating an amendment to any of the above documents in accordance with these Rules, in which case the amendments communicated in such Circular shall be binding on the effective date specified in the Circular as if such amendments were one of those documents);
 - (xii) ~~(xviii)~~ in the case of CDS Contracts recorded in a Customer Account of a Non-FCM/BD Clearing Member, the CDS Standard Terms (solely to the extent that the CDS Standard Terms may be of interpretative relevance to the Rules or a CDS Contract);
 - (xiii) ~~(xix)~~ in the case of F&O Contracts recorded in a Customer Account of a Non-FCM/BD Clearing Member, the F&O Standard Terms (solely to the extent that the F&O Standard Terms may be of interpretative relevance to the Rules or an F&O Contract);
 - (xiv) ~~(xx)~~ in the case of FX Contracts recorded in a Customer Account of a Non-FCM/BD Clearing Member, the FX Standard Terms (solely to the extent that the FX Standard Terms may be of interpretative relevance to the Rules or an FX Contract); and
 - (xv) ~~(xxi)~~ in the case of CDS Contracts and Customer-CM CDS Transactions, the Settlement and Notices Terms.
- (g) All Clearing Members must comply with the relevant provisions of EMIR and other Applicable Law when providing services to Customers. In particular, all Clearing Members must offer, at least, a choice of one Customer Account providing individual client segregation and one Customer Account providing omnibus client segregation (in the manner set out in Articles 39 and 48 of EMIR) to all Affected Customers. Clearing Members must also offer a choice of using a Segregated Gross Indirect Account or Standard Omnibus Indirect Account to Affected Customers with Indirect Clients. For a Clearing Member that is prevented or prohibited under Applicable Laws itself from providing such Customer Accounts to an Affected Customer, this offer must include, to the extent possible and practicable under Applicable Laws, an offer to procure the provision to the Affected Customer of such a Customer Account by another Clearing Member (which may be an Affiliate). Clearing Members must provide details of the costs and level of protection under individual versus omnibus segregation. A Clearing Member must record the choice of omnibus or individual client segregation or of Segregated Gross Indirect Account or Standard Omnibus Indirect Account made by each of its Customers in writing.
- (h) All references to timings or times of day are to London (UK) times, unless indicated otherwise. Business hours shall occur only on Business Days and shall be construed accordingly.

- (i) All references to "tax" shall include, without limitation, any tax, levy, impost, [social security contributions](#), duty, or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying the same).
- (j) Each Clearing Member shall be bound by any act, omission, conduct or behaviour ("**conduct**") of its Customers and clients of such Customers but only in any instance in which any such Customer or client of such Customer:
 - (i) is permitted by the Clearing Member to have access to any system or interface of any Market, CDS Trade Execution/Processing Platform, FX Trade Execution/Processing Platform or the Clearing House which access enables or results in the entry into of Contracts and relates to Clearing by that Clearing Member for such Customer or client (which access, without limitation shall be deemed to have been granted by the Clearing Member if the Customer or client in question has been nominated to the Clearing House as an Eligible Person pursuant to the Clearing Membership Agreement to which such Clearing Member is a party);
 - (ii) is permitted by the Clearing Member to have access to any system or interface of any Market, CDS Trade Execution/Processing Platform, FX Trade Execution/Processing Platform or the Clearing House which relates to Clearing by that Clearing Member for such Customer or client and which is used for the enriching of data held by the Clearing House relating to Contracts, the post-trade management of Contracts, allocations from one Clearing Member to another Clearing Member under Rule 401(a)(viii) or Rule 401(e) ~~or to or from a Participating Exchange under Rule 401(a)(xiv) and Rule 410~~, the transfer of Contracts between any Proprietary Account or Customer Account or between different Proprietary Accounts or Customer Accounts (or any sub-account of any of the foregoing) of a Clearing Member, position transfers, novations or assignments under Rule 408(a), the service of any notice, the exercise or abandonment of any Option, the closing-out, expiry or termination of any Future or the netting, combining or offsetting of any Contract recorded in a particular account;
 - (iii) is nominated by an F&O Clearing Member as a Transferee or Transferor for purposes of delivery under an F&O Contract; or
 - (iv) is otherwise duly appointed to carry out such conduct as an agent of the Clearing Member.

If a Customer or client of a Customer or any of their Representatives would have breached the Rules in respect of any instance listed in (i), (ii), (iii) or (iv) above if it were a Clearing Member, then such Customer, client or Representative or their Clearing Member may be subject to disciplinary proceedings, in which Rule 1003(u) applies. The application of this Rule 102(j) to Customers of CDS Clearing Members (acting in such capacity) is excluded in Rule 1516(b). This Rule 102(j), in as much as it is relevant to conduct relating to FX Data, is subject to the provisions of Rule 1708(a).

shall be entitled to postpone any such Withdrawal Date, generally or in respect of any individual Clearing Member, Sponsored Principal, Exchange or class of Contract.

- (b) If, at any Withdrawal Date, any affected Contracts have not been finally settled, the Clearing House shall be entitled to terminate any or all such Contracts and require any such Contracts to be cash settled on terms specified by the Clearing House in accordance with Rule 104.
- (c) Rule 918(a)(i), (ii), (iii), (v), (vi) and (vii) and Rule 918(b) shall apply, *mutatis mutandis*, in relation to a termination of the Clearing House's services, whether generally or in respect of a particular Contract Category, as applicable, in the event of any termination under this Rule 105. For such purposes, the term Termination Notice Time as used in Rule 918 shall be read as referring to the time at which the Clearing House issues a notice relating to the withdrawal, the terms Termination Close-out Deadline Date and Termination Date as used in Rule 918 shall be read as referring to the Withdrawal Date, the term Relevant Contract Category as used in Rule 918 refers to the Sets of Contracts being withdrawn and the terms Relevant Membership Category, Relevant Guaranty Fund Contributions and Relevant Assessment Contributions as used in Rule 918 shall be interpreted accordingly.

Rule 106 *Confidentiality and Information*

- (a) The Clearing House shall be entitled to keep records in an electronic or durable medium of all data or information available to it under these Rules or otherwise concerning Clearing Members (including financial statements filed with the Clearing House), Customers, Sponsored Principals, Sponsors, Accounts, Margin, Transactions, Contracts, past or current Open Contract Positions, deliveries and settlement. All information received or held by the Clearing House concerning Transactions, Contracts or past or current Open Contract Positions carried by the Clearing House or positions with any other Clearing Organisation for a Clearing Member or Sponsored Principal or relating to any Customer, or concerning Margin payments between the Clearing House or any other Clearing Organisation and a Clearing Member or Sponsored Principal or concerning deliveries made by or to a Clearing Member or any of its Transferors or Transferees or any financial statements filed with the Clearing House by any Clearing Member or Sponsored Principal or any other information relating to a Clearing Member, Sponsored Principal, Sponsor or Customer provided by a Clearing Member, Sponsored Principal, Sponsor or Customer to the Clearing House at the Clearing House's request, or pursuant to the Rules or Applicable Laws shall be held in confidence by the Clearing House and shall not be made known to any other Person except that each Clearing Member, Sponsored Principal, Sponsor and Customer hereby consents to the Clearing House making the following disclosures, subject to such terms and conditions as the Clearing House may from time to time deem appropriate:
 - (i) to a Regulatory Authority or Governmental Authority where a request is formally made to the Clearing House by or on behalf of the same or pursuant to Applicable Laws or where disclosure is required under Applicable Laws;
 - (ii) in the case of a breach by a Clearing Member or Sponsored Principal of: (iA) any clearing membership criteria established by the Clearing House, whether

as a breach of Rule 202(a)(iv) (including as applied to Sponsored Principals pursuant to Rule 1901(k)) or otherwise; or ~~(#B)~~ in the case of a Clearing Member, such Clearing Member's obligation to publicly disclose prices and fees associated with the clearing services it provides and/or its obligation to provide Customers with separate access to each specific service it provides; to the public, subject to any decision made by any Regulatory Authority pursuant to article 38(5) of EMIR;

- (iii) pursuant to an order of a competent court or other Governmental Authority or otherwise to such other Persons, at such times and in such manner as may be required by Applicable Law;
- (iv) to any member of the ICE Group, any Exchange or Clearing Organisation ~~(including any Participating Exchange)~~ and any of their or the Clearing House's Representatives, committees, experts, Delivery Facilities, auditors, advisers or lawyers including (without limitation) for audit, compliance, making or taking delivery, market surveillance or disciplinary purposes, ~~in connection with or pursuant to a Link Agreement,~~ for the purposes of an arbitration pursuant to Rule 117 or any proceedings in support of such an arbitration, or in relation to any possible or actual Event of Default or the termination or suspension of any clearing membership;
- (v) to any Person in the business of providing data processing or similar services for the purposes of performing computations or analysis, or of preparing reports or records, for the Clearing House;
- (vi) to any Person who has provided or is considering entering into a loan, insurance policy, guarantee or other financial arrangement with the Clearing House or any of its Affiliates, provided that information identifying the positions or name of a Clearing Member or any of its accounts or the name of any of a Clearing Member's Customers will not be so disclosed, except, in the case of a Clearing Member and its accounts only, as is necessary to respond to any enquiries of such a Person concerning the Clearing House's or any of its Affiliates' potential losses or exposures relating to an Event of Default (whether or not declared);
- (vii) to the Secretary of State, any Insolvency Practitioner and any other authority or ~~body~~ Person having responsibility for any matter arising out of or connected with an Event of Default;
- (viii) in the case of information relating to any Transaction or Contract (including details of the parties thereto and related Margin), to Deriv/SERV, a Repository or Governmental Authority for purposes of transaction reporting;
- (ix) to any Person or to the public as a result of its complaints procedure or disciplinary proceedings;
- (x) to any Person if the information comes into the public domain, other than as a result of a breach of this Rule by the Clearing House or its Representatives;

- (xi) in the case of information concerning any Individually Segregated Sponsored Account, to the Sponsor or Sponsored Principal in respect of such Account;
 - (xii) in the case of information concerning any Customer, to any Clearing Member with a relationship with such Customer in respect of one of its Customer Accounts;
 - (xiii) otherwise with the written consent of the Person or Persons to whom the confidential information relates; or
 - (xiv) pursuant to any obligation on the Clearing House or a Market under the ~~Network Code, the Fluxys Belgium Rules, the Huberator Terms or the GTS Rules (as such terms are defined in the Delivery Procedures)~~ rules or terms of a Delivery Facility or as is needed to comply with any obligation or to exercise any right under these Rules.
- (b) Clearing Members, Sponsored Principals, Sponsors and Customers are given notice that the Clearing House is subject to section 348 (Restrictions on disclosure of confidential information by the FCA / PRA etc.) and regulations made under section 349 (Exemptions from section 348) of the FSMA. Clearing Members, Sponsored Principals, Sponsors and Customers shall be deemed to consent to any use, disclosure or non-disclosure of information by the Clearing House that is required or permitted pursuant to ~~such provisions~~ Applicable Law.
- (c) The Clearing House is a Controller in relation to Personal Data provided to it by Clearing Members, Sponsored Principals, Customers and their Representatives. Each Clearing Member and Sponsored Principal shall ensure that in respect of any Personal Data that it provides to the Clearing House it has a lawful basis for processing the relevant Personal Data in this manner.
- (d) In this Rule 106 only, the terms "**Control**" (and derivations thereof), "**Process**" (and derivations thereof), "**Personal Data**" and "**Controller**" each have the meaning given to such terms in Regulation (EU) 2016/679 (General Data Protection Regulation) (including any relevant implementing measure or successor legislation thereto).
- (e) Each Clearing Member, Sponsored Principal and the Clearing House:
- (i) acknowledges that the recording of telephone conversations between the trading, clearing and other relevant personnel of the Clearing Member or Sponsored Principal and the Clearing House or their Group Companies in connection with the Rules and any Contract, potential Contract or Transaction will take place to the extent permitted or required under ~~applicable laws~~ Applicable Law;
 - (ii) acknowledges, to the extent permitted by Applicable Law, that recordings may be submitted in evidence in any Dispute; and
 - (iii) acknowledges that the remainder of this Rule 106 shall apply to any such recordings made by the Clearing House.

Rule 109

- (i) omission by the Clearing House to give any notice or publish any Circular which may be required under these Rules;
 - (ii) non-receipt of any Circular by a Person or any of its Representatives;
 - (iii) lack of awareness on the part of the Person or any of its Representatives;
 - (iv) lack or inadequacy of any reasoned account; or
 - (v) failure by the Clearing House to comply with its obligations under Rule 109(d).
- (i) Without prejudice to the generality of Rule 109(h), in the event of any of the circumstances in Rule 109(h)(i), (iv) or (v) occurring, the Clearing House will consider what action should appropriately be taken in relation to the Rule Change which may (or may not) include the Clearing House:
- (i) opening a second or subsequent consultation on the past Rule Change, subject to the procedures required by this Rule 109 *mutatis mutandis*; or
 - (ii) allowing Clearing Members or Sponsored Principals to make representations or submissions in relation to a past Rule Change and considering whether to propose a new Rule Change in accordance with this Rule 109.
- (j) In accordance with [paragraphSection 2](#) of the CDS Standard Terms, a change may be made to the CDS Standard Terms in the same way as a Rule Change is made pursuant to this Rule 109. In accordance with [paragraphSection 2](#) of the F&O Standard Terms, a change may be made to the F&O Standard Terms in the same way as a Rule Change is made pursuant to this Rule 109. In accordance with [paragraphSection 2](#) of the FX Standard Terms, a change may be made to the FX Standard Terms in the same way as a Rule Change is made pursuant to this Rule 109.
- (k) The Clearing House may specify a one-off irreversible payment under Contracts of a particular relevant Set by Buying Counterparties or Selling Counterparties (which in any case shall also include an irreversible payment by the Clearing House to the extent that it takes a similar position in the affected Set), if it has made or proposes to make any Rule Change or other change to Contract Terms which the Clearing House determines, pursuant to documents governing the internal governance of the Clearing House and its committees, materially affects Exchange Delivery Settlement Prices, Mark-to-Market Prices or FX Mark-to-Market Prices of such Set. In such circumstances, the amount payable, the party that is obliged to make such payments, and the date of payments (which may be by reference to the date of introduction of a particular future Rule Change or change to Contract Terms) shall be specified by the Clearing House in a Circular. In making such determinations, the Clearing House may have reference to a poll of, or to price submissions by, Clearing Members or Market prices, the need and process for which is to be determined in any case pursuant to documents governing the internal governance of the Clearing House and its committees.

Rule 110 *Extension or Waiver of Rules*

- (a) The performance by any Clearing Member or Sponsored Principal of any of its obligations under the Rules or any Contract may be waived by the Clearing House whenever in its discretion it considers that such waiver is necessary or in the best interests of the Clearing House.
- (b) Subject to Rule 110(c) and (g), the time fixed by the Rules for filing any report or other document, for submitting any information or for making transfers, deposits or payments may be extended by the Clearing House whenever in its discretion it considers that such extension is necessary or in the best interests of the Clearing House. Any such extension may continue in effect after the event or events giving rise thereto.
- (c) Any extension of the time for making transfers, deposits, payments or performance for any length of time longer than 3 Business Days after such transfer, deposit, payment or performance is due must be approved by the Clearing House in advance by an affirmative vote of the Board at a quorate meeting, at which meeting the facts giving rise to the proposed use of this provision will be considered and the meeting shall decide whether it would be appropriate to use this power, and provided further that the use of this power will be undertaken subject to any processes established pursuant to documents governing the internal governance of the Clearing House and its committees.
- (d) Any waiver of any right or consent given by the Clearing House under these Rules is only effective if it is in writing, applies only in the circumstances for which it is given and shall not prevent the Clearing House from subsequently relying on the relevant provision. No delay or failure to exercise by the Clearing House of any of its rights or pursuing any of its remedies hereunder shall constitute a waiver. No single or partial exercise of any right or remedy by the Clearing House shall prevent any further exercise of the same or any other right or remedy.
- (e) If any extension of any length of time is approved in respect of any payment, deposit, transfer or performance under this Rule 110, any notice given to the Clearing House prior to the end of such extension period shall be deemed not to have been given.
- (f) The Clearing House shall be entitled without breach of these Rules to delay the making of a payment to any Clearing Member or Sponsored Principal in respect of a Variation Margin or Mark-to-Market Margin call in respect of all or any of a Clearing Member's or Sponsored Principal's accounts on an intra-day basis without following the procedure set out in Rule 110(a) to (e) in circumstances in which:
 - (i) another Clearing Member or Clearing Members or Sponsored Principal or Sponsored Principals has or have been or will be asked to make payment in respect of a Variation Margin or Mark-to-Market Margin call occurring at or around the same time;
 - (ii) that other Clearing Member or Sponsored Principal has, or those other Clearing Members or Sponsored Principals have failed to pay the Clearing House (which term for purposes of this Rule 110(f) and Rule 503(k) includes

Rule 111

as they apply to a Clearing Member that has no Customers (and Clearing Membership Agreements).

- (c) Neither the Clearing House nor any of its Representatives, its Affiliates or its Affiliates' Representatives shall be liable to any Clearing Member or any other Person in respect of any loss, liability, damage, injury, cost or expense incurred or suffered by such Clearing Member or Person, whether in contract, tort or restitution, as a fiduciary or under any other cause of action, arising out of or in connection with any of the following:
- (i) any suspension, restriction or closure of the Clearing House or its services;
 - (ii) any failure or malfunction of or inability to use any systems, communication lines or facilities or technology supplied, operated or used (directly or indirectly) by the Clearing House, any ~~Exchange~~Market or any Delivery Facility or the suspension, restriction or closure of any Market, ~~Exchange~~ or Delivery Facility;
 - (iii) any act or omission of any Exchange, any Market, any Delivery Facility, any Clearing Member or any other third party including any error in relation to price data;
 - (iv) any Force Majeure Event affecting the Clearing House (including, in relation to a delivery, a Force Majeure Event affecting a Person making or taking delivery on behalf of the Clearing House);
 - (v) any dispute relating to the validity, existence or terms of any Contract;
 - (vi) the exercise (or failure to exercise) by the Clearing House of any discretion or right conferred upon it pursuant to these Rules;
 - (vii) the exercise (or failure to exercise) by any Exchange of any discretion or right conferred upon it pursuant to its rules (including, without limitation, in relation to error trades);
 - (viii) any indirect or consequential loss, liability, damage, injury, cost or expense, any loss of profit (whether direct or indirect) or any loss of bargain;
 - (ix) any action in libel, defamation or slander in connection with the issue of any Default Notice, conduct of any proceedings relating to an Event of Default, the timing of termination of any Contracts or the manner in which or the price at which any Contracts are terminated following an Event of Default;
 - (x) rejection of any application to become a Clearing Member;
 - (xi) any Contract being void pursuant to Rule 403 or avoided pursuant to Rule 404, including (without limitation) the causes and consequences of such Contract being void or voidable;
 - (xii) any action or inaction on the part of a Transferor or Transferee;

Rule 113(e)

substantially in the form specified by the Clearing House relating to such appointment countersigned by such agent. No Clearing Member shall give any notice of revocation to, or otherwise terminate the appointment of, any such agent unless prior to such termination it has validly appointed a replacement agent in England and Wales reasonably acceptable to the Clearing House to accept service of process issued out of the courts of England and Wales in relation to any arbitration commenced pursuant to Rule 117, the Clearing Membership Agreement or any Sponsor Agreement and has delivered to the Clearing House a copy of that agent's acceptance of that appointment substantially in the form specified by the Clearing House countersigned by such agent. If for any reason any agent appointed under this Rule 113(e) ceases to be such an agent, the Clearing Member shall forthwith appoint a replacement agent in England and Wales and deliver to the Clearing House a copy of the new agent's acceptance of that appointment substantially in the form specified by the Clearing House countersigned by such agent within 10 Business Days of such appointment. Nothing in these Rules, the Procedures, the Clearing Membership Agreement, any Sponsor Agreement or any Contract shall affect the right of the Clearing House to serve process in any other manner permitted by ~~law~~ [Applicable Law](#).

Rule 114 *Action by the Clearing House*

- (a) Except as otherwise specifically set out herein, any action permitted or required to be taken by the Clearing House may be taken by the Board, the Chairman, the President, any other Board member or any other officer or committee to whom or which authority has been delegated by the Clearing House, the Board, the Chairman, the President or any committee.
- (b) Where there is a provision to the effect that an action may be taken or power exercised by the Clearing House, any action taken or power exercised by the Clearing House shall be without prejudice to the right of the Clearing House to exercise such powers and take such other steps (or not as the case may be) as it may think fit upon that or any other occasion.
- (c) The Clearing House may outsource operational functions, services or activities. If it does so, this shall not affect the Clearing House's responsibilities and liabilities under these Rules, any Clearing Membership Agreement, any Sponsored Principal Clearing Agreement, any Sponsor Agreement or Applicable Laws.

Rule 115 *Relations with Governmental Authorities and other Persons*

- (a) With a view to maintaining recognition as a clearing house under the FSMA, the Clearing House may:
 - (i) make arrangements with any Person for monitoring compliance with and investigating alleged breaches of the Rules (and arrangements, Procedures and directions made, authorised or given thereunder); and
 - (ii) co-operate generally with any Governmental Authority.

- (b) Without prejudice to the generality of Rule 115(a):
- (i) this may include making arrangements for the sharing of information with Governmental Authorities; and
 - (ii) the Clearing House may, where appropriate, at any time refer a complaint or any other matter coming to its attention to one or more Exchanges, Clearing Organisations or Regulatory Authorities for its or their comment or investigation and may, pending the result of such reference, either suspend or continue with (in whole or in part) its own investigation, proceedings or other actions.

Rule 116 *Opening Hours*

The Clearing House will give notice of any changes to its Opening Days, Opening Hours and Business Days from time to time by Circular.

Rule 117 *Dispute Resolution*

- (a) ~~Subject to Rule 1518, any~~ Any Dispute between the Clearing House and the Clearing Member(s) that is not subject to the procedures of Part 10 of these Rules or the Complaint Resolution Procedures shall be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated into this Rule 117. In the event of a conflict between any provision of the LCIA Rules and this Rule 117, this Rule 117 shall prevail.
- (b) The seat of arbitration will be London and the language of the arbitration proceedings shall be English.
- (c) The Tribunal will comprise three arbitrators appointed by the LCIA Court. The LCIA Court shall nominate one of the arbitrators to act as the chairman of the Tribunal. The members of the Tribunal will be persons considered by the LCIA Court in its discretion to have experience with respect to the subject matter of the Dispute. Tribunal members shall not be current or former employees or directors of any Clearing Member that is a party to the arbitration, current or former employees of the Clearing House or any person or persons with a material interest or conflict of interest in the outcome of the Dispute.
- (d) The Tribunal shall have the power on the application of any party to an existing arbitration, to require one or more Clearing Members to be joined to an existing arbitration. Each Clearing Member agrees that it may be joined as an additional party to an arbitration involving the Clearing House and another Clearing Member.
- (e) If more than one arbitration is begun under these Rules and the Clearing House or a Clearing Member that is a party to an arbitration so concerned serves notice upon the Tribunals concerned that it believes two or more arbitrations are substantially related and that the issues should be heard in one set of proceedings, the Tribunal appointed in the first-filed of such proceedings shall have the power to determine whether, in the interests of justice and efficiency, the proceedings should be consolidated and heard together before that Tribunal.

- (f) In the case of such joinder or consolidation, the Tribunal shall make a single, final award determining all Disputes between the relevant parties in those proceedings. Each Clearing Member and the Clearing House irrevocably waives any right to challenge any award or order of any Tribunal by reason of the fact that it arises from a joined or consolidated arbitration. In addition to the waiver of challenge on the basis of joinder set out in clause 8.5 of the Clearing Membership Agreement, each Clearing Member and the Clearing House hereby irrevocably waives any right to challenge any award or order of any tribunal appointed under the Clearing Membership Agreement by reason of the fact that it arises from a consolidated arbitration.
- (g) The award of the arbitral Tribunal will be final and binding on the Clearing House and any Clearing Member from the day it is made. Judgment upon the award may be entered or the award enforced through any other procedure in any court of competent jurisdiction.
- (h) No arbitral proceedings under this Rule 117 may be instigated where arbitral proceedings could have been instigated in respect of the same Dispute under Market Rules.
- (i) The provisions of this Rule 117 may not be varied by any Clearing Member or Clearing Members save where each Clearing Member that is a party to the Dispute or arbitration proceedings and the Clearing House agree in express written terms.
- (j) The commencement of any arbitral proceedings shall be without prejudice to and shall not limit in any way the right of the Clearing House to instigate any procedure under Part 9 or Part 10 of these Rules, including without limitation in relation to any Event of Default, any investigation, disciplinary proceedings or the imposition of a sanction.
- (k) Each Clearing Member that now or hereafter has a right to claim sovereign immunity from suit or sovereign immunity from enforcement for itself or any of its assets shall be deemed to have waived any such immunity to the fullest extent permitted by Applicable Laws. Such waiver shall apply in respect of any immunity from:
 - (i) any proceedings commenced pursuant to this Rule 117;
 - (ii) any judicial, administrative or other proceedings to aid an arbitration commenced pursuant to this Rule 117; and
 - (iii) any effort to confirm, enforce, or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from any judicial or administrative proceedings commenced pursuant to this Rule 117.
- (l) The rights and obligations of a Clearing Member under the Rules and in relation to any Contract are of a commercial and not a governmental nature.
- (m) No Clearing Member shall raise or in any way whatsoever assert a defence of sovereign immunity in relation to any claim or enforcement proceedings arising from a Dispute under ~~the~~[these](#) Rules.

Part 2 Clearing Membership

This Part 2 does not apply to Sponsored Principals save to the extent expressly set out in Part 19.

Rule 201 Clearing Membership Criteria

- (a) In order to attain and maintain membership as a Clearing Member, a Person must, at a minimum, as from the date on which it is proposed that it becomes a Clearing Member:
- (i) have paid the Clearing House's (non-refundable) application fee (if applicable) and provided completed membership application forms;
 - (ii) (if proposing to become a Clearing Member in relation to ~~ICE Endex~~F&O Transactions) be a member of ~~ICE Endex~~each relevant Market that it wishes to clear;
 - ~~(iii) (if proposing to become a Clearing Member in relation to ICE Futures Europe Transactions) be a member of ICE Futures Europe;~~
 - ~~(iv) (if proposing to become a Clearing Member in relation to ICE Futures US Transactions) be a member of ICE Futures US;~~
 - (iii) ~~(v)~~ (if proposing to become a Clearing Member in relation to ICE Endex UK Transactions) each Clearing Member's Transferor and Transferee must: (A) be a member of ICE Endex UK or have other adequate arrangements in place to enable the Clearing Member, effectively and promptly, to manage the default of its Transferors and Transferees for ICE Endex UK Transactions; (B) be a User (as such term is defined in the Network Code); and (C) where a Clearing Member's Transferor or Transferee is not a Trader User, hold a Gas Transporter's Licence or a Shipper's Licence (as such terms are defined in the Network Code), which in either case is in force with no notice of revocation having been given in respect of such designations;
 - (iv) ~~(vi)~~ (if proposing to become a Clearing Member in relation to ICE ~~Natural Gas Continental~~Endex Spot Market Transactions) each Clearing Member's Transferor and Transferee must: (A) be a member of ICE Endex ~~Continental~~Spot Market or have other adequate arrangements in place to enable the Clearing Member, effectively and promptly, to manage the default of its Transferors and Transferees for ICE ~~Natural Gas Continental~~Endex Spot Market Transactions; and (B) be a Licensed Shipper (as defined in the Delivery Procedures), with no notice of revocation having been given in respect of such designations;
 - (v) ~~(vii)~~ be a user of or otherwise have access to at least one Repository (if any) for the Contracts it proposes to clear;
 - ~~(viii) (if proposing to become a Clearing Member in relation to Financials & Softs Transactions that are made on or reported to LIFFE) be a member of LIFFE;~~

- (vi) ~~(ix)~~ have nominated a Person, satisfactory to the Clearing House, who is (A) a director, general partner, trustee or officer of the applicant (or Person occupying a similar status or performing similar functions), (B) responsible for the clearing operations of the applicant and (C) authorised to act on behalf of the applicant in all transactions with or involving the Clearing House, and have nominated a second Person who meets the requirements of (A) above and is authorised to act on behalf of the applicant in the event of the death, incapacity or other inability of the first Person to so act;
- (vii) ~~(x)~~ maintain and, where applicable, procure that all of its Designated Controllers maintain, sufficient Capital in accordance with Rule 206;
- (viii) ~~(xi)~~ where a Controller Guarantee is or is to be provided by a Designated Controller, procure that the Controller Guarantee is executed in such form and delivered in such manner as the Clearing House may prescribe from time to time;
- (ix) ~~(xii)~~ be party to a Clearing Membership Agreement with the Clearing House;
- (x) ~~(xiii)~~ have in place all necessary regulatory authorisations, licences, permissions and approvals in its country of origin, the UK and any other jurisdiction in which it conducts business;
- (xi) ~~(xiv)~~ be fit and proper, have sufficient qualities of financial responsibility, operational capacity, business integrity, reputation and competence as the Clearing House, in its discretion, considers necessary or appropriate and satisfy the Clearing House that its directors, officers and Controllers also satisfy such tests;
- (xii) ~~(xv)~~ satisfy the internal stringent credit criteria established by the Clearing House, such satisfaction to be confirmed by an examination of its books and records; provided further that this requirement may, at the discretion of the Clearing House, be met by a Controller of the Clearing Member if such Controller provides a guarantee in accordance with the Finance Procedures;
- (xiii) ~~(xvi)~~ have such facilities, equipment, operational capability, personnel, hardware and software systems as are capable of supporting the proper performance of its business as a Clearing Member, including such IT links to the Clearing House and software as in the judgment of the Clearing House are necessary or desirable;
- (xiv) ~~(xvii)~~ have in place business continuity procedures that satisfy the Clearing House's minimum requirements;
- (xv) ~~(xviii)~~ have a sufficient level of knowledge about the types of Contracts that it intends to clear and any risks involved in relation to the same;

- (xvi) ~~(xix)~~ have demonstrated its ability to make available to the Clearing House sufficient Margin and make Margin payments as required pursuant to these Rules;
- (xvii) ~~(xx)~~ have made the required Guaranty Fund Contributions;
- (xviii) ~~(xxi)~~ not be subject to an Insolvency or Unprotected Resolution Step;
- (xix) ~~(xxii)~~ be either a Person that is not a natural person or a Person that is subject to business taxation for the purposes of Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments;
- (xx) ~~(xxiii)~~ demonstrate operational competence in respect of the classes of contracts that it proposes to clear;
- (xxi) ~~(xxiv)~~ be an "eligible contract participant", as defined in Section 1a of the U.S. Commodity Exchange Act;
- (xxii) ~~(xxv)~~ if it is not incorporated in England and Wales, have appointed an agent for the service of process pursuant to Rule 113(e);
- (xxiii) ~~(xxvi)~~ if it is to provide a Controller Guarantee from a Controller that is not incorporated in England and Wales, have appointed an agent for the service of process in respect of the Controller following the same provisions as are applicable to Clearing Members pursuant to Rule 113(e);
- (xxiv) ~~(xxvii)~~ if it is to clear transactions on behalf of Customers, have the necessary additional financial resources and operational capacity to perform this activity;
- (xxv) ~~(xxviii)~~ not be subject to any circumstances pursuant to which an Event of Default could be declared were the applicant to be a Clearing Member;
- (xxvi) ~~(xxix)~~ have provided details of an office which is staffed during normal business hours and sufficient for its proposed activities as a Clearing Member under the direct supervision and responsibility of an executive officer of the Clearing Member (who need not be physically located at such office) to which all notices, orders and other communications from the Clearing House may be transmitted or delivered;
- (xxvii) ~~(xxx)~~ satisfy the Clearing House that it, its officers, directors and Controllers would each meet the requirements for an 'approved person' (for individuals) or 'controller' (for partnerships, companies and other bodies corporate) under applicable FCA Rules and PRA Rules;
- (xxviii)~~(xxxi)~~ hold a Nominated Bank Account or Accounts (as necessary) at an Approved Financial Institution or Institutions in relation to each of which a direct debit mandate has been established in favour of the Clearing House;
- (xxix) ~~(xxxii)~~ if non-cash assets are to be used as Permitted Cover, have executed all necessary documentation relating to the transfer of such assets

and not be in dispute with the Clearing House in relation to the ownership over or rights relating to such non-cash assets;

(xxx) ~~(xxxiii)~~ either (A) be a Person in respect of whom 'simplified due diligence' may be applied pursuant to the Money Laundering Regulations 2007; or (B) have been subject to customer due diligence measures under the Money Laundering Regulations 2007 to the Clearing House's satisfaction;

(xxxi) ~~(xxxiv)~~ not be prevented from entering into any Contract or using the Clearing House as a result of any Sanctions affecting the Clearing Member (except, if it is a CDS Clearing Member incorporated in Germany and solely in respect of CDS business, solely to the extent that any obligation, or undertaking, representation or statement contemplated by this Rule 201(a)(xxxiv) would be in conflict with any Applicable Laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);

(xxxii) ~~(xxxv)~~ be incorporated or registered in and access the Clearing House from only jurisdictions whose Applicable Laws relating to Insolvency, Resolution Steps, the regulation of clearing houses, Markets or central counterparties, the enforceability of Contracts and the Rules and such other matters as the Clearing House specifies are acceptable to the Clearing House (and an applicant may be required to supply a legal opinion of external counsel, addressed to the Clearing House, addressing such issues, at its cost); and comply with any additional restrictions or requirements imposed by the Clearing House as a result of activities in any such jurisdictions; and

(xxxiii)~~(xxxvi)~~ not be subject to statutory disqualification under Applicable Law;

- (b) The Clearing House may at its discretion attach further objective conditions to any application for Clearing Member status prior to such status being granted, provided that such additional conditions are proportional to the risk brought by the applicant. The Clearing House may grant approval to an applicant conditional upon satisfying certain requirements, provided that the applicant has expressed its intention to meet such requirements and provided evidence of its ability to do so.
- (c) Applicants for membership must provide information or documentation to the Clearing House evidencing compliance (or lack thereof) with each of the criteria set out in or required pursuant to Rule 201(a), and for CDS Clearing Member applicants only, Rule 201(i), and, in addition, for FX Clearing Member applicants only, Rule 201(j). Failure by an applicant to supply such information or documentation may result in an application being rejected or Clearing Member status or access to particular services being revoked.
- (d) All information supplied to the Clearing House in respect of an application for membership shall be deemed to have been provided by the Clearing Member to the Clearing House on the day on which that Clearing Member becomes a Clearing Member, save to the extent that such information has been amended or revoked at least two Business Days prior to membership being granted.

- (k) The references in Rule 201(g), Rule 202(a)(iv) and Rule 209(a)(v) to satisfaction of the criteria for membership in or set out in Rule 201(a) include those criteria for membership which are required pursuant to (but not actually set out in) Rule 201(a).

Rule 202 *Obligations of Clearing Members*

- (a) In connection with these Rules, all and any Contracts, its membership of the Clearing House and its business and activities as a Clearing Member, each Clearing Member shall at all times:
- (i) comply with: (A) these Rules and any agreement with the Clearing House; and (B) for F&O Contracts, comply with Market Rules and any rules of or agreement with a Delivery Facility, as applicable or relevant to the F&O Contract;
 - (ii) comply with all Applicable Laws relating to its status and performance as a Clearing Member;
 - (iii) act in good faith in its dealings with the Clearing House;
 - (iv) continually satisfy the criteria for membership set out in or required pursuant to Rule 201(a) and, in addition, if it is a CDS Clearing Member, Rule 201(i), and, in addition, if it is an FX Clearing Member, Rule 201(j);
 - (v) respond promptly to any direction by the Clearing House to provide information or documentation;
 - (vi) maintain at least the amount of Capital required pursuant to Rule 206 (and, where the Capital requirements would not be met without a Controller Guarantee being provided, procure that each of its Designated Controllers is party to a Controller Guarantee that remains in force and maintains such amount of Capital as is required pursuant to Rule 206);
 - (vii) pay all fees and other charges when due in accordance with Part 3;
 - (viii) provide Margin and make Margin payments to the Clearing House in accordance with Part 3 and Part 5;
 - (ix) make all such payments to such Guaranty Funds as are required pursuant to Part 11;
 - (x) respond promptly to all enquiries or requests for information made by the Clearing House;
 - (xi) maintain accounts at an Approved Financial Institution for the deposit of funds in Eligible Currencies ~~and the deposit of securities~~ required to be transferred to and from the Clearing Member pursuant to these Rules (whether by way of Margin, Guaranty Fund Contributions, fees, amounts due under Contracts or otherwise) and have arrangements with such Approved Financial Institutions satisfactory to the Clearing House for electronic transfer of funds ~~and securities~~ into and out of such accounts as is required under the Rules and

Rule 202

Standard Terms relating to Contracts it clears for its Customer or any amendment to any such Standard Terms made in accordance with such Standard Terms (either generally or in respect of any particular Customer).

- (e) Where a Customer of a Non-FCM/BD Clearing Member has agreed or is deemed to have agreed to the application of any Standard Terms as set out in Rule 202(b)-(c), the requirements of clause 3.2 of the Clearing Membership Agreement shall be deemed to have been satisfied by the Non-FCM/BD Clearing Member in respect of such Customer.
- (f) If a Controller Guarantee has been provided in favour of a Clearing Member, the Clearing Member to which the Controller Guarantee relates shall procure that the Controller:
 - (i) at all times complies with the requirements of Rule 201(a)(~~xi~~viii), Rule 202(a)(ii), Rule 202(a)(iii), Rule 202(a)(v), Rule 202(a)(vi), Rule 202(a)(x) and Rule 202(a)(xiii) as if the Controller were a Clearing Member, *mutatis mutandis*, and such provisions applied to the Controller's business;
 - (ii) would not breach any of the requirements of Rule 203, were the Controller to be a Clearing Member subject to the requirements of Rule 203, *mutatis mutandis*, and such provisions applied to the Controller's business; and
 - (iii) makes all notifications that would be required under Rule 204 if the Controller were a Clearing Member, *mutatis mutandis*, and such provisions applied to the Controller's business.

Rule 203 *Prohibitions on Clearing Members*

- (a) In connection with these Rules, any Contracts, its membership of the Clearing House or its business and activities as a Clearing Member, no Clearing Member shall at any time:
 - (i) provide any information to the Clearing House (including information for the purpose of obtaining or reinstating membership) which is false, misleading or inaccurate in any material respect;
 - (ii) breach any Applicable Law relating to its status and performance as a Clearing Member;
 - (iii) commit any act of fraud;
 - (iv) engage in any behaviour which amounts to market abuse, insider dealing, market manipulation, money laundering or which is in breach of any similar Applicable Laws;
 - (v) except with the prior written consent of the Clearing House and otherwise than to terminate existing positions, continue to trade, enter into Contracts or provide or accept payments or transfers in respect of Margin when not in compliance with the Capital requirement then applicable;

Rule 205 *Financial Reporting*

- (a) Each Clearing Member must file with the Clearing House in relation to the Clearing Member and, if so notified by the Clearing House at its discretion, any Controller:
 - (i) an audited financial statement including profit and loss accounts and balance sheet, with the auditor's report, drawn up in accordance with Applicable Laws and Accounting Standards or otherwise following the requirements of the Clearing House within 90 days of the end of the Clearing Member's or relevant Controller's fiscal year;
 - (ii) a quarterly financial statement including management profit and loss accounts and balance sheet, drawn up in accordance with Applicable Laws and Accounting Standards or otherwise following the requirements of the Clearing House, within 30 days of the end of each quarter; and
 - (iii) in the case of Clearing Members or their Controllers that are licensed, authorised or regulated by a Regulatory Authority, a copy of all financial returns, reports, statements and notices provided to the relevant Regulatory Authority as soon as so provided and, if any such material is other than a routine periodic financial return, statement or report required under Applicable Laws, a written statement setting out (to the extent known) the reasons why such Clearing Member or relevant Controller is filing it.
- (b) In the case of Clearing Members authorised and regulated by the FCA or PRA, the Clearing House shall be authorised, at its discretion, to obtain copies of financial filings, returns and reports directly from the FCA or PRA rather than from the Clearing Member. The Clearing Member will not be relieved of any of its obligations to the extent that the Clearing House does not obtain, or is unable to verify the accuracy of, any financial return or report obtained by it from the FCA or PRA.
- (c) Each Clearing Member shall file with the Clearing House such financial or other relevant information, in addition to what is explicitly required by this Rule 205, as may be requested by the Clearing House at its discretion from time to time.
- (d) All qualifications and reports of Clearing Members' auditors in any financial report must be satisfactory to the Clearing House.

Rule 206 *Minimum Capital*

- (a) Each Clearing Member shall maintain at all times the requisite types and amounts of Capital as required pursuant to the CDS Procedures ~~and~~, Finance [Procedures and Membership](#) Procedures, or otherwise as specified in writing by the Clearing House from time to time. Eligible Capital of each Designated Controller, if any, of a Clearing Member will be taken into account by the Clearing House in determining whether the Clearing Member satisfies applicable Capital requirements.
- (b) A Clearing Member must, upon request of the Clearing House, provide financial statements and other documentation supporting calculations of Capital and details of the terms and conditions of any documentation relating to any Capital (including, without limitation, subordinated loan agreements, legal opinions, information

Failure ~~to~~To Pay in respect of the Clearing House relating to such Membership Category. In any such circumstances, Rule 912 applies.

- (d) Rules 918(a)(ii), (iv), (v), (vi), (vii), (viii) and (b) shall apply, *mutatis mutandis*, following service of a Termination Notice, whether generally or in respect of a particular Contract Category, under Rule 209(c)(i)(A). For such purposes, the terms Relevant Contract Category and Relevant Membership Category as used in Rule 918 refer to the Contract Category and Membership Category respectively to which the Termination Notice relates and the terms Relevant Guaranty Fund Contributions and Relevant Assessment Contributions as used in Rule 918 shall be interpreted accordingly. Unless it served such notice during a Cooling-off Termination Period, a Clearing Member that serves a Termination Notice shall be liable immediately upon service of the Termination Notice to pay the Clearing House Assessment Contributions of an amount equal to three times its required Relevant Guaranty Fund Contribution (as calculated prior to the time of the Cooling-off Trigger Event) in respect of each Relevant Contract Category, such amounts to be held as permitted Cover until the Termination Date and applied only as permitted in accordance with Part 9 of the Rules. A Clearing Member that has served a Termination Notice and made such payments shall not be liable for any further replenishments of its Guaranty Fund Contribution or Assessment Contribution, regardless of how many Events of Default take place. Any reference in these Rules to Assessment Contributions being called or to Guaranty Fund Contributions being replenished or applied, in respect of a Clearing Member which has provided such Permitted Cover to the Clearing House under this Rule 209(d), shall be interpreted as a reference to the Permitted Cover in question being similarly applied.
- (e) The Clearing House will issue a Circular promptly following any termination of membership of a Clearing Member or the termination of any Clearing Member's ability to clear a specified Contract Category, specifying the name of the Clearing Member affected. The Clearing House may at its discretion (but shall not be required to) publish a copy of any Termination Notice or other termination notice.

Part 4 Clearing Mechanism

Rule 401 Formation of Contracts

- (a) Subject to Rule 403 and Rule 404, two Contracts shall arise automatically, one between the Selling Counterparty and the Clearing House and the other between the Clearing House and the Buying Counterparty (or a single Contract shall arise between the Clearing House and a Buying Counterparty or Selling Counterparty where applicable in the case of Rule 401(a)(vi)), at the moment that:
- (i) in the case of any ~~ICE Index Matched Transaction, ICE Index UK Matched Transaction, ICE Futures Europe Matched Transaction, ICE Futures US Matched Transaction, Financials & Softs Matched Transaction or ICE Natural Gas Continental Spot~~ F&O Matched Transaction, the relevant orders are matched on ~~ICE Index, ICE Index UK, ICE Index Continental, ICE Futures Europe, ICE Futures US or LIFFE, as applicable~~ the relevant Market;
 - (ii) [Not used.];
 - (iii) in the case of any ~~ICE Index~~ F&O Block Transaction, ~~ICE Futures Europe Block Transaction, ICE Futures US Block Transaction or Financials & Softs Block Transaction: ICE Index, ICE Futures Europe, ICE Futures US or LIFFE, as applicable,~~ the relevant Market receives and has recorded on its system complete data in respect of the Transaction;
 - (iv) [Not used.];
 - (v) in the case of Transactions generated by ~~ICE Index, ICE Index UK, ICE Index Continental, ICE Futures Europe, ICE Futures US or LIFFE~~ a Market as a result of the operation of ~~their~~ its contra trade, error trade, invalid trade, cancelled trade, trade correction, error correction, manifest error or similar policies and rules or procedures relating thereto or otherwise, upon notice of the final terms of the Transaction being received by the Clearing House;
 - (vi) in the case of a Contract that is formed as a result of another Contract being Invoiced Back by the Clearing House, immediately upon notice of the existence and final terms of the new Contract being given by the Clearing House to the Clearing Member or Sponsored Principal affected;
 - (vii) in the case of a Contract (including a Contract of Sale) that forms as a result of an Option being exercised in accordance with Part 8, immediately upon such exercise taking effect pursuant to Part 8;
 - (viii) in the case of an F&O Contract that is allocated by one Clearing Member or a Sponsored Principal to a different Person (such Person receiving the allocation itself also being a Clearing Member or Sponsored Principal) by agreement of both parties subsequent to that F&O Contract arising but on the same day as that on which such Contract arose, upon both such parties having recorded their agreement to such allocation on the Clearing House's systems;
 - (ix) in the case of a CDS Contract (other than a CDS Contract arising pursuant to Rule 401(1)(xi)), the time specified pursuant to the CDS Procedures occurs for

the acceptance of CDS Contracts on any day, provided that no such CDS Contract shall arise unless the Clearing House has provided an Acceptance Notice to the Buying Counterparty and Selling Counterparty in accordance with the CDS Procedures in relation to the CDS Contract;

- (x) [Not used.];
- (xi) in the case of a CDS Contract arising following the submission of end-of-day prices by a CDS Clearing Member pursuant to Rule 503(g), at the time specified by the Clearing House for the entry into of the relevant CDS Contract, provided that (A) the Clearing House has given notice to the relevant CDS Clearing Member of the particulars of the CDS Contract involved and the price or Initial Payment at which such CDS Contract will be recorded on the Clearing House's books and records in accordance with the CDS Procedures; and (B) no such CDS Contract shall arise unless the Clearing House has provided an Acceptance Notice to the Buying Counterparty and Selling Counterparty (each of which are CDS Clearing Members but not Sponsored Principals, acting for one of their Proprietary Accounts) in accordance with the CDS Procedures in relation to the CDS Contract;
- (xii) in the case of an FX Contract (other than an FX Contract arising pursuant to Rule 401(a)(vi)), the time specified pursuant to the Procedures occurs for the acceptance of the FX Contract, provided that no such FX Contract shall arise unless the Clearing House has provided an FX Acceptance Notice to the Buying Counterparty and Selling Counterparty in accordance with the Procedures in relation to the FX Contract; and
- (xiii) in the case of a Contract arising under Rule 404(c)(i), at the time of execution of relevant documentation or otherwise when a replacement Contract arises in accordance with that provision; ~~and.~~
- (xiv) ~~in the case of a Contract opposite to a Linked Outgoing Contract arising under Rule 410(d) on confirmed receipt by the relevant Participating Exchange, or in the case of a Linked Incoming Contract arising under Rule 410(e), on confirmed receipt by the Clearing House, in either case of the relevant transfer, as detailed further in Rule 410(d) or (e) as applicable.~~
- (b) For F&O Contracts only, a ~~contract or contracts~~ Contract or Contracts reversing the existing Contract or Contracts shall arise between the Clearing House and the Buying Counterparty and/or the Clearing House and the Selling Counterparty at the moment that an alternative delivery is agreed in respect of a Contract where, pursuant to the Clearing Procedures and Market Rules, a new collateral contract arises as a result of the alternative delivery being agreed, at the time and subject to the conditions and effects on existing Contracts specified in the Clearing Procedures.
- (c) Other than as specifically set out in the CDS Procedures or FX Procedures, the Clearing House shall be entitled to rely conclusively on the accuracy and authenticity of any and all information and data regarding any Transaction submitted to the Clearing House by or on behalf of a Market, Exchange, Repository, CDS Trade Execution/Processing Platform, FX Trade Execution/Processing Platform, Clearing

Rule 401

Accounts, CDS Sub-Accounts or other sub-accounts designated by the Clearing Member or otherwise provided under this Rule 401(g) from time to time, without the need for any further enquiry on the part of the Clearing House.

(h) Where a Clearing Member has appointed a Disclosed Principal Member, the Disclosed Principal Member shall be the Buying Counterparty or the Selling Counterparty (as applicable) instead of the relevant Clearing Member in respect of all Contracts arising under this Rule 401 to which that Clearing Member would, but for the requirements of this Rule 401(h), otherwise be party. All provisions of these Rules relating to Contracts and Clearing Members shall be construed accordingly.

(i) In order for a Contract to arise pursuant to:

- (i) Rule 401(a)(i), (iii), (v), (vii) or (viii); or
- (ii) Rule 401(a)(vi) in relation to an Energy Contract,

each Clearing Member that is a Buying Counterparty or Selling Counterparty must be an Energy Clearing Member and an F&O Clearing Member and each Sponsored Principal that is a Buying Counterparty or Selling Counterparty must be authorised to clear Energy and F&O.

(j) In order for a Contract to arise pursuant to:

- (i) ~~(iii)~~ Rule 401(a)(i), (iii), (v), (vii), or (viii) ~~or (xiv)~~; or
- (ii) ~~(iv)~~ Rule 401(a)(vi) in relation to a Financials & Softs Contract,

each Clearing Member that is a Buying Counterparty or Selling Counterparty must be ~~an~~ Financials & Softs Clearing Member and an F&O Clearing Member and each Sponsored Principal that is a Buying Counterparty or Selling Counterparty must be authorised to clear Financials & Softs and F&O.

(k) ~~(j)~~ In order for a Contract to arise pursuant to:

- (i) Rule 401(a)(ix), (x) or (xi); or
- (ii) Rule 401(a)(vi) or 401(a)(xiii) in relation to a CDS Contract,

each Clearing Member that is a Buying Counterparty or Selling Counterparty must be an CDS Clearing Member and each Sponsored Principal that is a Buying Counterparty or Selling Counterparty must be authorised to clear CDS.

(l) ~~(k)~~ In order for a Contract to arise pursuant to:

- (i) Rule 401(a)(xii); or
- (ii) Rule 401(a)(vi) or Rule 401(a)(xiii) in relation to an FX Contract,

each Clearing Member that is a Buying Counterparty or Selling Counterparty must be an FX Clearing Member and each Sponsored Principal that is a Buying Counterparty or Selling Counterparty must be authorised to clear FX.

(m) ⊕

- (i) On each occasion that a Contract arises under Rule 401(a), each affected Clearing Member, Sponsored Principal, Customer and the Clearing House, as applicable, shall ensure that the details of such Contract and/or any related Customer-CM Transaction they have concluded, as the case may be, and any modification or termination of such Contract and/or Customer-CM Transaction, as applicable, is reported to a Repository, in accordance with Applicable Laws, no later than the working day following the conclusion, modification or termination of the Contract, as applicable, and in accordance with any applicable Procedures.
- (ii) In the case of an F&O Contract, the relevant Market shall be authorised to submit the terms of the F&O Contract (and any related Customer-CM Transaction) to any Repository as a delegate for the Clearing House, Clearing Member, Sponsored Principal and Customer, as applicable, save where the relevant Clearing Member notifies the Clearing House or Market in writing that it does not require the Market to act as such (whether generally or in respect of particular Customers, Sponsored Principals or kinds of Contract).
- (iii) In the case of an FX Contract a submission to a Repository shall include identical terms as the original submission for clearing of the FX Trade Particulars or the FX Contract arising under Rule 401(a)(xii), as applicable, adjusted to take into account any netting and aggregation of FX Contracts pursuant to Rule 406.
- (iv) In the case of a CDS Contract:
 - (A) each affected Clearing Member, Sponsored Principal, Customer and the Clearing House, as applicable, shall ensure that the details of any Transaction, Contract and/or Customer-CM Transaction, are also submitted to Deriv/SERV in accordance with the CDS Procedures;
 - (B) the submission referred to in (A) above shall include identical terms as the original submission for clearing of the CDS Trade Particulars or the CDS Contract arising under Rule 401(a)(xi), adjusted to take into account netting and aggregation of CDS Contracts pursuant to Rule 406; and
 - (C) the Clearing House shall be authorised to submit the terms of a Transaction or Contract to Deriv/SERV.
- (v) In the case of either a CDS Contract or an FX Contract, the Clearing House shall be authorised to submit the terms of such Contract (and any related Customer-CM Transaction) to any Repository as a delegate for the Clearing Member, Sponsored Principal and Customer, as applicable, save where the relevant Clearing Member notifies the Clearing House in writing that it does

not require the Clearing House to act as such (whether generally or in respect of particular Customers, Sponsored Principals or kinds of Contract.)

- (n) ~~(m)~~ Where an F&O Contract (other than an ICE Futures US Contract) arises pursuant to [this](#) Rule 401 as a result of trading, submission of trade data or other action by or relating to a Customer of a Non-FCM/BD Clearing Member, an opposite Customer-CM F&O Transaction shall arise between such Customer and Clearing Member (and may be void or voided [in the same manner as a Contract may be void or voided pursuant to this Part 4 mutatis mutandis](#)) and further corresponding transactions may arise between Customers, in the manner specified by and in accordance with: [the relevant Market Rules](#).
- ~~(i) in the case of Energy Contracts arising as a result of ICE Endex Transactions, the ICE Endex Rules;~~
- ~~(ii) in the case of Energy Contracts arising as a result of the ICE Endex UK Transactions, the ICE Endex UK Rules;~~
- ~~(iii) in the case of Energy Contracts arising as a result of ICE Futures Europe Transactions, the ICE Futures Europe Rules;~~
- ~~(iv) in the case of Energy Contracts arising as a result of ICE Natural Gas Continental Spot Transactions, the ICE Endex Continental Rules; or~~
- ~~(v) in the case of Financials & Softs Contracts arising as a result of Financials & Softs Transactions, the LIFFE Rules or the ICE Futures Europe Rules, as applicable.~~
- (o) ~~(n)~~ Where a CDS Contract arises pursuant to Rule 401 for the Customer Account of a Non-FCM/BD CDS Clearing Member, a Customer-CM CDS Transaction shall arise (or, any previously existing transaction shall be amended and restated in the form of a Customer-CM CDS Transaction) between the Customer and that Non-FCM/BD CDS Clearing Member. Where an FX Contract arises pursuant to Rule 401 for the Customer Account of a Non-FCM/BD Clearing Member, a Customer-CM FX Transaction shall arise (or, any previously existing transaction shall be amended and restated in the form of a Customer-CM FX Transaction) between the Customer and that Non-FCM/BD Clearing Member.
- (p) ~~(o)~~ When a Clearing Member enters into any Contract, becomes subject to a guarantee in respect of a Contract, takes any action which results in a Contract arising for its own account, becomes bound joint and severally with a Sponsored Principal in respect of a Contract, or has a Contract recorded in a Proprietary Account or Customer Account in its name (or, in respect of an Individually Segregated Sponsored Account, the Sponsored Principal's name), it may do so in only one of the following capacities:
- (i) if it is an FCM/BD Clearing Member, as a clearing member in relation to a transaction or transactions connected with the provision of services to one or more Non-DCM/Swap Customers, in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for a

(A) a Segregated Gross Indirect Account, if the Customer has communicated to the Clearing Member that the Indirect Client has elected to use such an account; or

(B) otherwise, a Standard Omnibus Indirect Account For FX,

and in either case the Contract shall be recorded by the Clearing House in accordance with such designation;

(xviii) if it is a Non-FCM/BD Clearing Member, as a clearing member in relation to a transaction or transactions connected with the provision of services to one or more Segregated TTFCFA Customers which is in turn providing services to one or more Indirect Clients in respect of FX Contracts, in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for:

(A) a Segregated Gross Indirect Account, if the Customer has communicated to the Clearing Member that the Indirect Client has elected to use such an account; or

(B) otherwise, a Standard TTFCFA Omnibus Indirect Account For FX,

and in either case the Contract shall be recorded by the Clearing House in accordance with such designation; or

(xix) as a clearing member in any other capacity (including where the Clearing Member does not provide any services to any Customer) in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for a Proprietary Account of the Clearing Member and recorded by the Clearing House in accordance with such designation.

(q) ~~(p)~~ For the avoidance of doubt, for the purposes of section 187 of the Companies Act 1989, a Clearing Member with more than one Account enters into Contracts recorded in its each such Account in a different capacity to that in which it enters into Contracts recorded in any other Account.

(r) [A Contract shall only arise under Rule 401\(a\)\(i\) or Rule 401\(a\)\(iii\) in relation to an ICE Endex Spot Market Transaction where the relevant user or users elect to trade in a product which is designated by ICE Endex Spot Market as a cleared product.](#)

Rule 402 *Relationship between Buying Counterparties, Selling Counterparties and Clearing House*

(a) Save to the extent provided in Part 16 for FCM/BD Clearing Members and Rule 401(h) each Clearing Member or Sponsored Principal that is party to a Contract shall act as principal and not as agent. In performing its obligations and exercising its rights under these Rules, the Clearing House shall treat the entitlement of Clearing Members and Sponsored Principals to rights pursuant to Contracts to be a full legal and beneficial entitlement and not subject to any Encumbrance in favour of any Person other than the Clearing House (other than pursuant to the Contract Terms).

Rule 404(a)

- (ix) is otherwise made or received in such circumstances or in such a manner that acceptance of the Contract or Transaction would be inadvisable, in the opinion of the Clearing House, for the Clearing House's own protection, the protection of Clearing Members generally, Energy Clearing Members generally, Financials & Softs Clearing Members generally, F&O Clearing Members generally, Sponsored Principals or the protection of a Market or marketplace in any class of Contracts; or
- (x) solely in respect of ICE Endex UK Transactions, ICE Endex UK Contracts, ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Transactions and/or ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Contracts, is one in relation to which any corresponding Trade Nomination has been rejected by ~~National Grid, GTS, Fluxys Belgium or Huberator (as such Persons are defined in the~~the relevant Delivery ~~Procedures), as applicable~~Facility.

- (b) If any CDS Contract or FX Contract, as against any Clearing Member, Sponsored Principal or Sponsor that is or would be bound thereto:
 - (i) is one which any Governmental Authority requires or requests in writing that the Clearing House treat as void or voided;
 - (ii) is one which any Applicable Law provides is void or voided, or requires the Clearing House to treat as void or voided;
 - (iii) is one which, whether in whole or in part, pursuant to any Applicable Law is voidable; or
 - (iv) is unenforceable by the Clearing House,

then the Clearing House shall act in accordance with Rule 404(c). A Contract shall not be subject to Rule 404(b)(iii) or (iv) if a Buying Counterparty or Selling Counterparty is subject to fraud, illegality, insider dealing, market abuse, money laundering, breach of Applicable Laws or other grounds for the Contract being void, voidable or unenforceable solely as a result of it having submitted a Transaction in circumstances in which the simultaneously arising Contract to which another Buying Counterparty or Selling Counterparty is subject to Rule 404(b)(iii) or (iv).

- (c) If any of the circumstances set out in Rule 404(b)(i) and (ii) arises, the Clearing House shall comply with any relevant request, requirement or provision, and, if Rule 404(b)(iii) or (iv) applies, it may at its discretion avoid the relevant Contract. If the Clearing House exercises its discretion to avoid a Contract or any Contract is otherwise void or voided, the Clearing House may, at its discretion, take action in accordance with this Rule 404(c). Where it does take action under this Rule 404(c), it may take the steps set out in paragraph (i) below or, if that is not reasonably practicable, it may take the steps set out in paragraph (ii) below, in relation to the affected Contract(s):
 - (i) direct the Buying Counterparty or Selling Counterparty who was counterparty to the void or voided Contract to enter into a replacement Contract of equal economic terms to the void or voided Contract or sign documentation confirming the validity of an existing Contract, in which case the Buying

Rule 404

by Applicable Law from entering into or signing a valid replacement Contract or signing documentation confirming the validity of an existing Contract, such restriction or prevention (in conjunction with the failure of the Buying Counterparty or Selling Counterparty (or, if it is a Sponsored Principal, its Sponsor) to enter into a replacement Contract or sign effective documentation confirming the validity of an existing Contract where directed to do so by the Clearing House pursuant to Rule 404(c)(i) or to take the steps set out in Rule 404(e)) shall of itself constitute grounds for the Clearing House declaring an Event of Default in respect of the Buying Counterparty or Selling Counterparty (or, in the case of a Sponsor which has so failed to perform, such Sponsor), regardless of any event or circumstance which might (but for this provision) constitute a Force Majeure Event.

- (e) If, in relation to an F&O Contract, any of the circumstances in Rule 404(a) arises or if, in the case of a CDS Contract or FX Contract only, any of the circumstances set out in Rule 404(b) arises and no replacement Contract is established and the position is not otherwise dealt with pursuant to Rule 404(c), the Clearing House shall immediately notify the affected Buying Counterparty and Selling Counterparty and any relevant Market. Upon such notification:
- (i) the Clearing House, Buying Counterparty and Selling Counterparty shall each immediately be released from all rights, liabilities and obligations under any affected Contract;
 - (ii) the affected Contract shall become null and void;
 - (iii) all amounts paid pursuant to the Contract shall immediately be returned by the Buying Counterparty, Selling Counterparty and Clearing House to their respective contractual counterparties, in each case without interest;
 - (iv) in the case of an F&O Contract;
 - (A) any Transaction Rights or Obligations shall be deemed never to have been affected by Rule 402(b);
 - (B) each affected Buying Counterparty and Selling Counterparty shall submit, or, as the case may be, resubmit the terms of the Transaction to the relevant Repository (if any); and
 - (C) each affected Buying Counterparty and Selling Counterparty or the Clearing House, as the case may be, shall cancel any submission to any Repository relating to the voided F&O Contracts made pursuant to Rule 401([lm](#)).
 - (v) in the case of two CDS Contracts (resulting from the same CDS Trade Particulars) being voided in circumstances in which the CDS Trade Particulars reflect a transaction (including any Bilateral CDS Transaction) that is not void or would itself not have been void:
 - (A) if the CDS Trade Particulars represent a Bilateral CDS Transaction or other transaction that was contractually binding prior to being submitted for Clearing:

- (1) the Bilateral CDS Transaction shall be deemed never to have been terminated; and
 - (2) each affected Buying Counterparty and Selling Counterparty shall submit, or, as the case may be, resubmit the terms of the Bilateral CDS Transaction or other transaction to Deriv/SERV and the relevant Repository;
 - (B) each affected Buying Counterparty and Selling Counterparty or the Clearing House, as the case may be, shall cancel any submission to Deriv/SERV and the relevant Repository relating to the voided CDS Contracts made pursuant to Rule 401(lm); and
 - (C) any Transaction Rights or Obligations shall be deemed never to have been affected by Rule 402(b), except to the extent that any equivalent obligation under a CDS Contract corresponding to a Transaction Right or Obligation has been performed or part-performed; and
- (vi) in the case of two FX Contracts (resulting from the same FX Trade Particulars) being voided in circumstances in which the FX Trade Particulars reflect an FX transaction that is not void or would itself not have been void:
- (A) if the FX Trade Particulars represent an FX transaction that was contractually binding prior to being submitted for Clearing:
 - (1) any such FX transaction shall be deemed never to have been terminated; and
 - (2) each affected Buying Counterparty and Selling Counterparty shall submit, or, as the case may be, resubmit the terms of such FX transaction to the relevant Repository;
 - (B) each affected Buying Counterparty and Selling Counterparty or the Clearing House, as the case may be, shall cancel any submission to any Repository relating to the voided FX Contracts made pursuant to Rule 401(lm); and
 - (C) any Transaction Rights or Obligations shall be deemed never to have been affected by Rule 402(b).
- (f) Nothing in this Rule 404 of itself is intended to result in any Transaction or Transaction Rights or Obligations being void or voided as between the original parties thereto, except to the extent that any equivalent obligation under a Contract corresponding to a Transaction Right or Obligation has been performed or part-performed.
- (g) For the avoidance of doubt, Rules 404(b), (c) and (d) shall only apply to CDS Contracts and FX Contracts and shall not apply to F&O Contracts.
- (h) The Clearing House will notify any relevant Market when it avoids a Contract under this Rule 404.

Rule 405

conditions of a Contract will not be considered investment advice or a recommendation to enter into a Contract;

- (viii) no communication (written or oral) received from the Clearing House will be deemed to be an assurance or guarantee as to the expected results of that Contract;
 - (ix) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Contract and it is also capable of assuming, and assumes, the risks of the Contract;
 - (x) the Clearing House is not acting as a fiduciary for or an adviser to it in respect of the Contract; and
 - (xi) if it is a Clearing Member, where the Contract is to be recorded in one of its Customer Accounts or is otherwise related to a Customer-CM Transaction, it acknowledges its obligation in Rule 202(a)(ii) and that compliance with Applicable Laws in the context of entering into Customer transactions includes compliance with Applicable Laws relating to customer due diligence in respect of its Customer and Applicable Laws relating to Sanctions affecting the Customer or any of its Customer's assets (except, if it is a CDS Clearing Member incorporated in Germany or in relation to the Customer Account of any CDS Clearing Member where the Customer is incorporated in Germany, solely to the extent that any obligation, or undertaking, representation or statement contemplated by this Rule 405(a)(xi) would be in conflict with any Applicable Laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts).
- (b) In relation to each Contract (other than a Contract arising pursuant to Rule 401(a)(v), Rule 401(a)(vi), Rule 401(a)(xi), or Rule 401(a)(xiii) ~~or Rule 401(a)(xiv)~~), the Clearing House will, and will be entitled to, rely on representations and warranties, deemed automatically to arise pursuant to these Rules from each Buying Counterparty and Selling Counterparty proposing to become or becoming party to any Contract, that:
- (i) the data submitted to the Exchange relevant Market, CDS Trade Execution Processing Platform or FX Trade Execution Processing Platform (if applicable) or the Clearing House ~~(or submitted by the Participating Exchange, if applicable)~~:
 - (A) is complete and correct in all respects; and
 - (B) has been duly authorised by it (including, in connection with a CDS Contract, that any CDS Trade Execution/Processing Platform used by it for the submission of CDS Trade Particulars has been duly authorised by it for the submission of data relating to CDS Trade Particulars in accordance with the CDS Procedures; and, in connection with an FX Contract, that any FX Trade Execution/Processing Platform used by it for the submission of FX Trade Particulars has

been duly authorised by it for the submission of data relating to FX Trade Particulars in accordance with the FX Procedures); and

- (ii) Market Rules (if applicable), the CDS Trade Execution/Processing Platform's procedures (if applicable), the FX Trade Execution/Processing Platform's procedures (if applicable), ~~the rules of the Participating Exchange (if applicable)~~ and all Applicable Laws have been complied with by it and any relevant Customer in respect of the Transaction or Participating Exchange Transaction.
- (c) In relation to each Contract that arises pursuant to Rule 401(a)(iii), Rule 401(a)(viii), Rule 401(a)(ix), and Rule 401(a)(xii) ~~and Rule 401(a)(xiv)~~, the Clearing House will, and will be entitled to, rely on representations and warranties deemed automatically to arise pursuant to these Rules from each Buying Counterparty and Selling Counterparty proposing to become or becoming party to any Contract, that:
 - (i) all and any previously subsisting contracts, rights, obligations or liabilities in connection with the subject matter of the Transaction or proposed Contract are on equal terms to that of the relevant Contract Terms (save as to the parties) and, in the case of rights, are free from all Encumbrances (excluding liabilities and obligations arising pursuant to the Contract Terms); and
 - (ii) any Person other than the Buying Counterparty and Selling Counterparty to whom any contracts, rights, obligations or liabilities referred to in Rule 405(c)(i) pertain has agreed with it, or such other Person as is relevant, to be released from all of its rights, obligations and liabilities as a result of Contracts arising pursuant to Rule 401(a) (save for any contracts, rights, obligations or liabilities as between the Clearing Member and its Customer (under a Customer-CM Transaction or otherwise) or between any Customer and its customers and so on, in relation to the subject matter of the Contract on a back-to-back basis with a Contract, and further except as provided in Part 16).
- (d) Clearing Members will become party to, and liable under, Contracts each and every time a Contract arises from a Transaction as a result of the action or omission of its Representatives, regardless of any circumstance in relation to such Transaction, including without limitation whether the person submitting the Transaction was authorised to do so by the Clearing Member or its Representative or whether the Transaction caused a Representative to exceed the Clearing House's credit or other parameters set for such Representative, a Market's or Exchange's position limits or the Clearing House's Position Limits or otherwise was in breach of the Rules or any of the Clearing Member's or Clearing House's policies, procedures or controls.
- (e) When a CDS Contract arises, the Clearing House shall make the warranties and the Buying Counterparty and Selling Counterparty shall make the additional representations and warranties as in each case are set out in the CDS Procedures.
- (f) The Clearing House shall be entitled to assume, without enquiry, that at each time at which a Customer-CM Transaction arises, the respective obligations of the Clearing Member and Customer under such Customer-CM Transaction constitute its legal, valid and binding obligations enforceable in accordance with its terms, subject to

applicable Insolvency laws and similar Applicable Laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles in general application (regardless of whether enforcement is sought in a proceeding in equity or at law).

Rule 406 ***Open Contract Positions***

- (a) At the end of each ~~day~~[Business Day](#) or at such other frequency as the Clearing House determines at its discretion either generally or in respect of any Clearing Member or Sponsored Principal, the Clearing House will calculate Open Contract Positions in its books and records. Settlement or revaluation of Open Contract Positions and Contracts will take place pursuant to the applicable Contract Terms and, for F&O Contracts, through the Clearing Processing System. The Clearing House shall have no obligation to notify any Clearing Member, Sponsored Principal or any other Person of Open Contract Positions or Contracts other than through the Clearing Processing System or otherwise than in accordance with the Rules and the Clearing Procedures.
- (b) If an F&O Clearing Member so instructs the Clearing House in accordance with the Clearing Procedures, the Clearing House will net particular buy and sell positions (for a Set of ~~Futures~~[Contracts](#) that are ~~F&O-Contracts~~[Futures](#)), or Long and Short positions (for a Set of ~~Options~~[Contracts](#) that are ~~F&O-Contracts~~[Options](#)) within the Clearing Member's Open Contract Position in respect of one of a Clearing Member's Customer Position Accounts, provided that no buy or sell positions or Long or Short positions in respect of one Customer are to be netted against buy or sell positions or Long or Short positions in respect of another Customer. The Clearing House and relevant Clearing Member will reflect each aggregation and netting under this Rule 406(b) in the records of the Repository (if any) designated by the Clearing House for F&O Contracts.
- (c) Subject to its obligations under Rule 406(b), the Clearing House may at its discretion treat any F&O Contract pursuant to which a Clearing Member or Sponsored Principal is the Buying Counterparty and another F&O Contract of the same Set pursuant to which the same Clearing Member or Sponsored Principal is the Selling Counterparty simultaneously as being netted, set off and mutually closed out and terminated upon calculation of the Open Contract Position in respect of such F&O Contracts, subject to the Clearing Member or Sponsored Principal having made all then due payments pursuant to the Contract Terms in respect of such F&O Contracts and to separate treatment of Open Contract Positions in each Proprietary Account and each Customer Account. Where the position as Buying Counterparty is not of the same size as a position a Selling Counterparty, the Contracts in question shall be closed out and terminated in part. For the avoidance of doubt, any contractual netting of F&O Contracts is subject to Rule 102(q) and there shall be separate treatment (and no offsetting and close-out or resulting termination nor any aggregation or consolidation) as between any of: (A) any F&O Contract recorded in a particular Proprietary Account; (B) any F&O Contract recorded in a particular Customer Account or Individually Segregated Sponsored Account; or (C) any two F&O Contracts that are recorded in different Customer Accounts or Individually Segregated Sponsored Accounts. The Clearing House and relevant Clearing Member will reflect each

Clearing House shall be the property of the Clearing House (except as otherwise agreed with a Market and that, in relation to CDS Contracts or FX Contracts, this shall be subject to any provision to the contrary in any agreement in writing between the Clearing House and a CDS Clearing Member or FX Clearing Member, respectively). Such data may be provided by the Clearing House to Deriv/SERV and any Market, Exchange, CDS Trade Execution/Processing Platform, FX Trade Execution/Processing Platform, Repository or any member of the ICE Group and used by the Clearing House or such other Persons for any commercial or other purpose, subject in each case to the restrictions in Rule 106(a). Each Clearing Member's, Sponsor's, Sponsored Principal's and Customer's rights in such Intellectual Property shall be automatically assigned to the Clearing House by virtue of this provision as such rights arise. This Rule 406(g) is subject, in relation to CDS Clearing and FX Clearing, to any further restrictions in any agreement in writing between the Clearing House and a CDS Clearing Member or FX Clearing Member, as the case may be.

Rule 407 *Reporting of Open Contract Positions Carried by Other Clearing Members*

If an F&O Clearing Member or Sponsored Principal (for the purposes of this Rule 407 only, the "**Position Giver**") has Customer or proprietary positions in respect of any Contract carried for it in a Customer Account of another F&O Clearing Member (for the purposes of this Rule 407 only, the "**Position Holder**"), the Position Giver shall give written notice to the Clearing House of the name of the Position Holder and the extent of its position on the Business Day following the Business Day on which a position was carried by the Position Holder.

Rule 408 *Transfer of Contracts*

- (a) No Person other than the Clearing House shall be entitled to assign, allocate or transfer, or create any Encumbrance whatsoever in relation to, any of its rights, liabilities or obligations under a Contract or the Rules except:
 - (i) that all rights and obligations of a Clearing Member or Sponsored Principal pursuant to a Contract may be transferred, novated or terminated and replaced from one Clearing Member or Sponsored Principal to another Clearing Member or Sponsored Principal with the agreement of each of the two Clearing Members (or any Sponsored Principal taking the place of any Clearing Member) involved (and, if required under Applicable Law for Open Contract Positions in a Customer Account, the consent of the relevant Customers), and the consent of the Clearing House and relevant Market (if any), subject to such conditions as the Clearing House at its discretion stipulates and, in relation to CDS Contracts, subject to the requirements set out in the CDS Procedures;
 - (ii) as a result of an allocation resulting in a Clearing Member or Sponsored Principal being the 'Buying Counterparty' or 'Selling Counterparty' as such terms are defined in Rule 101;
 - (iii) as a result of an allocation pursuant to Rule 401(a)(viii);

- (iv) [Not used.]; or
 - (v) as a result of a Transfer of Contracts pursuant to Rule 904; ~~or.~~
 - (vi) ~~as a result of a transfer of a Linked Outgoing Contract under Rule 401(a)(xiv) and Rule 410.~~
- (b) Any purported transfer of any rights, liabilities or obligations under a Contract or the Rules other than in accordance with Rule 408(a) shall be null and void.

Rule 409 *Amendment of Contract Terms*

- (a) The terms of any Contract may only be amended, waived or varied with the prior written consent of the Clearing House.

Rule 410 *Link Agreements* ~~[Not used]~~

~~(a) In this Rule 410, the following terms shall have the meanings set out below:~~

~~The term "**Cleared Exchange**" means an Exchange to which the Clearing House provides clearing services.~~

~~The term "**Clearing Member Link Agreement**" means a written agreement in one or more forms amongst a Cleared Exchange, the Clearing House and a Participating Exchange to which, amongst others, a Clearing Member is party. A Clearing Member Link Agreement has the function, amongst other things, of facilitating the transfer of Contracts and transactions in accordance with this Rule 410.~~

~~The term "**Link Agreement**" means an agreement entered into between the Clearing House and a Participating Exchange and, if applicable, a Cleared Exchange for the purposes of facilitating the transfer of Contracts from the Clearing House to the Participating Exchange or vice-versa.~~

~~The term "**Linked Outgoing Contract**" means a Contract or notional Contract which is subject to a transfer to a Participating Exchange from the Clearing House pursuant to a Link Agreement, giving rise to an offsetting Contract under Rule 410(d).~~

~~The term "**Linked Incoming Contract**" means a Contract which arises under Rule 410(e) following the transfer from a Participating Exchange to the Clearing House of a Participating Exchange Transaction pursuant to a Link Agreement.~~

~~The term "**Participating Exchange**" means an organisation (whether an Exchange, association or otherwise) which operates a derivatives market and which has concluded a Link Agreement with the Clearing House. For the purposes of this Rule 410, a Participating Exchange shall not include a Cleared Exchange but shall, where the context requires, be read as referring alternatively to the Clearing Organisation which provides clearing services to the relevant Participating Exchange.~~

~~The term "**Participating Exchange Transaction**" means a transaction arising under the rules of a Participating Exchange which, pursuant to a Link Agreement, may be~~

~~transferred to the Clearing House and, if accepted by the Clearing House in accordance with a Link Agreement, give rise to a Linked Incoming Contract.~~

- ~~(b) Linked Outgoing Contracts are transferred from the Clearing House to a Participating Exchange in accordance with the provisions of this Rule 410. Any such transfer shall include all affected Linked Outgoing Contracts nominated by a Clearing Member for transfer to a Participating Exchange, regardless of whether they have been contractually netted under Rule 406.~~
- ~~(c) In accordance with the Procedures and subject to other provisions in this Rule 410, the Clearing House shall:
 - ~~(i) calculate each Clearing Member's Open Contract Position with respect to Linked Outgoing Contracts; and~~
 - ~~(ii) transmit details of each Clearing Member's Linked Outgoing Contracts arising on such Business Day, to the relevant Participating Exchange in accordance with procedures and timings agreed from time to time with the relevant Participating Exchange.~~~~
- ~~(d) On confirmed receipt by the relevant Participating Exchange, in accordance with such procedures as may be agreed from time to time between the Clearing House and the Participating Exchange pursuant to a Link Agreement, when each relevant Linked Outgoing Contract referred to in Rule 410(c) is transferred, an offsetting or opposite Contract shall arise in accordance with Rule 401(a)(xiv) between the Clearing House and the Clearing Member which is identical in terms to and for the same number of lots as the Linked Outgoing Contract save as to the position of the parties as Buying Counterparty or Selling Counterparty which shall be reversed. The offsetting or opposite Contract and Linked Outgoing Contract may be subject to contractual netting under Rule 406(c).~~
- ~~(e) A Participating Exchange may transmit details of Participating Exchange Transactions to be Cleared by the Clearing House in accordance with procedures and timings agreed from time to time with the Clearing House. On confirmed receipt by the Clearing House of full details of a Participating Exchange Transaction, in accordance with a Link Agreement and such procedures as may be agreed from time to time with a Participating Exchange, a Linked Incoming Contract shall arise in accordance with Rule 401(a)(xiv) between the Clearing House and each of the relevant Clearing Members identical to and for the same number of lots as the relevant Participating Exchange Transactions (save as to the identity of the Clearing Organisation, if any, which shall be the Clearing House).~~
- ~~(f) This Rule 410(f) is applicable in situations of impossibility or difficulty of transfer of an Outgoing Linked Contract or Participating Exchange Transaction.
 - ~~(i) The provisions of this Rule 410(f) shall apply if it is not possible to effect a transfer of Linked Outgoing Contracts or Participating Exchange Transactions on the relevant Business Day for any reason (other than default as referred to in Part 9) including, without limitation, as a result of:~~~~

- ~~(A) any action taken by a Cleared Exchange, regulatory body or governmental authority;~~
 - ~~(B) any change in Applicable Law;~~
 - ~~(C) failure of any systems, communication facilities or other technology affecting the Clearing House, the relevant Participating Exchange or the Cleared Exchange; and/or~~
 - ~~(D) a Force Majeure Event.~~
- ~~(ii) If details of Linked Outgoing Contracts cannot be transmitted on the relevant Business Day or the relevant Participating Exchange cannot receive such details or despatch a confirmation, so that such Contracts cannot be transferred on the Business Day on which they arose, such Contracts shall not be subject to transfer on that Business Day and shall remain open Contracts with the Clearing House subject to the Rules. Details of such Contracts which remain open may be transmitted to the relevant Participating Exchange on the next day on which such Contracts are permitted to be transferred under the relevant Link Agreement and on which it is possible for details of such Contracts to be transmitted.~~
- ~~(iii) If details of Participating Exchange Transactions cannot be transferred on the day on which such transactions were entered into on the Participating Exchange, such transactions shall not be subject to any transfer, and may remain subject to the rules of the Participating Exchange and shall not give rise to any Contract until such time as they are transferred to the Clearing House. Such transactions may be transferred to the Clearing House on the next day on which such transactions are permitted to be so transferred under the relevant Link Agreement and on which it is possible to do so.~~
- ~~(iv) Nothing in this Rule 410(f) shall restrict or qualify the applicability of Rule 112 in a situation in which this Rule 410(f) applies.~~
- ~~(v) On the termination of an applicable Link Agreement, Linked Outgoing Contracts and Participating Exchange Transactions subject to such agreement that arise after such termination taking effect shall cease to be subject to any transfer under this Rule 410. Termination of any Link Agreement shall not affect the validity of any existing Contract.~~
- ~~(vi) In the event of a default by a member of a Participating Exchange (where such member is not also a Clearing Member), where such default is defined or declared under the rules of the Participating Exchange, any Participating Exchange Transaction registered in the name of such affected Participating Exchange member shall not be transferred under the applicable Link Agreement pursuant to this Rule 410, provided that the Clearing House may elect to enter into one or more Contracts with F&O Clearing Members or with the relevant Cleared Exchange or Participating Exchange for the purpose of facilitating the replacement of the Participating Exchange Transactions of the~~

~~defaulting member of such Cleared Exchange or Participating Exchange with a new contract with a non-defaulting Clearing Member.~~

Rule 411 *Swap Data Repository ("SDR") Reporting*

For all swaps cleared by the Clearing House and resulting positions, the Clearing House will report creation and continuation data to the ICE Trade Vault swap data repository for purposes of complying with applicable CFTC rules governing the regulatory reporting of swaps. Upon the request of a counterparty to a swap cleared at the Clearing House, the Clearing House will provide the same creation and continuation data to a swap data repository selected by the counterparty as the Clearing House provided to the ICE Trade Vault swap data repository under the preceding sentence.

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the relevant Set (for FX Contracts) (save where the [Finance](#) Procedures require otherwise).

- (d) Details of Eligible Currencies and other Permitted Cover that may be used to satisfy Margin obligations will be notified to Clearing Members from time to time by a Circular. The Clearing House may, at its discretion, vary or alter the standard Margin requirements, nature or types of acceptable Eligible Currencies and Permitted Cover, specify proportions or maximum proportions of [cash](#) or asset classes [to be provided as Margin](#) or modify any valuation procedures or haircuts set out in or established pursuant to the Finance Procedures, [Circulars](#) or any risk policies. Any general changes to requirements for Margin or Permitted Cover will be notified to Clearing Members by a Circular.
- (e) Certain classes of Permitted Cover may be subject to haircuts in accordance with the Finance Procedures (as specified from time to time by Circular) pursuant to which certain classes of Permitted Cover do not count for their full face or market value in the determination of Margin for the account of a Clearing Member. For the avoidance of doubt, this ~~subparagraph~~ [Rule 502\(e\)](#) shall apply to any haircuts imposed pursuant to clause 2.9 of the Pledged Collateral Addendum.
- (f) The Clearing House may require a Clearing Member or Clearing Members to transfer cash in other Eligible Currencies or Permitted Cover with the Clearing House in substitution for any Permitted Cover already transferred to the Clearing House.
- (g) The Clearing House may impose, amend or withdraw additional Margin requirements in respect of any Clearing Member at any time and at its discretion.
- (h) The Clearing House may designate by Circular or Rule that a Proprietary Margin Account or Customer Margin Account or any sub-account of such an account of a Clearing Member shall be a Pledged Collateral Account and consequently that all or any part of the Margin (or Permitted Cover in respect thereof) to be provided to the Clearing House with respect to such account may be provided by way of Pledged Collateral. In the absence of such express designation, a Proprietary Margin Account or Customer Margin Account will not be a Pledged Collateral Account. The Clearing House undertakes in favour of each Clearing Member that has executed a Pledged Collateral Addendum (which remains valid and effective and which has not been terminated or rescinded) that the Clearing House will not redesignate any of such Clearing Member's Accounts or any sub-account thereof which is a Pledged Collateral Account as not being a Pledged Collateral Account (without the consent of the Clearing Member) or otherwise in such a way as would cause the Clearing Member to breach any Applicable Law or would affect the characterisation of the Margin in such Account as being provided by the relevant Clearing Member by way of pledge (in the case of a Pledged Collateral Addendum governed by New York and U.S. law) or security financial collateral arrangement (in the case of a Pledged Collateral Addendum governed by English law) pursuant to the Pledged Collateral Addendum.
- (i) Any Pledged Collateral recorded in a Pledged Collateral Account is transferred to the Clearing House as contingent cover for Margin on the basis that it may only be applied by the Clearing House in accordance with the terms of the Pledged Collateral Addendum: (i)(A) following an Event of Default pursuant to Rule 905 and Rule 906

as cover for Margin against a liability of the Clearing Member relating to the relevant Account of the Pledged Collateral Account (provided that the value of any Pledged Collateral returned directly to a Clearing Member or any Person on such Clearing Member's behalf will be excluded from the calculation of any relevant net sum); and (B) only to the extent that such applied amount is required to be included in the net sum calculation to ensure that the net sum for the relevant Account of the Pledged Collateral Account would not represent an amount payable by the Defaulter to the Clearing House; or (ii) pursuant to the Default Portability Rules. In any such circumstances, it will be applied by virtue of amounts representing the proceeds of Pledged Collateral being included in amount *M* of the relevant net sum pursuant to Rule 906(a). Any Pledged Collateral not applied in accordance with this provision and which is not transferred to a Transferee Clearing Member in accordance with Part 9 of the Rules shall be returned to the relevant Clearing Member or other payee as permitted under Part 9 of the Rules, as a result of such Clearing Member's, or other payee's entitlements to such Pledged Collateral and not as part of the net sum process arising pursuant to Part 9 of the Rules. Any such return by the Clearing House of Pledged Collateral outside of the net sum calculation shall discharge and satisfy in full the Clearing House's obligations to return such Pledged Collateral to the Clearing Member by the payee and all of their Customers and no Person shall have any further claim against the Clearing House in respect of such Pledged Collateral. To the extent any Pledged Collateral is, or is required under Applicable Law to be, returned to a Defaulter, it shall be returned separately from any net sum certified by the Clearing House pursuant to Rule 906.

- (j) Without limiting Rule 111, but subject to any contrary requirements of law: the Clearing House shall not be liable to any Clearing Member's Customer or other Person for any losses, liabilities, damages, costs, claims, shortfalls or expenses arising out of or relating to the holding of any Pledged Collateral or the assets in any Pledged Collateral Account ("**Custodial Losses**"), except to the extent such Custodial Losses result from the gross negligence or wilful misconduct of the Clearing House. The Clearing House shall have no responsibility for any investment decisions made or directed by a Clearing Member (or any Representative thereof) with respect to assets representing Pledged Collateral or for the results of any such investments. The Clearing House shall be under no obligation to inquire into, and shall be fully protected in relying on, any requests, instructions or directions with respect to Pledged Collateral or the assets in any Pledged Collateral Account under these Rules received from a Person the Clearing House believes to be authorised to act on behalf of the appropriate Clearing Member.
- (k) ~~With respect to F&O Contracts, changes~~[Changes](#) to the matters described in Rules 502(d) and (e) above, including assets eligible as Margin or Permitted Cover and the haircuts established with respect thereto, will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

Rule 503 *Margin Calls and Return of Surplus Collateral*

- (a) Margin shall be and become due and payable at the times specified by the Clearing House pursuant to Rule 302.
- (b) Regular Margin calculations will be made by the Clearing House on each Business Day. Any such calculation may result in a call for additional Permitted Cover pursuant to Part 3.
- (c) The Clearing House shall be entitled, at its discretion, to make an intra-day call for Margin or any other amount payable to it. In the event of such a call being made, the Clearing House will:
 - (i) give notice to each Clearing Member which is required to make payment to the Clearing House of the amount payable by such Clearing Member and time by which payment must be made; and
 - (ii) immediately after giving or making reasonable efforts to give the notice described in Rule 503(c)(i), instruct the relevant Approved Financial Institution to transfer funds equal to the amount due to the Clearing House from the account of such Clearing Member to an account of the Clearing House.
- (d) For regular calls relating to F&O Contracts, Margin shall be calculated with reference to a Clearing Member's Open Contract Position in accordance with the Finance Procedures. For any intra-day Margin call relating to F&O Contracts, Margin shall be calculated with reference to a Clearing Member's Open Contract Position ~~and gross number of Contracts~~(which includes in relation to ~~any Contracts not included in Open Contract Positions~~ the Customer Account where positions are held in gross in accordance with the Clearing Procedures, the net additional exposure relating to any Contracts held gross which have not been contractually netted or aggregated in accordance with Rule 406) in accordance with the Finance Procedures.
- (e) The amount of Variation Margin for any Business Day shall be calculated (and, if necessary, called) separately in respect of each Proprietary Account and each Customer Account for each Clearing Member in accordance with the Finance Procedures. Each such Variation Margin call shall be:
 - (i) in the case of F&O Contracts reflected in a net or aggregated Open Contract Position, based on the Exchange Delivery Settlement Prices at which Open Contract Positions in F&O Contracts are recorded on the Clearing House's books; and
 - (ii) in the case of F&O Contracts not yet reflected in a net or aggregated Open Contract Position, represented by the difference between the Exchange Delivery Settlement Price and the price at which each such F&O Contract was bought or sold; provided, however, that in the case of any F&O Contract based on an index, the amount of the final Variation Margin payment shall be determined as specified in the rules of the Exchange on which the index is based.

- (f) Regular calls for Margin in respect of CDS Contracts will be made following the close of business on each Business Day as follows and in accordance with the Finance Procedures:
- (i) For ~~Portfolio Risk~~Initial Margin ~~and~~(including Physical Settlement Margin) calls, the Clearing House shall calculate net amounts as due to or from the Clearing House from or to each CDS Clearing Member separately in respect of its Proprietary Margin Account and relevant Customer Margin Account (if any). Such amounts shall in each case be calculated in accordance with the risk policies of the Clearing House based on the difference between the CDS Clearing Member's requirement for ~~Portfolio Risk~~Initial Margin and Physical Settlement Margin and the value attributed by the Clearing House to assets accounted for by the Clearing House as Margin of that category, in accordance with the Finance Procedures. Additional amounts in respect of Physical Settlement Margin may also be required pursuant to the CDS Procedures or Rule 502(g).
 - (ii) For Mark-to-Market Margin calls, each currency in which a CDS Contract is denominated is treated as a separate category (each, a "**Mark-to-Market Margin Category**"). For each Mark-to-Market Margin Category of a CDS Clearing Member, the Clearing House shall calculate net amounts as due to or from the Clearing House from or to each CDS Clearing Member separately in respect of its Proprietary Margin Account and Customer Margin Account (if any) based on the change in Mark-to-Market Price from the last time at which a Mark-to-Market Margin call was made, in accordance with the Finance Procedures.
- (g) The "**Mark-to-Market Price**", for CDS Contracts of a Set at any time is the price, determined by the Clearing House in accordance with the Finance Procedures and calculated in accordance with its risk policies. To aid in the establishment of Mark-to-Market Prices, Clearing Members are required to submit end-of-day prices relating to Sets of CDS Contracts. In connection with the Clearing services provided by the Clearing House and as detailed in the CDS Procedures, the submission of end-of-day prices relating to CDS Contracts may, on the day of price submission only, result in a CDS Contract arising pursuant to Rule 401(a)(xi).
- (h) For regular and intra-day Margin calls relating to FX Contracts, Margin shall be calculated with reference to the FX Contracts to which the Clearing Member is party, in accordance with the Procedures.
- (i) The amount of FX Mark-to-Market Margin for any Business Day shall be calculated (and, if necessary, called) separately in respect of each Proprietary Account and Customer Account in accordance with the Procedures. Each such FX Mark-to-Market Margin call shall be based on changes to the mark-to-market values for FX Contracts and exchange rates from the last time at which a call for FX Mark-to-Market Margin was made in accordance with Part 17 of the Rules and the Procedures.
- (j) The Clearing House shall return to a Clearing Member or Sponsored Principal the amount of any Surplus Collateral, provided that the Clearing House receives a request for such a release from such Clearing Member or Sponsored Principal prior to such time as may be specified by the Clearing House for the day on which such release is

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- (iii) terminate such Contracts as the Clearing House at its discretion selects on behalf of the Clearing Member;
 - (iv) instigate an investigation or disciplinary proceedings under Part 10 of the Rules; and/or
 - (v) impose such other requirements on the Clearing Member as it sees fit.
- (c)
- (i) A Clearing Member shall be deemed not to have exceeded a Position Limit (for purposes of Rules 602(a)(ii) and (v) and Rule 204(a)(ii) only) to the extent that such Position Limit is exceeded as a result of it being party to any Contract arising pursuant to any of Rule 401(a)(v), (vi), (xi) or (xiii) which was entered into: (A) 5 or fewer Business Days prior to the date of determination by the Clearing House that a Position Limit has been exceeded; or (B) 5 or fewer Business Days prior to the relevant Set becoming ineligible for Clearing (provided that if the relevant Set later becomes eligible for Clearing again, this paragraph (B) shall cease to apply 5 Business Days after the Set has so become eligible for Clearing) (or, in either case (A) or (B), as a result of any Open Contract Position or Contract reflecting any such Contract). Consequently, where a Clearing Member is party to any such Contract, the existence of the Contract will be disregarded in calculating the position of the Clearing Member that is used for purposes of determining the availability of the Clearing House's powers under Rule 602(a)(ii) or (v) or the applicability of a notification requirement under Rule 204(a)(ii) and instead the position of the Clearing Member excluding each disregarded Contract will be used for the purposes of such determinations.
 - (ii) A Clearing Member shall be deemed not to have breached a requirement imposed on it pursuant to Rule 602(a)(ii) to the extent that such a requirement is breached as a result of it being party to any Contract arising pursuant to any of Rule 401(a)(v), (vi), (x), (xi) or (xiii) which was entered into: (A) at any time after the requirement was imposed; (B) 5 or fewer Business Days prior to the requirement being imposed; or (C) 5 or fewer Business Days prior to the Set becoming ineligible for Clearing (provided that if the relevant Set later becomes eligible for Clearing again, this paragraph (C) shall cease to apply 5 Business Days after the Set has so become eligible for Clearing) (or, in any such case (A), (B), or (C), as a result of any Open Contract Position or Contract reflecting any such Contract). Consequently, where a Clearing Member is party to any such Contract, the existence of the Contract will be disregarded for purposes of determining any breach of a requirement under Rule 602(a)(ii) and instead the position of the Clearing Member excluding each disregarded Contract will be used for the purposes of any such determination.
 - (iii) Nothing in [this](#) Rule 602(c) shall restrict the taking by the Clearing House of any action under Rule 602(a)(i) or (iv), which it may do without regard to the nature of Contracts making up any Open Contract Position.

Part 8 Options

Part 8 of the Rules does not apply to CDS Contracts or FX Contracts. References to Contracts in this section are to F&O Contracts. References to any Account in this section are references only to an Account in which F&O Contracts may be recorded and the terms 'Customer Margin Account', 'Customer Position Account', 'Proprietary Margin Account' and 'Proprietary Position Account' shall be construed accordingly. References to Customers in this section are solely to Customers of F&O Clearing Members in relation to F&O Contracts. This Part 8 applies to Sponsored Principals in the same way as it applies to Clearing Members.

Rule 801 Payment of Premium

- (a) A Buying Counterparty that becomes party to an Option shall be obliged to pay to the Clearing House the premium for the Option at the time specified in the Contract Terms.
- (b) A Selling Counterparty that becomes party to an Option will be credited by the Clearing House with an amount equal to the premium for the Option at the time specified in the Contract Terms.

Rule 802 Reference Prices

- (a) The Clearing House will specify the Reference Price for any Option Set.
- (b) The Reference Price will generally be determined on the basis of data provided by the Market on which the Contract in question is traded.
- (c) The Clearing House shall be entitled to determine the Reference Price itself, at its discretion, if:
 - (i) a Market fails on any day to determine a Reference Price;
 - (ii) a Market fails to provide the Clearing House with necessary data for determination of a Reference Price;
 - (iii) there is an error in data provided by a Market; or
 - (iv) the Clearing House at its discretion otherwise considers it appropriate to do so.

Rule 803 Exercise of Options

- (a) An Option Contract may be exercised only if permitted by the applicable Contract Terms. An Option Contract may be exercised only by a Clearing Member with a Long Open Contract Position or by the Clearing House in respect of a Contract in which it is Long. Option Contracts may only be exercised by a Clearing Member for any Option Set for such number of Contracts as are reflected in the Clearing Member's Open Contract Position, plus any other [Option](#) Contracts entered into on the same day as the exercise date, separately for each of the positions on the Clearing Member's:

- (i) net position in the relevant Set in respect of each of its Proprietary Accounts;
 - (ii) gross buy positions in the relevant Set in respect of each of its Customer Accounts (if applicable);
 - (iii) gross sell positions in the relevant Set in respect of each of its Customer Accounts (if applicable);
 - (iv) net position in the relevant Set in respect of each Individually Segregated Sponsored Account for which it acts as a Sponsor (if applicable).
- (b) Any exercise of an Option Contract shall be in accordance with the applicable Contract Terms. In particular, an Option Contract shall only be exercised:
- (i) if it is an Option Contract which in accordance with the applicable Contract Terms is automatically exercised, in which case it will be automatically exercised at the time and in the manner specified in the Contract Terms; or
 - (ii) if it is an Option Contract not falling in Rule 803(b)(i), at such time as is permitted pursuant to the applicable Contract Terms (whether on the day and by the time prescribed by the applicable Contract Terms or in such period as is prescribed by the applicable Contract Terms) and in such form and manner as is permitted pursuant to the Contract Terms and the Clearing Procedures (including, where permitted, by manual exercise or the establishment of settings in the Clearing House's systems for the exercise of Options).
- (c) ~~AA~~ [A Long](#) Option Contract may be abandoned by notice to the Clearing House in writing or such other form as is permitted pursuant to the Clearing Procedures or Contract Terms.
- (d) The Clearing House shall be entitled to rely upon any form or electronic communication purporting to give notice of exercise or abandonment of an Option made in accordance with these Rules without any enquiry as to:
- (i) whether such form or electronic communication complies with the Contract Terms or the requirements of the Clearing Procedures; or
 - (ii) as to the authority of any Representative purporting to exercise an Option on behalf of a Clearing Member or due execution of the relevant form.
- (e) The Clearing House may reject any notice of exercise or abandonment of an Option if such notice does not, or appears not to, comply with the Contract Terms or the Clearing Procedures, notwithstanding any equivalent notice or other prescribed form of exercise that has been provided by the Clearing House to any Clearing Member in respect of the exercise of an Option Contract.
- (f) No notice or other form of exercise or abandonment of an Option received by the Clearing House may be cancelled or withdrawn once the deadline for exercise has passed.
- (g) Part 7 of these Rules shall not apply in relation to Options.

Rule 804 *Exercise Notices*

The Clearing House will ~~assign~~allocate exercise notices to Clearing Members which have or carry Short Open Contract Positions (and Short Contracts not in their Open Contract Position) in the Option Set being exercised, in accordance with the Clearing Procedures.

Rule 805 *Options with Deliverables which are Futures*

- (a) Upon exercise of any Option with a Future as the Deliverable under the Option, one or more Futures Contracts at the Strike Price (or such other price as is required pursuant to the Contract Terms) shall arise pursuant to Rule 401 and in accordance with the Contract Terms for the Option and applicable Market Rules.
- (b) Upon such Futures Contract or Contracts having arisen and all necessary payments having been made by the Clearing Member and Clearing House pursuant to the Clearing Procedures, the rights, obligations and liabilities of the Clearing House and the relevant Clearing Member in respect of the Option shall be satisfied and the Option shall be terminated.

Rule 806 *Options with Deliverables other than Futures*

- (a) Upon exercise of any Option with a Deliverable which is not a Future, a Contract for the sale and purchase of the relevant Deliverable (a "**Contract of Sale**") at the Strike Price (or such other price as is required pursuant to the Contract Terms) shall arise pursuant to Rule 401 and in accordance with the Contract Terms for the Option and applicable Market Rules.
- (b) Upon such Contract of Sale or Contracts of Sale having arisen and all necessary payments having been made by the Clearing Member and Clearing House pursuant to the Clearing Procedures, the rights, obligations and liabilities of the Clearing House and the relevant Clearing Member in respect of the Option shall be satisfied and the Option shall be terminated.

Rule 807 *Termination of other Contracts*

Upon each of the parties to a Contract having made all necessary payments and becoming party to all resulting Futures Contracts and Contracts of Sale in accordance with these Rules in respect of all Option Contracts in a Set in relation to an account or position specified in Rule 803(a), the Clearing Member and the Clearing House shall each be discharged and released from all rights, liabilities and obligations to one another arising pursuant to Option Contracts belonging to such Set in respect of such account or position.

Rule 808 *Expiry and Abandonment*

- (a) If an Option Contract is not automatically exercised in accordance with Rule 803(b)(i) or exercised by the Clearing Member by the day and time referred to in Rule 803(b)(ii), all the rights, liabilities and obligations of each of the Clearing House and the relevant Clearing Member in respect of any ~~the~~ Option shall lapse and the Option shall be terminated and be deemed to be abandoned.
- (b) If notice of abandonment of an Option Contract is given pursuant to Rule 803(c), all the rights, liabilities and obligations of each of the Clearing House and the relevant

Contracts subject to tender with other Clearing Members (such Contracts and Clearing Members selected by the Clearing House at its discretion) of the same Set.

- (h) Upon each of the parties to a Contract having made all necessary payments and deliveries in accordance with these Rules in respect of all Contracts of Sale relating to Options in a Set in relation to which a delivery obligation exists for any account or positions specified in Rule 803(a), the Clearing Member and the Clearing House shall each be discharged and released from all rights, liabilities and obligations to one another arising pursuant to such Contracts of Sale in respect of such account or position.

Rule 810 *Cash Settlement*

- (a) Neither the Delivery Procedures nor Rules 803 to 809 apply to Option Contracts which are, according to their applicable Contract Terms, capable of cash-settlement only or which, being Contracts that may be cash-settled at the option of either party, have been designated for cash-settlement by either party.
- (b) An Option Contract shall be settled in cash if:
- (i) pursuant to the applicable Contract Terms it can be settled only in cash; or
 - (ii) pursuant to the applicable Contract Terms it may be settled in cash and the Clearing Member opts to settle the Contract(s) in cash.
- (c) Cash settlement for a Set of Option Contracts shall occur separately, and separate payment obligations shall accrue, in respect of a Clearing Member's:
- (i) net position in the relevant Set in respect of each of its Proprietary Accounts;
 - (ii) gross buy positions in the relevant Set in respect of each of its Customer Accounts (if applicable);
 - (iii) gross sell positions in the relevant Set in respect of each of its Customer Accounts (if applicable);
 - (iv) net position in the relevant Set in respect of each Individually Segregated Sponsored Account for which it acts as a Sponsor (if applicable).
- (d) Provided that all Margin payments in respect of the Set have been paid by the Clearing Member to the Clearing House or repaid by the Clearing House, the amount payable for cash settlement of any Option shall be the net gain or loss, as the case may be, based on the difference between the price at which Open Contract Positions are recorded on the Clearing House's books and the Reference Price (or, for Contracts entered into on the same day as the day of exercise, the difference between the Reference Price and the price at which the relevant Contract was bought or sold). Each cash settlement shall occur in accordance with the Contract Terms.
- (e) Upon each of the parties to a Contract having made all necessary payments in accordance with these Rules in respect of all Option Contracts in a Set in relation to which a cash settlement obligation exists for any account or positions specified in Rule 810(c), the Clearing Member and the Clearing House shall each be discharged

Rule 904

applicable) between the Clearing House and the Transferee Clearing Member or between such Customer and such Transferee Clearing Member, as applicable (by way of novation and amendment or otherwise).

Unless the Clearing House specifies otherwise in writing, all Transfers shall occur pursuant to the process described in Rule 904(a)(ii).

- (b) All Contracts subject to a Transfer shall be Transferred on the basis of the applicable Exchange Delivery Settlement Price, Reference Price, Market-to-Market Value or other price specified by the Clearing House. Transferee Clearing Members will be notified of applicable prices determined pursuant to this provision prior to the Transfer.
- (c) For the avoidance of doubt, the Clearing House shall have no obligation to enter into or effect any Transfer if to do so (i) would result in or risk an Account being under-collateralised with respect to any remaining Contracts; (ii) would result in or risk an Event of Default or a Failure to Pay in respect of the Clearing House, the application of Guaranty Fund Contributions of non-Defaulters, a call for Assessment Contributions or invocation of any of the procedures in Rules 912 to 918; (iii) would result in or risk a breach of Applicable Laws; or (iv) lacks any Governmental Authority, Customer or other consent or approval that is required or desirable in the circumstances, in each case as determined by the Clearing House at its discretion. Any Transfers shall be fair to clients and indirect clients of the Defaulter.
- (d) If any Contracts recorded in a Defaulter's Customer Account are subject to any Transfer pursuant to Rule 904(a)(i):
 - (i) any related Margin recorded in the relevant Customer Account may, at the discretion of the Clearing House also be transferred from that Customer Account to the Transferee Clearing Member's Customer Account (in the case of CDS Contracts, provided that such transfer occurs in accordance with the remainder of this Rule 904);
 - (ii) to the extent that any transfer of Margin takes place in accordance with Rule 904(d)(i), the Defaulter shall have no claim against the Clearing House or any Transferee Clearing Member for return of such Margin and the Clearing House shall be released from any liability or obligation to return such Margin (or any property in substitution thereof) to the Defaulter;
 - (iii) as between the Transferee Clearing Member and the Clearing House, the Clearing House shall have all rights in relation to any Margin transferred pursuant to Rule 904(d)(i) as if the same were Margin transferred to the Clearing House directly from the Transferee Clearing Member;
 - (iv) where the Defaulter has or had a Pledged Collateral Account, the Clearing House shall be entitled, in addition to the rights and remedies referred to in Rule 902, to exercise the rights of a secured party, collateral taker, market chargee and collateral security chargee under Applicable Law, including rights of appropriation, with respect to any Pledged Collateral and the rights set forth

in the Pledged Collateral Addendum in order to facilitate any such transfer of Margin; and

(v) where:

- (A) the Clearing House has elected to exercise its rights to transfer Margin of a Defaulter pursuant to Rule 904(j)(iii);
- (B) such Defaulter has a Pledged Collateral Account; and
- (C) the Clearing House exercises the right of appropriation pursuant to the relevant Pledged Collateral Addendum as contemplated by Rule 904(d)(iv) so as to give effect to a transfer of Margin,

then the Clearing Member that is the Defaulter will be obliged to pay to the Clearing House an amount equal to the value of Pledged Collateral so appropriated, such value having been calculated in accordance with Rule 905(b)(ix).

- (e) The Clearing House may rely upon any information relating to the positions, assets or identities of individual Customers provided to it by an Exchange, CDS Trade Execution/Processing Platform, FX Trade Execution/Processing Platform or Clearing Member, without need for further enquiry by the Clearing House with respect thereto. The books and records of the Clearing House may be treated as definitive evidence of the positions and Customers which correspond to Contracts recorded in ~~one of the~~ Defaulter's Customer ~~Account~~Accounts.
- (f) The Clearing House shall be entitled to make partial or full transfers of available Margin at any time from the relevant account of a Defaulter in respect of Contracts subject to a Transfer, provided that in any case the total amount of Margin transferred in respect of any Contracts relating to a particular Customer remains commensurate to the Margin that was provided in respect of such transferred Contracts and held by the Clearing House immediately prior to the Event of Default.
- (g) Nothing in these Rules shall require a Clearing Member to accept any Transfer of Contracts as a Transferee Clearing Member, without the prior consent of that Clearing Member (and for these purposes no such consent shall have been provided as a result of a Clearing Member being named as a potential Transferee Clearing Member in a Default Portability Preference). Including as a result of the consents in ~~paragraph~~Section 6(b) of the Standard Terms, the Clearing House shall be entitled (but not required) to Transfer any Contract regardless of whether the relevant Customer has designated the Transferee Clearing Member as a permitted transferee or has consented to such Transfer.
- (h) If the Clearing House determines that any Contracts of the Defaulter are to be Transferred pursuant to this Rule 904, the Clearing House may estimate the loss or gain that it would incur in respect of the relevant Customer Account Positions (i.e. the amount *L-A* in Rule 906 as calculated in respect of those Customer Account Positions) and the extent, if any, to which any Margin would be applied to any such loss and may (but shall not be required) to prioritise and give effect first to any Transfers on the basis of the extent of any potential resulting loss or gain to a

in this Rule 904 for both Margin and Open Contract Positions recorded in Segregated Gross Indirect Accounts, provided that the Clearing House shall not be obliged to effect any Transfer unless: (i) the relevant Customer is not itself also a Defaulter or subject to an Insolvency or Unprotected Resolution Step; (ii) the conditions precedent set out in Rule 904(c) are satisfied; and (iii) the Transferee Clearing Member accepts the Transfers in writing. A Transferee Clearing Member shall be deemed to have accepted the Transfer if it has previously entered into a contractual relationship with the Customer by which it has committed itself to do so and the same has been notified to the Clearing House pursuant to a Default Portability Preference.

Rule 905 *Termination and close out of Contracts on a Clearing Member Event of Default*

- (a) The following contracts shall be terminated or closed out in such manner as the Clearing House in its discretion may direct for the purposes of discharging all the rights, obligations and liabilities of the Defaulter:
- (i) Contracts to which a Defaulter is party, which are not voidable and voided by the Clearing House pursuant to Part 4, and which are required to be terminated or closed out pursuant to Rule 903(b);
 - (ii) contracts arising from hedging transactions made pursuant to Rule 903(c), which shall be treated as if they were "Contracts" for purposes of this Rule 905 and Rule 906.

~~(iii) Linked Incoming Contracts, Linked Outgoing Contracts and Contracts arising as a result of Linked Outgoing Contracts.~~

The Clearing House shall not be entitled to terminate or close out any rights or liabilities attributable to the Defaulter arising out of the relationship of principal and agent, where a Defaulter has entered into a contract as agent, but for the avoidance of doubt this requirement shall not restrict the Clearing House from closing out any Contract recorded in a Customer Account of an FCM/BD Clearing Member or an Individually Segregated Sponsored Account. To the extent necessary, the Clearing House may take such steps pursuant to such powers as are granted pursuant to the Clearing Membership Agreement and any applicable Sponsored Principal Clearing Agreement, Sponsor Agreement or Pledged Collateral Addendum.

- (b) Without prejudice to the generality of Rule 905(a), at the Clearing House's discretion, any of the following steps may be taken in respect of contracts to which Rule 905(a) applies:
- (i) The Clearing House may place, with one or more members of an Exchange, Clearing Organisation or over-the-counter marketplace upon which the relevant category of Contract is traded, orders for the purchase, grant, exercise or sale of Contracts. The Clearing House may designate and authorise an individual to be responsible for the placement of such orders or may enter into Contracts with non-defaulting Clearing Members or (providing that the relevant Clearing Member or Sponsor, respectively, has consented to the order) Customers or Sponsored Principals, by way of Default Auction, which, for the CDS Contract Category, shall be an Initial CDS Auction, and in the

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as the Clearing House at its discretion considers to be necessary or prudent in the circumstances.

(xviii) The Clearing House may make appropriate entries on the records of the Clearing House and submit appropriate data to Deriv/SERV, Repositories and Delivery Facilities to give effect to any action taken in accordance with this Part 9.

~~(xix) Without prejudice to the generality of the foregoing, the Clearing House may, at the expense of a Defaulter, enter into replacement or offsetting Contracts with non-defaulting Clearing Members in respect of Participating Exchange Transactions or Linked Outgoing Contracts of a Defaulter to facilitate the transfer under Rule 410 of Participating Exchange Transactions or Linked Outgoing Contracts to which a non-defaulting Clearing Member is or was a party. The Clearing House may take such other actions and steps as are necessary in order to facilitate transfers of Participating Exchange Transactions or Linked Outgoing Contracts to which non-defaulting Clearing Members are party, including with Participating Exchanges and Cleared Exchanges.~~

(c) If, as a result of the rules of an Exchange which limit fluctuations in price or other circumstances, it is not possible to close out or terminate all Contracts to which the Defaulter is party pursuant to Rule 905(b), the Clearing House may close out or terminate such Contracts by taking opposite positions for F&O Contracts in Contracts in the current expiration period, for CDS Contracts in Contracts of a different series or version number or scheduled termination date or, for FX Contracts in Contracts of a different FX Settlement Date, and terminating the resultant offsetting positions.

(d)

(i) To the extent that the Clearing House does not terminate, transfer or close out all of the CDS Contracts of a Defaulter pursuant to Rule 905(a)-(c), the Clearing House may at its discretion, in respect of any open CDS Contracts of the Defaulter:

(A) as and to the extent permitted under Rule 914, engage in Reduced Gains Distribution for each relevant CDS Contract Category under such Rule;

(B) enter into Transactions with CDS Clearing Members, Customers and Sponsored Principals authorised to clear CDS Contracts to replace all of such remaining Positions and Transactions (upon which such remaining Positions and Transactions shall terminate (to the extent not previously terminated), pursuant to a Secondary CDS Auction, and in the event of a failed Secondary CDS Auction, run additional Secondary CDS Auctions as provided in the CDS Default Auction Procedures;

(C) in the event of the failure of one or more Secondary CDS Auctions to eliminate or replace all remaining risk of the Open Contract Positions of a Defaulter and any Transactions entered into pursuant to Rule

905(b), terminate such Open Contract Positions and Transactions with other CDS Clearing Members through Partial Tear-Up in accordance with Rule 915, upon which such remaining Open Contract Positions and Transactions shall terminate (to the extent not previously terminated); and

(D) to take any other action not inconsistent with these Rules as the Clearing House may deem necessary or appropriate for its protection (it being understood that the Clearing House will not be entitled to conduct a forced allocation of Contracts to Clearing Members or require Assessment Contributions or similar contributions in excess of the maximum amounts permitted under Rules 909(c) and (d) and 917.

(ii) To the extent that the Clearing House does not terminate, transfer or close out all of the F&O Contracts or FX Contracts of a Defaulter, the Clearing House may at its discretion in respect of any open F&O Contracts or FX Contracts of the Defaulter:

(A) as and to the extent permitted under Rule 914, engage in Reduced Gains Distribution for the F&O or FX Contract Category, as applicable, under such Rule;

(B) eliminate or replace all remaining risk of the Open Contract Positions of a Defaulter and any Transactions entered into pursuant to Rule 905(b), terminate such Open Contract Positions and Transactions with other Clearing Members through Partial Tear-Up in accordance with Rule 915, upon which such remaining Open Contract Positions and Transactions shall terminate (to the extent not previously terminated); and

(C) take any other action not inconsistent with these Rules as the Clearing House may deem necessary or appropriate for its protection (it being understood that the Clearing House will not be entitled to conduct a forced allocation of Contracts to Clearing Members or require Assessment Contributions or similar contributions in excess of the maximum amounts permitted under Rules 909 and 917.

(e) All terminations and closing out of Contracts pursuant to this Rule 905 shall be for the account and cost of the Defaulter.

(f) Without prejudice to the generality of the indemnities in ~~Rule~~[Rules](#) 111 and 301, but without duplication of any other obligation under these Rules, the Defaulter, acting for its own account as principal, shall indemnify, hold harmless and be liable to the Clearing House in respect of all the losses, unpaid fees, liabilities, damages, injuries, taxes, costs, claims, shortfalls and expenses (including, without limitation, legal, accountancy or other professional services expenses and disbursements, the costs of close-out, termination or Transfer of Contracts or Margin, amounts payable by the Clearing House to Approved Financial Institutions or custodians and any amount payable by the Clearing House to any Person in respect of tax in connection with the Defaulter or its Contracts, Margin, obligations or the Event of Default), in the case of any such item whether relating to a Proprietary Account or Customer Account of the

Rule 906(a) shall be applied in the net sum calculation for any Cash Gainer Adjustments or Cash Loser Adjustments applied to any Account of the Clearing Member prior to the time of declaration of the Event of Default.

D = if the Clearing House so determines at its discretion, the aggregate amount of any sums in respect of a Deliverable delivered, physically settled, to be delivered or to be physically settled under a Contract with the Defaulter or in respect of which cash settlement is to be made as calculated by the Clearing House at its discretion relating to the relevant Account (if payable to the Clearing Member being a positive number and hence set off in the calculation under this Rule 906(a) against any amount *L-A* if that amount is also a positive number or if payable to the Clearing House being a negative number and aggregated in the calculation under this Rule 906(a) with any amount *L-A* if that amount is a positive number), in any case excluding any amount included under *C*, *M*, *GFC* or *SC*.

C = if relevant, any sum owed by or to the Clearing House to or from a recognised investment exchange or another recognised clearing house of which the Defaulter is or was a member, under an indemnity given or reimbursement or similar obligation in respect of a margin set off agreement in which the Defaulter chose to participate (if payable to the Clearing Member being a positive number and set off in the calculation under this Rule 906(a) against any amount *L-A-D* if that amount is also a positive number or if payable to the Clearing House being a negative number and aggregated in the calculation under this Rule 906(a) with any amount *L-A-D* if that amount is a positive number).

M = means the following, expressed as a positive number:

- (i) in relation to a net sum calculation for the Proprietary Account of the Defaulter, the value of any property provided by or on behalf of the Defaulter in respect of its Proprietary Account as ~~margin~~ Margin under Rule 502(g), Original Margin, FX Original Margin, Initial Margin, buyer's security or seller's security (without any double counting) or in satisfaction of such Margin requirements and recorded in the Proprietary Margin Account of the Defaulter;
- (ii) in relation to a net sum calculation for any Customer Account of the Defaulter (other than a Swap Customer Account of an FCM/BD Clearing Member), the value of any property provided by or on behalf of the Defaulter as margin under Rule 502(g), Original Margin, FX Original Margin, Initial Margin, buyer's security or seller's security (without any double counting) in respect of such Customer Account or in satisfaction of such Margin requirements and that is recorded in the related Customer Margin Account of the Defaulter, excluding any Margin that would otherwise fall under amount *M* but that is transferred to a Transferee Clearing Member pursuant to this Part 9; or
- (iii) in relation to a net sum calculation for a Swap Customer Account of an FCM/BD Clearing Member, the value of any property provided by or on behalf of the Defaulter in respect of such Swap Customer Account as margin under Rule 502(g) (other than as Mark-to-Market Margin), Original Margin, Initial Margin, buyer's security or seller's security (without any double counting) (collectively, "**FCM Swap Customer IM**") or in satisfaction of

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principles set out in Rule 908(e) for the attribution of liabilities to particular Contract Categories shall be applied as if Energy Contracts and Financials & Softs Contracts were two separate Contract Categories, *mutatis mutandis*; and

(ix) in relation to an Event of Default declared in respect of a Sponsored Principal, the Clearing House will not apply any Guaranty Fund Contributions, Assessment Contributions or other assets of Clearing Members other than the Sponsor to meet any loss or shortfall, unless the Sponsor has itself also been declared subject to an Event of Default.

(b) In the case of a Defaulter that was an F&O Clearing Member or a Sponsored Principal that was authorised to clear F&O (but neither a CDS Clearing Member nor an FX Clearing Member, nor authorised to clear CDS or FX), the Clearing House shall be entitled to apply assets to meet the obligations and liabilities of the Defaulter and any shortfall, loss or liability to the Clearing House upon or following any Event of Default of that Defaulter (including in connection with any net sum calculated under Rule 906), ~~in~~ by applying the following assets in the order of recourse set out below:

(i) first, any amounts falling under *N* in Rule 906(a) in the order and in respect of the Accounts specified in Rule 906(a) subject to the restrictions set out in Rule 906(c) (provided that the Clearing House shall not be required to assert or pursue any such claim or bring any such action as a precondition to applying assets referred to in Rule 908(b)(ii) to (v) but shall be required to account for any subsequent proceeds not included in the amount determined, less the costs of realising any such claim or action or obtaining such amount or asset);

(ii) second, the Clearing House F&O Initial Contribution;

(iii) third (subject to Rule 908(i)):

(A) F&O Guaranty Fund Contributions of Clearing Members other than the Defaulter in question or its Sponsor (including, where relevant, any surplus F&O Guaranty Fund Contributions of other Defaulters, if two or more Default proceedings take place concurrently and any such surplus is available); and

(B) the Clearing House F&O GF Contribution,

on a basis *pro rata* (subject to Rule 908(i)) to the sum of the total of all F&O Guaranty Fund Contributions (excluding F&O Guaranty Fund Contributions of the Defaulter and F&O Guaranty Fund Contributions of other Defaulters that have been or are to be applied in connection with separate Default proceedings) and the Clearing House F&O GF Contribution at the time of the Event of Default;

(iv) fourth, subject to Rule 908(d), any claims under default insurance policies (including the proceeds of any claim) of which the Clearing House is the beneficiary that are available to the Clearing House as a result of the Event of Default; and

- (v) fifth (subject to Rule 908(i)), F&O Assessment Contributions received by the Clearing House pursuant to Rule 909.
- (c) In the case of a Defaulter that was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS (but neither an F&O Clearing Member nor an FX Clearing Member nor authorised to clear F&O or FX), the Clearing House shall be entitled to apply assets to meet the obligations and liabilities of the Defaulter and any shortfall, loss or liability to the Clearing House upon or following any Event of Default of that Defaulter (including in connection with any net sum calculated under Rule 906), ~~in~~by applying the following assets in the order of recourse set out below:
- (i) first, any amounts falling under *N* in Rule 906(a) in the order and in respect of the Accounts specified in Rule 906(a) ~~(subject to the restrictions set out in Rule 906(c))~~ (provided that the Clearing House shall not be required to assert or pursue any such claim or bring any such action as a precondition to applying assets referred to in Rule 908(c)(ii) to (iv) but shall be required to account for any subsequent proceeds not included in the amount determined, less the costs of realising any such claim or action or obtaining such amount or asset);
 - (ii) second, the Clearing House CDS Initial Contribution;
 - (iii) third (subject to Rule 908(i)):
 - (A) CDS Guaranty Fund Contributions of Clearing Members other than the Defaulter in question or its Sponsor (including, where relevant, any surplus CDS Guaranty Fund Contributions of other Defaulters, if two or more Default proceedings take place concurrently and any such surplus is available); and
 - (B) the Clearing House CDS GF Contribution,

on a basis *pro rata* (subject to Rule 908(i)) to the sum of the total of all CDS Guaranty Fund Contributions (excluding CDS Guaranty Fund Contributions of the Defaulter and CDS Guaranty Fund Contributions of other Defaulters that have been or are to be applied in connection with separate Default proceedings) and the Clearing House CDS GF Contribution at the time of the Event of Default; and
 - (iv) fourth (subject to Rule 908(i)), CDS Assessment Contributions received by the Clearing House pursuant to Rule 909.
- (d) In the case of a Defaulter that was an FX Clearing Member or a Sponsored Principal that was authorised to clear FX (but neither an F&O Clearing Member nor a CDS Clearing Member nor authorised to clear F&O or CDS), the Clearing House shall be entitled to apply assets to meet the obligations and liabilities of the Defaulter and any shortfall, loss or liability to the Clearing House upon or following any Event of Default of that Defaulter (including in connection with any net sum calculated under Rule 906), ~~in~~by applying the following assets in the order of recourse set out below:

- (i) first, any amounts falling under *N* in Rule 906(a), in the order and in respect of the Accounts specified in Rule 906(a) [subject to the restrictions set out in Rule 906\(c\)](#) (provided that the Clearing House shall not be required to assert or pursue any such claim or bring any such action as a precondition to applying assets referred to in paragraphs Rule 908(d)(ii) to (iv) below but shall be required to account for any subsequent proceeds not included in the amount determined, less the costs of realising any such claim or action or obtaining such amount or asset);
 - (ii) second, the Clearing House FX Initial Contribution;
 - (iii) third (subject to Rule 908(i)):
 - (A) FX Guaranty Fund Contributions of Clearing Members other than the Defaulter in question [or its Sponsor](#) (including, where relevant, any surplus FX Guaranty Fund Contributions of other Defaulters, if two or more Default proceedings take place concurrently and any such surplus is available); and
 - (B) the Clearing House FX GF Contribution,

on a basis *pro rata* (subject to Rule 908(i)), to the sum of the total of all FX Guaranty Fund Contributions (excluding FX Guaranty Fund Contributions of the Defaulter and FX Guaranty Fund Contributions of other Defaulters that have been or are to be applied in connection with separate Default proceedings) and the Clearing House FX GF Contribution at the time of the Event of Default; and
 - (iv) fourth, (subject to Rule 908(i)), FX Assessment Contributions received by the Clearing House pursuant to Rule 909.
- (e) In the case of a Defaulter which held multiple Membership Categories, separate amounts shall be calculated in accordance with Rule 906(a) to (c) as if they were "net sums", *mutatis mutandis* in respect of assets and liabilities relating to the Clearing of F&O Contracts ("**F&O Default Amount**"), the Clearing of CDS Contracts ("**CDS Default Amount**") and the Clearing of FX Contracts ("**FX Default Amount**"), as follows:
- (i) if an Account in respect of which a positive net sum was produced was used solely for the Clearing of F&O Contracts, then the net sum declared in respect of such account shall be the sole element of the F&O Default Amount in respect of such Account;
 - (ii) if an Account in respect of which a positive net sum was produced was used solely for the Clearing of CDS Contracts, then the net sum declared in respect of such account shall be the sole element of the CDS Default Amount in respect of such Account;
 - (iii) if an Account in respect of which a positive net sum was produced was used solely for the Clearing of FX Contracts, then the net sum declared in respect

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Liabilities must be included in the calculation of the Surplus Default Amounts in proportion to the Margin requirements of the Defaulter for each Contract Category corresponding to each Surplus Default Amount immediately prior to the Event of Default until one of the Surplus Default Amounts would represent zero; and

- (B) subject to the process in paragraph (A) above first being completed if applicable, to the extent that one or two of the Default Amounts in question represent(s) or would (but for this provision) represent a surplus to the Clearing House and the other or others represent or would (but for this provision) represent a shortfall, loss or liability to the Clearing House, Non-Exclusive Liabilities must first be included in the relevant calculation against the surplus *pro rata* as to the surpluses.
- (f) In any instance in which assets are to be applied pursuant to Rule 908(g)(ii)(A) to (C), the Clearing House shall notify affected Clearing Members of the amount of any F&O Default Amount, CDS Default Amount and/or FX Default Amount that is required to be calculated under Rule 908(e). For the avoidance of doubt, any F&O Default Amount, CDS Default Amount and/or FX Default Amount so published shall not constitute a "net sum" for purposes of Rule 906, the Companies Act 1989 or the Settlement Finality Regulations.
- (g) In the case of a Defaulter which held multiple Membership Categories, the Clearing House shall be entitled to apply assets to meet the obligations and liabilities of the Defaulter and any shortfall, loss or liability to the Clearing House upon or following any Event of Default of that Defaulter (including in connection with any net sum calculated under Rule 906), in the following order of recourse:
 - (i) first, any amounts falling under *N* in Rule 906(a), in the order and in respect of the Accounts specified in Rule 906(a) provided that:
 - (A) if a Defaulter was an F&O Clearing Member or a Sponsored Principal that was authorised to clear F&O, F&O Guaranty Fund Contributions of the Defaulter [in question](#) or its Sponsor must first be applied by the Clearing House against any shortfall, loss or liability relevant to the F&O Default Amount;
 - (B) if a Defaulter was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS, CDS Guaranty Fund Contributions of the Defaulter [in question](#) or its Sponsor must first be applied by the Clearing House against any shortfall, loss or liability relevant to the CDS Default Amount;
 - (C) if a Defaulter was an FX Clearing Member or a Sponsored Principal that was authorised to clear FX, FX Guaranty Fund Contributions of the Defaulter [in question](#) or its Sponsor must first be applied by the Clearing House against any liabilities relevant to the FX Default Amount;
 - (D) if a Defaulter was an F&O Clearing Member or a Sponsored Principal that was authorised to clear F&O, subject to paragraphs (A), (B) and

- (C) above, any F&O Guaranty Fund Contributions of the Defaulter [in question](#) or its Sponsor may be applied against any other shortfall, loss or liability but only to the extent that such assets have not been applied in respect of any subsequent Event of Default affecting an F&O Clearing Member or a Sponsored Principal that was authorised to clear F&O;
- (E) if a Defaulter was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS, subject to paragraphs (A), (B) and (C) above, any CDS Guaranty Fund Contributions of the Defaulter or its Sponsor may be applied against any other shortfall, loss or liability but only after the earliest date on which non-defaulting CDS Clearing Members are required to replenish the CDS Guaranty Fund pursuant to Rule 908(a)(iv) and only to the extent that such assets have not been applied in respect of any subsequent Event of Default affecting a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS; and
- (F) if a Defaulter was an FX Clearing Member or a Sponsored Principal that was authorised to clear FX, subject to paragraphs (A), (B) and (C) above, any FX Guaranty Fund Contributions of the Defaulter or its Sponsor may be applied against any other shortfall, loss or liability but only to the extent that such assets have not been applied in respect of any subsequent Event of Default affecting an FX Clearing Member or a Sponsored Principal that was authorised to clear FX;
- (G) the Clearing House shall not be required to assert or pursue any such claim or bring any such action as a precondition to applying assets referred to in Rule 908(g)(ii) to (v) but shall be required to account for any subsequent proceeds not included in the amount determined, less the costs of realising any such claim or action or obtaining such amount or asset);
- (ii) second:
- (A) if a Defaulter was an F&O Clearing Member or a Sponsored Principal that was authorised to clear F&O, the Clearing House F&O Initial Contribution, provided that it shall only be applied up to the extent of any F&O Default Amount notified to Clearing Members in accordance with Rule 908(f) and in circumstances in which the F&O Default Amount represents a shortfall, loss or liability;
- (B) if a Defaulter was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS, the Clearing House CDS Initial Contribution, provided that it shall only be applied up to the extent of any CDS Default Amount notified to Clearing Members in accordance with Rule 908(f) and in circumstances in which the CDS Default Amount represents a shortfall, loss or liability; and
- (C) if a Defaulter was an FX Clearing Member or a Sponsored Principal that was authorised to clear FX, the Clearing House FX Initial

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- (Y) in the case of a Defaulter who was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS, CDS Assessment Contributions are applied on a basis *pro rata* (subject to Rule 908(i)) to the sum of the total of all CDS Assessment Contributions received by the Clearing House; and
 - (Z) in the case of a Defaulter who was an FX Clearing Member or a Sponsored Principal that was authorised to clear FX, FX Assessment Contributions are applied on a basis *pro rata* (subject to Rule 908(i)) to the sum of the total of all FX Assessment Contributions received by the Clearing House.
- (h) The requirements of this Rule 908 shall apply and be binding upon the Clearing House and all Clearing Members and Sponsored Principals including upon the event of any Insolvency affecting the Clearing House or any Clearing Member or Sponsored Principal. The Clearing House (including any Insolvency Practitioner with powers over the Clearing House or other Representative) and all Clearing Members and Sponsored Principals (including any Insolvency Practitioner with powers over any Clearing Member or Sponsored Principal or their Representatives) shall, to the extent permitted by Applicable Laws:
- (i) refrain from taking any action or seeking any order of any Governmental Authority that would result in or facilitate any asset or liability being applied contrary to the requirements of this Part 9; and
 - (ii) take all reasonable steps possible including, without limitation, the application for and procurement of such orders from such Governmental Authorities as are necessary, to ensure that assets of the Clearing House are applied only pursuant to this Part 9.
- (i) Notwithstanding Rule 908(b)(iii), (b)(v), (c)(iii)-(iv), (d)(iii)-(iv) (g)(iii) and Rules (g)(v) and Rule 909, if a Default Auction is held, the Guaranty Fund Contributions of particular non-defaulting Clearing Members (or other funds transferred to the Clearing House by other Default Auction participants) may be applied in different orders or sequences, and Assessment Contributions may be called in different orders or sequences, rather than being applied or called *pro rata* for all Clearing Members, with reference to the bids made or other behaviours in the Default Auction, in accordance with the applicable provisions of the Default Auction Procedures. Any capitalised terms used in this Rule 908(i) but not defined in Rule 101 shall have the meaning set out in the CDS Default Auction Procedures.
- (i) Where a CDS Default Auction is held the following modifications shall be made:
- (A) Rule 908(c)(iii)-(iv) shall be modified to read as follows in relation to all Lots comprising an Initial CDS Auction:
 - (iii) *third:*
 - (A) *CDS Guaranty Fund Contributions of Clearing Members other than the Defaulter in question [or its Sponsor](#) (including,*

(Y) ~~in the case of a Defaulter who was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS, CDS Assessment Contributions are applied on a basis pro rata (subject to Rule 908(i)) to the sum of the total of all CDS Assessment Contributions received by the Clearing House[Intentionally omitted]; and~~

(C) Rule 908(c)(iii)-(iv) shall be modified as follows in relation to all Lots comprising a Secondary CDS Auction (other than Failed Lots):

(iii) third:

(A) ~~CDS Guaranty Fund Contributions of Clearing Members other than the Defaulter in question or its Sponsor (including, where relevant, any surplus CDS Guaranty Fund Contributions of other Defaulters, if two or more Default proceedings take place concurrently and any such surplus is available)and the Clearing House Contributions Tranche shall be applied based on the Secondary CDS Auction Priority GF Sequence;~~
and

(B) the Clearing House CDS GF Contribution,

~~on a basis pro rata (subject to Rule 908(i)) to the sum of the total of all CDS Guaranty Fund Contributions (excluding CDS Guaranty Fund Contributions of the Defaulter and CDS Guaranty Fund Contributions of other Defaulters that have been or are to be applied in connection with separate Default proceedings)and the Clearing House CDS GF Contribution at the time of the Event of Default; and~~

(iv) fourth, CDS Assessment Contributions received by the Clearing House pursuant to Rule 909 and any Replenishment Amounts shall be applied based on the Secondary CDS Auction Priority AC Sequence.”

(D) Rule 908(g) shall be modified as follows in relation to all Lots comprising a Secondary CDS Auction (other than Failed Lots):

“(iii) third:

[...]

(C) ~~if a Defaulter was a CDS Clearing Member or a Sponsored Principal that was authorised to clear CDS, the Clearing House CDS GF Contribution and the Clearing House CDS Contributions Tranche in the order of priority set forth in the CDS Default Auction Terms; and~~

[...]

Rule 913(a)

Account on such Business Day: for CDS Contracts: any Fixed Amounts, Initial Payment, Physical Settlement Amount, Auction Settlement Amount or any Cash Settlement Amount; and for F&O Contracts any Exchange Delivery Settlement Price, Option premium ~~or~~, other settlement amount, ~~strike price, exercise price~~ Strike Price, settlement price or delivery price, exercise price or any other payment pursuant to the terms of a Contract. Where physical delivery or physical settlement of any Deliverable is due to be made by way of final settlement under a Contract of a Relevant Contract Category from the Clearing House to any Clearing Member or Sponsored Principal, and the Clearing House (including any non-defaulting Clearing Member or Sponsored Principal or its Transferee acting as agent for the Clearing House) has not received delivery of an equivalent Deliverable from the Defaulter, the Clearing House may attribute a reasonable value to its delivery obligations and treat such amount as a Contractual Payment for purposes of this definition.

- (xv) The term "**Contributor**" means a Clearing Member or Sponsored Principal that is not a Defaulter in respect of a Contract Category for which Rule 914 applies.
- (xvi) The term "**Cooling-off Period**" means the period commencing on and including the date of the Cooling-off Period Trigger Event and terminating 30 calendar days thereafter. A Cooling-off Period shall be automatically extended if a subsequent Cooling-off Period Trigger Event occurs 30 or fewer calendar days after the previous Cooling-off Period Trigger Event, in which case the Cooling-off Period will be extended until the date falling 30 calendar days after the second such Cooling-off Period Trigger Event.
- (xvii) The term "**Cooling-off Period Trigger Event**" in respect of a particular Contract Category, means: (i) any call for Assessment Contributions being made; (ii) the occurrence of a Sequential Guaranty Fund Depletion.
- (xviii) The term "**Cooling-off Termination Period**" means the period commencing on the date of each Cooling-off Period Trigger Event and terminating 10 calendar days thereafter. A Cooling-off Termination Period shall be automatically extended if a subsequent Cooling-off Period Trigger Event occurs 10 or fewer calendar days since the previous Cooling-off Period Trigger Event, until the date falling 10 calendar days after the second such Cooling-off Period Trigger Event.
- (xix) The term "**Cumulative Actual Gains, Losses and Realised Cash Flows**" means, in respect of each Margin Account of each Contributor and any Business Day, the aggregate amount, if any, actually paid by the Clearing House to such Contributor (expressed as a positive number) or by such Contributor to the Clearing House (expressed as a negative number) (including, in respect of an Individually Segregated Sponsored Account, amounts paid by or to a Sponsor) in respect of such Margin Account by way of Contractual Payments and MTM/VM, taking into account each Margin Account Adjustment from but excluding the relevant Last Call Prior To Default to and including such Business Day such that, to the extent that any payment of MTM/VM or Contractual Payment is netted or offset against any

Rule 914

open Contracts of the Defaulter have not been closed out, sold or liquidated and the other conditions of the RGD Determination are satisfied.

- (j) Notwithstanding Rule 1102(k), this Rule 914(j) shall apply where the Clearing House (1) receives amounts from a Defaulter (as a result of its being a creditor of the Defaulter in the Defaulter's Insolvency or otherwise) or another Clearing Member or Sponsored Principal that would, had it been paid on time, have increased the Clearing House's Available Resources or Received MTM/VM on a Business Day on which any Margin Account Adjustment was made pursuant to this Rule 914 during a Loss Distribution Period; (2) recalculates any Estimated Payable Net Sum in circumstances in which the previously Estimated Payable Net Sum was higher; or (3) declares an actual net sum under Rule 906 in circumstances in which an Estimated Payable Net Sum had previously been used as a basis for invoking its rights under this Rule 914 where the actual net sum is greater than the last Estimated Payable Net Sum. Where this Rule 914(j) applies, the Clearing House shall distribute such amounts as it has received or estimates are now available (as applicable) (after deducting any administration and other costs of the Clearing House, including, without limitation, the costs of recovering or recalculating any such amounts):
- (i) first to Contributors who are not then Defaulters (irrespective of whether they remain Clearing Members or Sponsored Principals at the time of the recovery) who became liable to pay Cash Gainer Adjustments during the Loss Distribution Period for the Contract Category to which the receipts relate, with the payments determined on a *pro rata* basis based on each Contributor's Adjustment Amount in respect of the ~~relevant~~Relevant Contract Category;
 - (ii) secondly, in accordance with Rule 1102(k).
- (k) Payments of Cash Gainer Adjustments and Cash Loser Adjustments may be made pursuant to Part 3 of the Rules and the Finance Procedures. Except as expressly provided in this Rule 914, this Rule 914 is without prejudice to the Clearing House's rights to set off or net any sum owed by a Clearing Member, Sponsor or Sponsored Principal to the Clearing House against any sum payable by the Clearing House to a Clearing Member, Sponsor or Sponsored Principal or to any other powers of the Clearing House under Parts 3, 9 or 11 or the Procedures.
- (l) In carrying out any calculations or making any determinations pursuant to this Rule 914, the Clearing House may convert any amounts denominated in one currency into another currency chosen by the Clearing House in its discretion and at a rate of exchange chosen by the Clearing House in its discretion, provided the Clearing House shall act in a commercially reasonable manner when choosing a currency or a rate of exchange for the aforesaid purposes.
- (m) The Clearing House shall apply all Received MTM/VM and Available Resources solely to meet Outward MTM/VM Payments and Transfer Costs as envisaged under Parts 9 and 11 of the Rules and the Default Auction Procedures, to make reimbursement to Clearing Members and Sponsored Principals under Rule 914(j) and to fund its obligations to meet any shortfall, loss or liability incurred by it under Contracts or these Rules as permitted under the Rules.

Rule 919

and give rise to a separate and additional payment obligation for Clearing Members. For the avoidance of doubt, none of the caps on powers of assessment liabilities arising pursuant to Rule 917 or 918 shall restrict or limit any liability of a Clearing Member in respect of Collateral Offset Obligations under this Rule 919. The conditions in Rule 916(a)(ii)(B)(2) shall not be considered satisfied to the extent that they are only satisfied as a result of any Non-Default Loss or Investment Loss.

- (l) Any right being exercised or circumstances occurring that are governed by this Rule 919 shall not constitute any kind of Clearing House Event.
- (m) Payments of Collateral Offset Obligations may be made pursuant to Part 3 of the Rules and the Finance Procedures. This Rule 919 is without prejudice to the Clearing House's rights to set off or net any sum owed by a Clearing Member to the Clearing House against any sum payable by the Clearing House to a Clearing Member or to any other powers of the Clearing House under Parts 3, 9 or 11 or the Procedures, but the Clearing House may not take any action under those provisions to the extent inconsistent with the provisions of this Rule 919.
- (n) Nothing in this Rule 919 shall require the Clearing House to pursue any litigation, claim or other action against a Clearing Member, Defaulter, Custodian or any other Person in respect of any amount, obligation or asset which is owed or due but unpaid or unsatisfied by such Clearing Member, Defaulter, Custodian or other Person.
- (o) In carrying out any calculations or making any determinations pursuant to this Rule 919, the Clearing House may convert any amounts denominated in one currency into another currency chosen by the Clearing House in its discretion and at a rate of exchange chosen by the Clearing House in its discretion, provided the Clearing House shall act in a commercially reasonable manner when choosing a currency or a rate of exchange for the aforesaid purposes.
- (p) The Clearing House will notify Clearing Members from time to time, by Circular of the total amount of Loss Assets, which will be set at a level of USD 90 million as at the date of introduction of this Rule.
- (q) The total amount of Loss Assets applied in connection with any Investment Loss shall be notified to Clearing Members in a Circular prior to or promptly after the same being applied or replenished. The Clearing House may also replenish any regulatory capital, using its or its Affiliates' resources or otherwise, as is required to bring it in compliance with Applicable Laws at any time including following an Investment Loss or Non-Default Loss. However, no such recapitalisation shall result in any obligation of any Clearing Member to pay Collateral Offset Obligations being reduced nor the size of any Investment Loss being reduced. The Clearing House may replenish Loss Assets through re-applying retained earnings, where these are available. To the extent that the Clearing House replenishes Loss Assets or its capital in such or other circumstances, its liability for any further Non-Default Losses or Investment Losses shall not exceed the amount specified in Rule 919(p) or such other amount as is notified by Circular.
- (r) Without limiting Rule 111 or Rule 502, but subject to any contrary requirements of [law Applicable Laws or this Rule 919](#), the Clearing House shall not be liable to any Clearing Member, Customer or other Person for any losses, liabilities, damages,

Part 11 Guaranty Funds

Rule 1101 *Establishment and parameters of the Guaranty Funds*

- (a) There shall be three separate Guaranty Funds operated by the Clearing House: the F&O Guaranty Fund, the CDS Guaranty Fund and the FX Guaranty Fund. F&O Clearing Members shall be liable to make and maintain F&O Guaranty Fund Contributions. CDS Clearing Members shall be liable to make and maintain CDS Guaranty Fund Contributions. FX Clearing Members shall be liable to make and maintain FX Guaranty Fund Contributions. The total amount required in each Guaranty Fund will be established by the Clearing House in accordance with the Finance Procedures. F&O Guaranty Fund Contributions will be designated for each Guaranty Fund Period and F&O Clearing Member as relating primarily to either Energy or Financials & Softs Clearing, based on the Margin requirements for such Contracts for the purposes of Rule 908(a)(v) to (vii). The total amounts of each Guaranty Fund will be expressed (and Guaranty Fund Contributions will be called) in the currency or currencies set out in the Finance Procedures and will be reviewed periodically by the Clearing House in advance of the end of each Guaranty Fund Period for each of those Guaranty Funds. If the Clearing House determines that the total amount in any Guaranty Fund is to change, Clearing Members will be given notice by Circular and will be informed of their new Guaranty Fund Contribution requirements prior to the start of the Guaranty Fund Period when the change becomes effective.
- (b) The Clearing House will communicate to Clearing Members by Circular the basis on which their Guaranty Fund Contributions are calculated.
- (c) The Clearing House may vary the parameters by reference to which Guaranty Fund Contributions are calculated from time to time and at any time upon issuing a Circular to Clearing Members. Any new parameters will come into effect on the date of the next applicable re-calculation of Guaranty Fund Contributions, unless Clearing Members are otherwise notified of a different effective date. Parameters for Guaranty Funds will be established on the basis that the Guaranty Fund Contributions of each Clearing Member for F&O, CDS or FX will be proportional to the exposures of each Clearing Member in F&O, CDS or FX and that each Guaranty Fund shall enable the Clearing House to withstand, under extreme but plausible market conditions, (i) at least the largest default of the Clearing Member to which it has the largest exposures or the second and third largest Clearing Members, if the sum of their exposures is larger or (ii) such other higher default parameters required by other Applicable Laws with respect to financial resource requirements. The Clearing House may add further parameters to define the size of any Guaranty Fund.
- (d) Clearing Members shall be required and liable to make Guaranty Fund Contributions in the amounts and at the times specified in accordance with Rule 1102 and [Rule 1101\(a\)](#), such that the Guaranty Funds are always at least of the size required pursuant to this Rule 1101, except in circumstances in which amounts are drawn down from any Guaranty Fund in order to meet liabilities resulting from an Event of Default and such amounts have not been replenished in accordance with this Part 11. For the avoidance of doubt, a Clearing Member will not be in breach of the Rules nor capable of being declared a Defaulter solely as a result of any of its Guaranty Fund Contributions being applied and its Guaranty Fund Contributions with the Clearing

House not being the total required amount (unless and until such time as the Clearing House issues a call for further Guaranty Fund Contributions and the amount called is not paid when due, in which case such Clearing Member may be declared a Defaulter).

- (e) Separate amounts of Guaranty Fund Contribution may be calculated based on the Proprietary Account Positions and Customer Account Positions (if any) of a Clearing Member, but this shall not result in any restriction on the use of any Guaranty Fund Contribution as between losses on such Accounts or any Account of a Defaulter following an Event of Default.

Rule 1102 *Clearing Members' Contributions*

- (a) Clearing Members' required Guaranty Fund Contributions at the start of each Guaranty Fund Period (or otherwise when a payment to a Guaranty Fund is due) will be calculated with reference to the total amount of the relevant Guaranty Fund established pursuant to Rule 1101.
- (b) F&O Guaranty Fund Contributions, CDS Guaranty Fund Contributions and FX Guaranty Fund Contributions, for each Clearing Member, will be calculated for each Guaranty Fund Period based on criteria set out in the Finance Procedures, risk policies and Circulars, in accordance with the requirements of EMIR and other Applicable Laws.
- (c) Required Guaranty Fund Contributions will be calculated or re-calculated, as the case may be, by the Clearing House for each Clearing Member and notified in advance of each Guaranty Fund Period.
- (d) Guaranty Fund Contributions must be in the form of cash or other Permitted Cover, subject to such limits as are specified in the Finance Procedures and Circulars.
- (e) In the event of any change in the value of non-cash Guaranty Fund Contributions, the Clearing Member may be required by the Clearing House to make an additional Guaranty Fund Contribution. Clearing Members will be permitted (and may be required) at any time to make additional Guaranty Fund Contributions (beyond the required Guaranty Fund Contributions) in order to reduce the risk that revaluations of non-cash Permitted Cover result in such additional Guaranty Fund Contributions falling due.
- (f) New Clearing Members admitted to membership of the Clearing House shall make the required minimum Guaranty Fund Contributions plus such other amount as the Clearing House at its discretion determines is necessary based on projected clearing activity. Any such Guaranty Fund Contributions by a new Clearing Member or Clearing Members shall not result in any obligation on the Clearing House to repay any Guaranty Fund Contributions to other Clearing Members and the size of the relevant Guaranty Funds shall be increased accordingly until the end of the relevant Guaranty Fund Period.
- (g) Guaranty Fund Contributions of a Clearing Member following termination of its membership of the Clearing House will be returned to the Clearing Member on the first date of the first new Guaranty Fund Period beginning after the Transfer, close out

or termination of all of its positions at the Clearing House and the payment of all other amounts due to the Clearing House (subject to Guaranty Fund Contributions being applied under Part 9 or this Part 11 and further subject to any extension to the relevant Guaranty Fund Period pursuant to Rule 1102(l)). Guaranty Fund Contributions of a Clearing Member that clears more than one Contract Category following termination of its clearing privileges in relation to one Contract Category will be returned to the Clearing Member on the first date of the first new Guaranty Fund Period for the relevant Contract Category beginning after the Transfer, close out or termination of all of its Contracts of that relevant Contract Category at the Clearing House and the payment of all other amounts due to the Clearing House in respect of such Contracts (subject to Guaranty Fund Contributions being applied under Part 9 or this Part 11 and further subject to any extension to the Guaranty Fund Period pursuant to Rule 1102(l)). The obligation of the Clearing House to return to any Clearing Member any remaining portion of its Guaranty Fund Contributions following an Event of Default or Clearing House Event will be satisfied by accounting for the amount of that obligation in the determination of a net sum under Rule 906 or Rule 912(a) (whichever is applicable) and payment of such net sum.

- (h) Each Clearing Member will be entitled to receive interest payments on its cash Guaranty Fund Contributions each quarter through the banking arrangements detailed in Part 3 and no accommodation charges will apply to any non-cash Guaranty Fund Contributions.
- (i) In the event of application of any Guaranty Fund Contributions taking place pursuant to Rule 908 or Rule 1103, the Clearing House shall:
 - (i) give notice by Circular of the amount by which each relevant Guaranty Fund has been reduced;
 - (ii) notify each Clearing Member and any relevant former Clearing Member of the amount for which it is liable to make additional Guaranty Fund Contributions in order to replenish the relevant Guaranty Funds;
 - (iii) in the case of any F&O Guaranty Fund Contributions being applied, specify the new amount of each of the Clearing House F&O Contributions by Circular;
 - (iv) in the case of any CDS Guaranty Fund Contributions being applied, specify the new amount of each of the Clearing House CDS Contributions by Circular; and
 - (v) in the case of any FX Guaranty Fund Contributions being applied, specify the new amount of each of the Clearing House FX Contributions by Circular.

Clearing Members must make required replenishment Guaranty Fund Contributions upon demand (subject to Rule 917 and Rule 918~~(a)(ii)~~). The Clearing House shall ensure that any specified new Clearing House Contributions are held by it in accordance with Rule 1103~~(e)~~(f) at the same date as Guaranty Fund Contributions for the relevant Guaranty Fund are so due. Any obligation on a Clearing Member to make payments pursuant to this Rule 1102(i) is separate from, and shall apply in

Rule 1103(a)

(B) provisionally, in respect of any actual or potential shortfall, loss, obligation or liability if the Clearing House at its discretion determines that Guaranty Fund Contributions are likely to be applied pursuant to Rule 908 or Rule 1103(a)(i), provided that to the extent that any Guaranty Fund Contributions are not applied pursuant to Rule 908 or Rule 1103(a)(i) within a reasonable period of time, the Clearing House shall account to the relevant Clearing Member for the difference between the amount by which any Guaranty Fund Contributions were actually applied and the amount by which the same were provisionally applied under this Rule 1103(a)(ii)(~~A~~B); or

(iii) for making payments, including for liquidity or to raise liquidity for liabilities to make payments in respect of obligations incurred by the Clearing House in its capacity as a clearing house and central counterparty,

provided that: (1) F&O Guaranty Fund Contributions may only be used to meet actual or prospective liabilities or obligations relating to F&O Clearing, CDS Guaranty Fund Contributions may only be used to meet actual or prospective liabilities or obligations relating to CDS Clearing and FX Guaranty Fund Contributions may only be used to meet actual or prospective liabilities or obligations relating to FX Clearing; (2) nothing in this Rule 1103(a) shall affect the order of application of assets following a declared Event of Default pursuant to Rule 908; (3) any Guaranty Fund Contributions used or applied under this Rule 1103(a) (but not actually applied under Rule 908) shall be returned or reallocated by the Clearing House to the relevant Guaranty Fund; and (4) following an Event of Default declared by the Clearing House, Guaranty Fund Contributions may only be used or applied under this Rule 1103(a) after available resources of the Defaulter have been exhausted.

- (b) The Clearing House may at any time and from time to time sell, substitute, set off, transfer, assign, mortgage, pledge, repledge or otherwise create or grant a lien, interest, charge or other security interest on or use as collateral by way of title transfer arrangement, any proceeds of Guaranty Fund Contributions for any of the purposes set out in Rule 1103(a). Any borrowings using proceeds of Guaranty Fund Contributions as collateral shall be on terms and conditions deemed necessary or advisable by the Clearing House in its sole discretion, and may be in amounts greater, and extend for periods of time longer, than the obligations, if any, of any Clearing Member to the Clearing House for which such cash, securities or other property was pledged to or deposited with the Clearing House. Any amounts so borrowed shall be used and applied by the Clearing House solely for the purposes set out in Rule 1103(a); provided that the failure of the Clearing House to comply with Rule 1103(a) in respect of any borrowings, facility or agreement shall not impair any of the rights or remedies of any transferee, assignee, mortgagee, pledgee, collateral taker or holder of any lien or security interest.
- (c) Any expense (including, without limitation, legal fees and expenses) incurred by the Clearing House in connection with the use, application or transfer of Guaranty Fund Contributions, or the return of equivalent assets to a Clearing Member, may, at the option and discretion of the Clearing House, be charged to the account of such Clearing Member.

- (d) A Clearing Member's entitlement to repayment of any Guaranty Fund Contribution or any part of it or interest thereon shall not be capable of assignment or transfer by the Clearing Member or being made subject to any Encumbrance whatsoever purporting to rank in priority over, *pari passu* with, or subsequent to, the rights of the Clearing House or in conflict with Rule 908. Any purported Encumbrance of a Clearing Member in respect of any Guaranty Fund Contribution shall be null and void.
- (e) Default insurance policies of which the Clearing House is the beneficiary (if any) may be subject to limits on claims applicable in respect of particular time periods (each such period, a "**Relevant Period**"). Furthermore, pursuant to the terms of any such insurance obtained by the Clearing House, it is possible that (i) insurance claims may be payable in excess of losses resulting from a Default or Defaults above a certain amount ("**Loss Threshold**") occurring within a Relevant Period as opposed to following the application of particular assets in respect of particular Defaults in the order set out in Rule 908; or (ii) default insurance policies may apply only in relation to losses occurring in relation to certain Sets of Contracts cleared by the Clearing House or particular Guaranty Funds. As a result, it is possible that: (A) insurance receipts may be available to (and applied by) the Clearing House at an earlier order to that specified in Rule 908 if the total available Guaranty Fund Contributions exceed the Loss Threshold or in respect of a second or subsequent Default where the limit on claims for the Relevant Period has not been exhausted; (B) no or reduced insurance may be available in the case of a second or subsequent Default occurring in a Relevant Period; (C) the insurance policies (if any) may not provide cover in respect of certain Events of Default; or (D) there may be no default insurance either generally or in respect of any particular products cleared by the Clearing House. The Clearing House will issue a Circular to Clearing Members specifying the amount of insurance, Loss Threshold, Relevant Period and any restrictions by Set of Contract or Guaranty Fund applicable to any default insurance obtained by the Clearing House. Neither this Rule 1103(e) nor any Circular issued by the Clearing House shall affect the liability of Clearing Members in respect of Guaranty Fund Contributions under these Rules.
- (f) The Clearing House will notify Clearing Members from time to time, by Circular and in accordance with the Finance Procedures, of each of the Clearing House Contributions. The Clearing House undertakes to all non-defaulting Clearing Members from time to time to maintain amounts equal to the total of the Clearing House Contributions in a separate account from its other assets (other than Loss Assets) and to use such amounts only for the purposes of meeting shortfalls arising directly or indirectly from Defaults in accordance with [Part 9 and](#) this Part 11. This Rule 1103(f) shall not restrict the Clearing House from investing such amounts in any way that it is able to invest Guaranty Fund Contributions made by Clearing Members. Clearing House Contributions may be used by the Clearing House in the same way as Guaranty Fund Contributions may be used pursuant to Rule 1103(a).
- (g) The total amount of Guaranty Fund Contributions for each Guaranty Fund and any Clearing House Contributions applied in connection with any Event of Default shall be notified to Clearing Members in a Circular prior to the same being applied.

Rule 1201(f)

Agreements, Sponsor Agreements and other agreements involving the Clearing House, Clearing Members, Sponsored Principals, Sponsors, Approved Financial Institutions, Concentration Banks, Investment Agent Banks and Emissions Registries, provided that in the event of any conflict between any provision of the Rules or Procedures and any provision of any such agreement or arrangements, the provision of the Rules or Procedures shall prevail, control, govern and be binding on the parties) and related functionality for the effecting of Transfer Orders between the Clearing House and Participants which, *inter alia*:

- (i) enable the Clearing House to give instructions and to place at the disposal of Clearing Members amounts of money on the account of Approved Financial Institutions;
- (ii) enable Clearing Members to give instructions and to place at the disposal of the Clearing House amounts of money on the accounts of Approved Financial Institutions;
- (iii) enables the Clearing House to give instructions and make transfers between its accounts at Approved Financial Institutions, Concentration Banks and Investment Agent Banks;
- (iv) enables the Clearing House to give instructions and make transfers between Individually Segregated Margin-flow Co-mingled Accounts and between Segregated Gross Indirect Accounts by way of book entry through its own systems;
- (v) enable the Clearing House and Clearing Members to fulfil the obligations they incur in respect of Contracts and otherwise to one another pursuant to the Rules;
- (vi) enable transfers, assignments and novations of Contracts between Clearing Members or following a Default;
- (vii) enable transfers of Non-Cash Collateral to or to the order of the Clearing House and Clearing Members;
- (viii) enable Bilateral CDS Transactions and CDS Trade Particulars to give rise to CDS Contracts;
- (ix) enable FX Trade Particulars to give rise to FX Contracts;
- (x) enable ~~ICE-Endex Block Transactions, ICE-Futures Europe Block Transactions, ICE-Futures US Block Transactions and Financials & Softs~~ F&O Block Transactions to give rise to ~~F&O~~ Contracts;
- (xi) facilitate physical settlement obligations under CDS Contracts and obligations for the delivery of Deliverables that are SFD Securities or Emission Allowances under F&O Contracts; and

~~(xii) facilitate the transfer between the Clearing House and Participating Exchanges of Linked Incoming Contracts, Linked Outgoing Contracts and Participating Exchange Transactions pursuant to Rule 410; and~~

(xii) ~~(xiii)~~ facilitate supplementary and incidental matters to the satisfaction of obligations pursuant to Contracts and the collection and payment of amounts due in respect of Contracts or Permitted Cover.

- (g) The term "**Indirect Participant**" means any Disclosed Principal Member or Customer, provided that: (i) it is an 'indirect participant', within the meaning of the Settlement Finality Regulations, in the Designated System; (ii) the identity of that Disclosed Principal Member or Customer has been notified to the Clearing House in writing by the Clearing Member; (iii) the Clearing House has accepted such notification and treatment as an indirect participant in writing (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, an Indirect Participant); and (iv) such Disclosed Principal Member or Customer has executed such agreement as is prescribed by the Clearing House from time to time in order for it to become contractually bound by these Rules and this Part 12 in particular.
- (h) The term "**Intermediary Financial Institution**" means any bank or branch used by a System Bank, whether as banker, corresponding banker, intermediary or agent, for the fulfilment of a Payment Transfer Order, that is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, such a person).
- (i) The term "**Investment Agent Bank**" means a bank used by the Clearing House for the deposit of cash prior to such cash being invested. An Investment Agent Bank may also be an Approved Financial Institution or Concentration Bank.
- (j) The term "**Investment Agency Agreement**" means an agreement between an Investment Agent Bank and the Clearing House, including in respect of the deposit of cash prior to such cash being invested.
- (k) The term "**Non-Cash Collateral**" means any Permitted Cover that is in the form of an SFD Security.
- (l) The term "**Participant**" means the Clearing House, each Clearing Member, each Sponsored Principal, each ~~Participating Exchange, each~~ Approved Financial Institution, each Concentration Bank, each Investment Agent Bank, each Intermediary Financial Institution, each Custodian and each Emissions Registry, in the case of any such Person (other than the Clearing House) to the extent that it is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, a Participant).
- (m) The term "**Payment Transfer Order**" means a payment transfer order (as defined in the Settlement Finality Regulations) that is a New Contract Payment Transfer Order,

Credit/Debit Payment Transfer Order, ISOC Credit/Debit Payment Transfer Order or CH Account Payment Transfer Order subject to this Part 12.

- (n) The term "**Securities Transfer Order**" means a securities transfer order (as defined in the Settlement Finality Regulations) that is a Position Transfer Order, Collateral Transfer Order, F&O Block Clearing Order, Transaction Clearing Order, CDS Physical Settlement Order, Security Derivative Delivery Order, or Emission Allowance Delivery Order, ~~Linked Exchange Incoming Order or Linked Exchange Outgoing Order~~ subject to this Part 12.
- (o) The term "**SFD Custodian**" means any Custodian used by a Clearing Member or the Clearing House for the holding or transfer of Non-Cash Collateral that is subject of a Collateral Transfer Order provided that such person is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, such a person).
- (p) The term "**SFD Security**" means a 'security', as defined in the Settlement Finality Regulations, but excluding any Emission Allowances.
- (q) The term "**System Bank**" means an Approved Financial Institution, Concentration Bank or Investment Agent Bank.
- (r) The term "**Transfer Order**" means a Payment Transfer Order or a Securities Transfer Order.
- (s) The term "**ICE Post Trade and Clearing Systems**" or the "**ICE Systems**" means the trade registration, clearing processing and finance hardware and software used by the Clearing House and Clearing Members from time to time, as further described in the Procedures.
- (t) No transfer orders (as defined in the Settlement Finality Regulations) shall arise, enter the Designated System or become irrevocable under these Rules except as set out in this Part 12.
- (u) The Clearing House and each Clearing Member with a Pledged Collateral Account that is a Participant in the Designated System acknowledge and agree that: (i) all forms of Permitted Cover provided as Pledged Collateral constitute "realisable assets"; and (ii) Pledged Collateral is provided under a "charge or a repurchase or similar agreement" which has been entered into "for the purpose of securing rights and obligations potentially arising in connection with a designated system", for purposes of the Settlement Finality Regulations. Accordingly, the Clearing House and each such Clearing Member that is a Participant in the Designated System intend and agree that: (a) Pledged Collateral constitutes both "collateral security" and "collateral security in connection with participation in a designated system" for purposes of the Settlement Finality Regulations; and (b) the Clearing Membership Agreement, any Sponsored Principal Clearing Agreement, any Sponsor Agreement, any Pledged Collateral Addendum, Rules and Contracts insofar applicable to Pledged Collateral constitute a "collateral security charge" in respect of the Pledged Collateral, for purposes of the Settlement Finality Regulations.

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transferred from the Defaulter to another Clearing Member (being a Participant) pursuant to the Clearing House's powers under Rule 903, Rule 904, Rule 905 or otherwise,

in either case, instructions for settlement of the transfer, assignment or novation in question being effected through the ICE Systems at the relevant settlement transfer deadline for the relevant Contract (such Securities Transfer Order, a "**Position Transfer Order**");

- (ii) the Clearing House accepts, through the ICE Systems, that a Clearing Member has validly requested either:

(A) the transfer of Non-Cash Collateral to or to the order of the Clearing House; or

(B) a transfer to that Clearing Member or to its order of Non-Cash Collateral

(such Securities Transfer Order, in either case, a "**Collateral Transfer Order**");

- (iii) in respect of an ~~ICE Index Block Transaction, ICE Futures Europe Block Transaction, ICE Futures US Block Transaction or Financials & Softs~~[F&O](#) Block Transaction at the point at which the relevant details of the relevant Transaction have passed through the credit filter and risk controls of both relevant Clearing Members in the ICE Systems (such Securities Transfer Order, a "**F&O Block Clearing Order**");

- (iv) in respect of CDS Trade Particulars or FX Trade Particulars submitted for Clearing in relation to a Bilateral CDS Transaction or FX transaction already recorded in Deriv/SERV or a Repository, as the case may be, the Clearing House providing a report to a Clearing Member after it has checked whether CDS Trade Particulars or FX Trade Particulars submitted for Clearing are consistent with the records submitted by another Clearing Member and, where applicable, with the records in Deriv/SERV or a Repository (such Securities Transfer Order, a "**Subsisting Transaction Clearing Order**");

- (v) in respect of CDS Trade Particulars or FX Trade Particulars other than as referred to in (iv) above submitted for Clearing, the Clearing House issuing an Acceptance Notice or FX Acceptance Notice in accordance with Rule 401(a)(ix) or (xii) to a Clearing Member through the ICE Systems (such Securities Transfer Order, a "**New Transaction Clearing Order**" and, together with a Subsisting Transaction Clearing Order, "**Transaction Clearing Order**");

- (vi) (A) the Clearing House being provided with a copy of a notice delivered by a Matched CDS Buyer to a Matched CDS Seller in a Matched Pair of a Notice of Physical Settlement in respect of Matched CDS Contracts, where the Notice of Physical Settlement specifies an instrument to be delivered that is an SFD Security; or (B) the Clearing House being provided with a copy of a notice delivered by a Matched CDS Buyer to a Matched CDS Seller in a Matched

Pair of a NOPS Amendment Notice in respect of Matched CDS Contracts, where the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security but where the Notice of Physical Settlement (including, as amended by any previous NOPS Amendment Notice) had specified an instrument that is not an SFD Security as the instrument that was to be delivered (either such Securities Transfer Order, a "**CDS Physical Settlement Order**");

(vii) delivery of an SFD Security as a Deliverable is required following expiry of a relevant ~~Financials & Softs Contract that is a~~ Future or following exercise of a relevant Financials & Softs Contract that is an Option (such Securities Transfer Order, a "**Security Derivative Delivery Order**");

(viii) delivery of one or more Emission Allowances as a Deliverable is required following expiry or completion of the running of an auction in respect of a relevant F&O Contract (such Securities Transfer Order, an "**Emission Allowance Delivery Order**");

~~(ix) the Clearing House receiving instructions from a Clearing Member or Participating Exchange for the transfer of a Participating Exchange Contract to the Clearing House (such Securities Transfer Order, a "**Linked Exchange Incoming Order**"); or~~

~~(x) the Clearing House receiving instructions from a Clearing Member or Participating Exchange for the transfer of a Linked Outgoing Contract to a Participating Exchange (such Securities Transfer Order, a "**Linked Exchange Outgoing Order**");~~

(c) If two or more Transfer Orders exist in respect of the same obligation prior to becoming irrevocable, all such Transfer Orders shall be valid. No duplication of an obligation to pay shall arise as a result of two or more Transfer Orders existing in respect of the same obligation.

(d) The status of a Transfer Order shall not be affected by any calculation of Open Contract Position, netting, set off or closing out of a Contract to which it relates.

(e) Each Payment Transfer Order shall apply and have effect in respect of the following amounts:

(i) in the case of a New Contract Payment Transfer Order, the amount due to or from the Clearing House pursuant to the Contract Terms as a result of the Contract referred to in Rule 1202(a)(i) arising; or

(ii) in the case of a Credit/Debit Payment Transfer Order, ISOC Credit/Debit Payment Transfer Order or CH Account Payment Transfer Order, the amount specified in the relevant instruction referred to in Rule 1202(a);

(f) Each Position Transfer Order shall apply and have effect in respect of the Contracts to be transferred, assigned or novated.

- (g) Each Collateral Transfer Order shall apply and have effect in respect of the Non-Cash Collateral to be transferred to or to the order of the Clearing House or Clearing Member.
- (h) Each F&O Block Clearing Order shall apply and have effect in respect of the ~~ICE Endex Block Transaction, ICE Futures Europe Block Transaction, ICE Futures US Block Transaction or Financials & Softs~~F&O Block Transaction in question and any resulting F&O Contract.
- (i) Each Transaction Clearing Order shall apply and have effect, for CDS in respect of the CDS Trade Particulars and any Bilateral CDS Transaction in question and any resulting CDS Contract or for FX in respect of the FX Trade Particulars and any FX transaction in question and any resulting FX Contract.
- (j) Two separate CDS Physical Settlement Orders shall apply and shall have effect separately in respect of each of the CDS Contracts in the Matched Pair that are subject to a physical settlement obligation, and the instrument to be delivered pursuant thereto.
- (k) Two separate Security Derivative Delivery Orders shall apply and shall have effect separately in respect of each of the ~~Financials & Softs~~ Contracts that are subject to an obligation to make delivery of an SFD Security, and the SFD Security to be delivered pursuant thereto.
- (l) Two separate Emission Allowance Delivery Orders shall apply and shall have effect separately in respect of each F&O Contract that is subject to an obligation to make delivery of an Emission Allowance, and the Emission Allowance to be delivered pursuant thereto.
- ~~(m) Each Linked Exchange Incoming Order shall apply and have effect in respect of the Participating Exchange Transaction in question and any resulting Linked Incoming Contract.~~
- ~~(n) Each Linked Exchange Outgoing Order shall apply and have effect in respect of the Linked Outgoing Contract in question and any resulting transaction between a Clearing Member and a Participating Exchange.~~
- (m) ~~(o)~~ Transfer Orders shall apply to, and have effect as against and between each of the following Persons, in respect of any particular Person only to the extent that such Person is a Participant or an Indirect Participant:
 - (i) in the case of a New Contract Payment Transfer Order, the affected Clearing Member (if it is a Participant) and the Clearing House and, as from and after the time of irrevocability only, the affected Approved Financial Institution;
 - (ii) in the case of a Credit/Debit Payment Transfer Order or ISOC Credit/Debit Payment Transfer Order, the affected Clearing Member (if it is a Participant), the affected Approved Financial Institutions and the Clearing House;
 - (iii) in the case of a CH Account Payment Transfer Order, the affected System Bank or System Banks and the Clearing House;

- (iv) in the case of a Position Transfer Order:
 - (A) the Clearing Members (that are the transferor, assignor or person whose rights, liabilities and obligations are novated and the transferee, assignee or person that assumes rights, liabilities and obligations pursuant to a novation);
 - (B) each Customer and Disclosed Principal Member affected by the Position Transfer Order which is an Indirect Participant (if any); and
 - (C) the Clearing House.
- (v) in the case of a Collateral Transfer Order:
 - (A) the Clearing Member that is the transferor of the Non-Cash Collateral in question;
 - (B) any SFD Custodian of the Clearing Member or the Clearing House; and
 - (C) the Clearing House;
- (vi) in the case of an F&O Block Clearing Order:
 - (A) each Clearing Member that has submitted or confirmed details of the ~~ICE Endex Block Transaction, ICE Futures Europe Block Transaction, ICE Futures US Block Transaction or Financials & Softs~~F&O Transaction;
 - (B) any Affiliate of the Clearing Member that was party to an ~~ICE Endex Block Transaction, ICE Futures Europe Block Transaction, ICE Futures US Block Transaction or Financials & Softs~~F&O Block Transaction and which is an Indirect Participant (if any); and
 - (C) the Clearing House;
- (vii) in the case of ~~am~~a Transaction Clearing Order:
 - (A) each Clearing Member that has submitted or confirmed details of the Transaction;
 - (B) any Affiliate of a Clearing Member that is or was party to a Bilateral CDS Transaction or FX transaction and which is an Indirect Participant (if any); and
 - (C) the Clearing House;
- (viii) in the case of a CDS Physical Settlement Order:
 - (A) each Clearing Member in the Matched Pair; and
 - (B) the Clearing House;

- (ix) in the case of a Security Derivative Delivery Order:
 - ~~(A)~~ each Clearing Member that is party to a relevant Financials & Softs Contract under delivery;
 - ~~(B)~~ any SFD Custodian of the Clearing Member or the Clearing House; and
 - ~~(C)~~ the Clearing House;
- (x) in the case of an Emission Allowance Delivery Order:
 - ~~(A)~~ each Clearing Member that is party to a relevant F&O Contract under delivery;
 - ~~(B)~~ the Emissions Registry holding the account of the Clearing Member from or to which the delivery of the Emission Allowance will take place;
 - ~~(C)~~ the Emissions Registry holding the account of the Clearing House from or to which the delivery of the Emission Allowance will take place; and
 - ~~(D)~~ the Clearing House;
- ~~(xi) in the case of a Linked Exchange Incoming Order or Linked Exchange Outgoing Order:~~
 - ~~(A) each Clearing Member that is party to a Linked Incoming Contract, Linked Outgoing Contract or Participating Exchange Transaction, as applicable;~~
 - ~~(B) the relevant Participating Exchange; and~~
 - ~~(C) the Clearing House.~~
- (n) ~~(p)~~ Where a Transfer Order applies to a System Bank, it shall also apply to and be effective against any Intermediary Financial Institution used by that System Bank.
- (o) ~~(q)~~ Where a Transfer Order applies additionally to an Indirect Participant, the liability of any Participant pursuant to the same Transfer Order shall not be affected.

Rule 1203 *Transfer Orders Becoming Irrevocable*

- (a) A Credit/Debit Payment Transfer Order shall become irrevocable at the time when the Approved Financial Institution sends a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made. An ISOC Credit/Debit Payment Transfer Order shall become irrevocable at the time when the Clearing House updates its records to reflect the transfer.
- (b) A CH Account Payment Transfer Order shall become irrevocable at the time when the System Bank of the account from which payment is to be made sends a SWIFT

which is not the Designated System) becomes irrevocable within that other designated system.

- (j) An Emission Allowance Delivery Order shall become irrevocable at the earlier of the time when: (i) the Clearing House or Clearing Member (whichever is due to receive delivery pursuant to the F&O Contract in question) receives all the Emission Allowances that are subject to the Emission Allowance Delivery Order into its account at the Emissions Registry; or (ii) any related order (which relates to the same subject matter as the Emission Allowance Delivery Order but which is either (A) a securities transfer order in a designated system for purposes of Directive 98/26/EC which is not the Designated System or (B) an order or transaction arising pursuant to the rules or terms of a relevant Emissions Registry) becomes irrevocable within that other designated system or Emissions Registry.

~~(k) A Linked Exchange Incoming Order or Linked Exchange Outgoing Order shall become irrevocable at the time that the Clearing House becomes party to resulting Contracts with the Clearing Members in question, pursuant to Rule 401(a)(xiv).~~

(k) (⊕) As from the time when a Transfer Order becomes irrevocable, it shall not be revoked or purported to be revoked by any Participant or the Clearing House and shall be binding upon all Participants.

Rule 1204 *Variations to or Cancellation of Transfer Orders*

- (a) This Rule 1204 applies only to a Transfer Order that is not irrevocable and:
 - (i) in the case of any Transfer Order, it is affected by manifest or proven error or an error that is agreed so to be by all affected Participants;
 - (ii) in the case of a New Contract Payment Transfer Order, Credit/Debit Payment Transfer Order, ISOC Credit/Debit Payment Transfer Order, Position Transfer Order, Security Derivative Delivery Order or Emission Allowance Delivery Order, it relates to a Contract which is (or a Transaction or CDS Trade Particulars which, if accepted, would be):
 - (A) void *ab initio* pursuant to Rule 403;
 - (B) avoided pursuant to Rule 404; or
 - (C) amended as a result of the Clearing House exercising its discretion pursuant to Rule 104 or otherwise pursuant to these Rules; or
 - (iii) without prejudice to the generality of Rule 1204(a)(i), in the case of a Subsisting Transaction Clearing Order, if an error or omission is noted by or notified to the Clearing House prior to the Acceptance Time or the data in the CDS Trade Particulars or FX Trade Particulars to which the Subsisting Transaction Clearing Order relates is otherwise capable of being amended in accordance with the CDS Procedures or FX Procedures (as applicable);

- (iv) in the case of a CDS Physical Settlement Order, if a NOPS Amendment Notice is validly delivered by the Matched CDS Buyer in accordance with Rule 1505 and Rule 1509; or
 - (v) without prejudice to the generality of Rule 1204(a)(i), (ii) or (iii), in the case of an F&O Block Clearing Order, or Transaction Clearing ~~Order, Linked Exchange Incoming Order or Linked Exchange Outgoing~~ Order, it relates to a Transaction which is, or CDS Trade Particulars which are, not eligible for Clearing or which is or are not accepted for Clearing by the Clearing House.
- (b) Subject to Rule 1204(d), (e), (f) and (g), neither the validity nor the irrevocability of any Transfer Order shall of itself be affected by any event described in Rule 1204(a) occurring.
- (c) The terms of all Transfer Orders that have not become irrevocable shall each be subject to a condition (which, if not satisfied, shall enable the Clearing House to exercise its rights under this Rule 1204) that ~~that~~ the circumstances described in Rule 1204(a) have not occurred.
- (d) If any of the circumstances described in Rule 1204(a) has occurred, the amount payable, Contracts to be transferred or to arise or SFD Securities, Emission Allowances or Non-Cash Collateral to be delivered pursuant to the affected Transfer Order may at the discretion of the Clearing House be increased, decreased or otherwise varied, as necessary, to reflect the payments, transfers, Contracts, assignments, novations, SFD Securities, Emission Allowances, Non-Cash Collateral or deliveries that would have been required:
- (i) in the case of Rule 1204(a)(i) applying, had there been no error;
 - (ii) in the case of Rule 1204(a)(ii)(A), Rule 1204(a)(ii)(B) or Rule 1204(a)(v) applying, had no Contract, Transaction or CDS Trade Particulars ever arisen, occurred or been submitted;
 - (iii) in the case of Rule 1204(a)(ii)(C) applying, had the Contract always been subject to such amended terms as are agreed or determined;
 - (iv) in the case of Rule 1204(a)(iii) applying, had the details of the CDS Trade Particulars always been corrected or amended as permitted in accordance with the CDS Procedures; or
 - (v) in the case of Rule 1204(a)(iv) applying and the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security, had the Notice of Physical Settlement been originally issued as amended pursuant to the NOPS Amendment Notice
- (any such variation, a "Transfer Order Variation").
- (e) A Transfer Order Variation may be effected only by the Clearing House delivering a notice of amendment of an existing Transfer Order to all affected Participants. Valid delivery of a NOPS Amendment Notice in accordance with Rules 1505 and 1509 by a Matched CDS Buyer in a Matched Pair shall be deemed to constitute notice by the Clearing House for purposes of this Rule 1204(e) in respect of a Transfer Order

Variation to a CDS Physical Settlement Order, if the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security.

- (f) If any of the circumstances described in Rule 1204(a) has occurred, the Transfer Order in question may at the discretion of the Clearing House alternatively be cancelled. Any such cancellation may be effected by the Clearing House serving a notice of cancellation on all affected Participants. In respect of an F&O Block Clearing Order or Transaction Clearing Order, such notice shall be deemed to have been given if the Clearing House (or, in the case of an F&O Block Clearing Order, any Market) rejects a Transaction or CDS Trade Particulars for Clearing.
- (g) A CDS Physical Settlement Order shall be cancelled immediately and automatically if and when a copy is provided to the Clearing House of a validly delivered NOPS Amendment Notice specifying an instrument for delivery which is not an SFD Security.
- (h) A Security Derivative Delivery Order shall be cancelled immediately and automatically if, prior to it becoming irrevocable, the issuer of the SFD Security that is the Deliverable becomes subject to an Insolvency, redeems all its SFD Securities of a kind which would have been the Deliverables for the delivery or another event occurs under which delivery obligations are substituted for cash settlement obligations under the Contract Terms.
- (i) An Emission Allowance Delivery Order shall be cancelled immediately and automatically if, prior to it becoming irrevocable, an Emissions Registry that is used by the Clearing House or the Clearing Member becomes subject to an Insolvency or otherwise permanently ceases operations.
- ~~(j) A Linked Exchange Incoming Order or Linked Exchange Outgoing Order shall be cancelled immediately and automatically if, prior to it becoming irrevocable, the Participating Exchange or Clearing House rejects or cancels the transfer.~~
- (i) ~~(k)~~ This Rule 1204 does not affect the ability of the Clearing House to take steps giving rise to a new Transfer Order of opposite effect to an existing Transfer Order or part thereof if any of the events described in Rule 1204(a) occur. No Transfer Order Variation shall preclude the cancellation of a Transfer Order in any circumstances in which a Transfer Order may alternatively be cancelled by the Clearing House. The ability of the Clearing House to cancel or vary a Transfer Order shall not preclude a Transfer Order Variation from taking effect.

Rule 1205 *Termination of Transfer Orders*

- (a) Each Payment Transfer Order shall be satisfied immediately and automatically upon all payments required pursuant to the Payment Transfer Order being received in cleared funds or full satisfaction of the relevant underlying obligations is otherwise made and recorded in the Clearing House's systems, in either case not subject to any Encumbrances (except as envisaged under a Pledged Collateral Addendum).
- (b) Each Position Transfer Order shall be satisfied immediately and automatically at the same time that it becomes irrevocable under Rule 1203(d) (whereupon all Contracts

to which the Transfer Order in question relates will have been transferred, assigned or novated pursuant to the Rules).

- (c) Each Collateral Transfer Order shall be satisfied immediately and automatically at the later of the time when: (i) the Clearing House receives the Non-Cash Collateral in its account; or (ii) the definitive record of the Permitted Cover transferred by the Clearing Member that is the transferor is updated in the ICE Systems to reflect the successful transfer of Non-Cash Collateral to or to the order of the Clearing House pursuant to the Collateral Transfer Order.
- (d) ~~An~~ Transaction Clearing Order, ~~or~~ F&O Block Clearing Order, ~~Linked Exchange Incoming Order or Linked Exchange Outgoing Order~~ shall be satisfied immediately and automatically at the same time that the relevant resulting Contracts arise under Rule 401(a).
- (e) A CDS Physical Settlement Order shall be satisfied immediately and automatically at the time when the Clearing House updates its records of the relevant CDS Contracts in the ICE Systems to reflect that either physical delivery of the security in question has been completed or the delivery obligations of the parties under the relevant CDS Contracts have otherwise been discharged or settled.
- (f) A Security Derivative Delivery Order shall be satisfied immediately and automatically at the time when the Clearing House (or a Clearing Member to whom delivery is to be made directly from another Clearing Member under Part 7) receives the SFD Security that is the Deliverable, unencumbered in its account.
- (g) An Emission Allowance Delivery Order shall be satisfied immediately and automatically at the time when the Clearing House or Clearing Member that is to receive delivery of the Emission Allowance receives the Emission Allowance that is the Deliverable, unencumbered in its account at the relevant Emissions Registry.
- (h) If a Credit/Debit Payment Transfer Order or ISOC Credit/Debit Payment Transfer Order becomes irrevocable in respect of the same obligation to which a New Contract Payment Transfer Order relates, the New Contract Payment Transfer Order shall automatically be satisfied and shall not become irrevocable. It is acknowledged that New Contract Payment Transfer Orders will generally terminate in accordance with this Rule 1205(h) when standard Clearing and payment processes apply.
- (i) A New Contract Payment Transfer Order relating to an F&O Contract shall be satisfied immediately and automatically if and at the point that the relevant F&O Transaction or Contract is transferred or allocated to another Clearing Member pursuant to Rule 401(a)(viii) or Rule 408(a)(ii).

Rule 1206 *Provision of Information by the Clearing House and Participants*

- (a) The Clearing House and any Participant must provide, upon payment of a reasonable charge, the following information to any person who requests it, save where the request is frivolous or vexatious, within 14 days of a request being made:
 - (i) details of the Designated System; and

- (pp) Any term used but not defined in this Part 15 or elsewhere in the Rules shall have the meaning given to that term in the CDS Procedures.

Rule 1502 *Terms of CDS Contracts and Initial Payments*

- (a) The terms of each CDS Contract shall be as follows:
- (i) such quantity, notional and other economic terms (as determined pursuant to the CDS Procedures) as were submitted to the Clearing House in respect of the CDS Trade Particulars that gave rise to the CDS Contract, subject, in the case of a Restructuring CDS Contract, to such changes to such terms as result from the operation of these Rules and the CDS Procedures, subject to the provisions of Rule 401(a)(vi), (ix), (x) or (xi), as applicable;
 - (ii) the applicable terms set out in the Rules (including, without limitation, the CDS Procedures, the Settlement and Notices Terms and those provisions of the ~~General~~ Contract Terms Procedures as are specified in the CDS Procedures);
 - (iii) the Applicable Credit Derivatives Definitions, as amended pursuant to these Rules (including, without limitation, pursuant to the CDS Procedures); and
 - (iv) the Settlement and Notices Terms.
- (b) No CDS Contract arising pursuant to the Clearing of CDS Trade Particulars in respect of a Bilateral CDS Transaction already recorded in Deriv/SERV shall contain any rights or obligations in respect of any Initial Payment. If any CDS Trade Particulars submitted for Clearing relate to a Bilateral CDS Transaction which includes any binding obligation for payment or performance falling due before a CDS Contract arises pursuant to Rule 401(a)(ix), the obligation for such payment or performance shall remain a direct obligation of the relevant CDS Buyer or CDS Seller (as applicable) to the other party to the relevant Bilateral CDS Transaction. The Clearing House shall have no obligation to make or guarantee any Initial Payment in respect of a Bilateral CDS Transaction or any CDS Trade Particulars (but this shall not affect the Clearing House's obligations under CDS Contracts, including any obligation to make an Initial Payment under a CDS Contract in accordance with the Contract Terms) or to make or guarantee any payment or performance reflecting any payment or performance in respect of a Bilateral CDS Transaction or any CDS Trade Particulars falling due for payment or performance before a CDS Contract arises pursuant to Rule 401(a)(ix). For the avoidance of doubt: (i) each CDS Contract arising from the submission for Clearing of CDS Trade Particulars for which no Bilateral CDS Transaction is already recorded in Deriv/SERV will include an obligation to pay an Initial Payment constituting a payment obligation of the relevant party thereto reflecting the Initial Payment, if any, reflected in the CDS Trade Particulars submitted for Clearing; and (ii) CDS Contracts arising in other circumstances (other than pursuant to Clearing of CDS Trade Particulars in respect of a Bilateral CDS Transaction already recorded in Deriv/SERV, but including, without limitation, CDS Contracts arising pursuant to Rule 401(a)(vi), (ix), (x) or (xi)) may include an obligation to pay an Initial Payment constituting a payment obligation of the relevant party thereto.

Open Contract Position under the Rules as in effect from time to time (including any changes therein or actions by the Clearing House in relation thereto).

- (l) This Rule 1603 is without prejudice to and shall not restrict or exclude any of the other obligations of Clearing Members under the Rules.
- (m) The Standard Terms shall not apply to FCM/BD Clearing Members.

Rule 1604 *Additional default rules for FCM/BD Clearing Members*

The following provisions constitute default rules for purposes of the Companies Act 1989.

- (a) Any right of the Clearing House pursuant to Rule 902 or Rule 903 to transfer Open Contracts and related Margin (or Permitted Cover in respect thereof) of an FCM/BD Clearing Member that is a Defaulter will be subject to Applicable Law, including without limitation Part 190 of the CFTC Regulations.
- (b) Where an FCM/BD Clearing Member wishes to terminate or close out an Open Contract Position in any class of Customer Account with respect to an FCM/BD Customer because of a default or similar event with respect to that FCM/BD Customer, the relevant FCM/BD Clearing Member must, in accordance with Rule 406 and the Clearing Procedures, either: (i) offset such Open Contract Position against a Contract or Contracts entered into by such FCM/BD Clearing Member for such Customer Account (which may be entered into contemporaneously with a separate Contract or Contracts entered into at the same time for one of its Proprietary Accounts) for the specific purpose of liquidating such Customer Account position; or (ii) to the extent permitted by Applicable Law, ~~transfer~~ [Transfer](#) such Open Contract Position from such Customer Account to one of its Proprietary Accounts, whereupon it shall be treated as an Open Contract Position in the relevant Proprietary Account for all purposes under these Rules. Nothing in this Rule 1604(b) is intended to create a condition precedent to any step being taken under any agreement between a Clearing Member and its Customer. However, a Clearing Member shall continue to be liable to the Clearing House in respect of any Contracts until such time as they are offset in accordance with this Rule 1604(b) or otherwise terminated in accordance with the Rules and the Clearing Procedures. For the avoidance of doubt, any Open Contract Position and any such offsetting Contract or Contracts entered into by an FCM/BD Clearing Member for a Customer Account for the specific purpose of liquidating such Open Contract Positions pursuant to this Rule 1604(b) may be aggregated and/or netted pursuant to Rule 406.
- (c) Each FCM/BD Customer whose transactions are cleared through an FCM/BD Clearing Member with the Clearing House will be deemed to have consented to the actions taken in accordance with the following provisions if an Event of Default has occurred with respect to its FCM/BD Clearing Member:
 - (i) the FCM/BD Clearing Member (or its Insolvency Practitioner) and/or the Clearing House shall be entitled to transfer Open Contract Positions recorded in a Customer Account in accordance with Applicable Law and the Procedures;

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- (i) Sponsored Principal status does not entitle any Sponsored Principal to any shareholding or other similar interest in the Clearing House or any of the Clearing House's Affiliates.
- (j) Sponsored Principals shall be deemed to represent and warrant to the Clearing House, upon their first date of holding such status and on each subsequent date that they are a Sponsored Principal, that they meet all of the criteria set out in Rule 1901(b) and (d) and are in compliance with all of their obligations under these Rules.
- (k) Part 2 does not apply to Sponsored Principals except for Rule 202(a)(i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (x), (xi), (xiii), (xiv), (xv), (xvi) and (xix), Rule 203, Rule 204, Rule 206, Rule 207(a)-~~to~~ (d), 207(f), 208, 209 (a) to (c) and the first sentence of Rule 209(d), which apply to Sponsored Principals in the same way as they apply to Clearing Members *mutatis mutandis*, except that: (i) for purposes of Rule 202(a)(xi) and Rule 207(d), Sponsored Principals shall only be entitled to have a single Account at the Clearing House and are therefore required only to have a single Nominated Bank Account for each Eligible Currency; (ii) for purposes of Rule 202(a)(iv) and 202(a)(vi) the relevant standards are the criteria for Sponsored Principal status and the Capital or net asset requirements applicable to Sponsored Principals; and (iii) references to obligations with respect to Guaranty Fund Contributions and Assessment Contributions (as incorporated by reference in Rule 209) shall not apply. The Membership Procedures shall be construed accordingly.
- (l) A Clearing Member that has been authorised by the Clearing House to be a Sponsor may act in such capacity for any number of Sponsored Principals, subject to execution of a Sponsor Agreement and nomination of each such Sponsored Principal in accordance with the Sponsor Agreement and to meeting any additional Margin and Guaranty Fund Contribution requirements resulting from so acting. No Sponsored Principal may have more than one Individually Segregated Sponsored Account. An Individually Segregated Sponsored Account can only have one Sponsor at any given time.
- (m) The Sponsor must be a Clearing Member that is a credit institution or financial institution (as defined in the Money Laundering Directive) or otherwise be a person falling under article 17(2) of the Money Laundering Regulations 2007 (or the equivalent provision implementing the Money Laundering Directive in a member state other than the UK). In addition to the consent and reliance agreed to pursuant to Rule 202(a)(xii), the Sponsor consents to the Clearing House continually relying in respect of each open Individually Segregated Sponsored Account for which it acts as Sponsor upon the Sponsor's due diligence in relation to each of its Sponsored Principals and all "beneficial owners" (within the meaning of article 3(6) of the Money Laundering Directive) of such Sponsored Principals. The Sponsor will provide any supporting documentation relating to such due diligence to the Clearing House immediately on request and may be subject to audit requests by the Clearing House or requests for documentation from the Clearing House in respect of customer due diligence relating to Sponsored Principals, with which it must comply.
- (n) Each Sponsored Principal that is not incorporated or registered in England and Wales shall appoint and maintain an agent in England and Wales to act as its agent to accept service of process issued out of the courts of England and Wales in relation to any arbitration commenced pursuant to Rule 117 or the Sponsored Principal Clearing

Rule 1902

Sponsored Principal makes any payment or performs any other obligation in connection with an Individually Segregated Sponsored Account or Contract to the Clearing House: (i) such payment or performance to the extent made shall satisfy and discharge the obligations of both the Sponsor and the Sponsored Principal to the Clearing House; and (ii) where payment or performance is made by the Sponsored Principal, such payment or performance to the extent made shall be deemed to be in satisfaction and discharge of any related payment or performance obligation of the Sponsored Principal pursuant to the related Customer-CM Transaction.

- (f) The Clearing House shall be entitled to receive and act upon instructions, notifications, notices and forms (whether in electronic or paper format) in respect of an Individually Segregated Sponsored Account from either the Sponsor or the Sponsored Principal without further reference to any other party, including in relation to the entry into, modification, exercise, netting and termination of Contracts, the making and receipt of payments and other transfers of Permitted Cover and the giving and receipt of notices under Contracts or the Rules. Each of the Sponsor and Sponsored Principal shall be entitled as joint holders of the Individually Segregated Sponsored Account to give such instructions, notifications, notices and forms and hereby shall be deemed to authorise the other to give such instructions, notifications and notices and forms in respect of the Individually Segregated Sponsored Account for such purposes, subject to Rule 901(d) and 904(q)-(s). A Sponsor and a Sponsored Principal may agree among themselves how such rights may be exercised in practice. No arrangement between a Sponsor and Sponsored Principal established under Rule 1902(d) or Rule 1902(e) may be revoked or cancelled without the prior written consent of each of the Clearing House, Sponsor and Sponsored Principal concerned, unless it takes place pursuant to Rule 901(d) or 904(q)-(s). Notwithstanding the foregoing provisions of this Rule 1902(f), the Clearing House will not act on any instruction, notification, notice or form from a Sponsored Principal (and a Sponsored Principal shall not be entitled to deliver the same to the Clearing House): (i) if and as from the time that the Sponsor makes a notification to the Clearing House of a default under an agreement between the Sponsored Principal and the Sponsor under Rule 901(d), until any such time as the Sponsor notifies the Clearing House in writing that the default in question has been cured; or (ii) if any instruction, notification, notice or form delivered by a Sponsored Principal conflicts with any instruction, notification, notice or form delivered by a Sponsor. For the avoidance of doubt, nothing in this Rule 1902(f) is intended to over-ride or disapply the requirements of Rule 401(g), Rule 504, Part 9, any other default rule or any other provision of these Rules or the Procedures prescribing any operational or legal process or requirement relating to any instruction, notification, notice, form, Contract, modification, exercise, netting, termination, payment transfer or other matter, which shall apply in addition to the requirements of this Rule 1902(f).
- (g) A Customer-CM Transaction shall arise between each Sponsor (acting for such purposes as if it were the Clearing Member) and the Sponsored Principal (acting for such purposes as if it were the Customer) in respect of each Contract recorded in an Individually Segregated Sponsored Account, at the same times and in the same manner as Customer-CM Transactions would arise pursuant to Rule 401(~~m~~)-(n)-(o) and the applicable Standard Terms in respect of a Contract recorded in any other Customer Account. Notwithstanding the Standard Terms, the terms of each

Rule 1902(g)

fees, liabilities, damages, injuries, taxes, costs and expenses (including, without limitation, legal, accountancy or other professional services expenses and disbursements, the costs of close-out, termination or Transfer of Contracts or Margin, amounts payable by such Persons to Approved Financial Institutions or custodians and any amount payable by such Persons to any other Person in respect of tax in connection with the Sponsored Principal or its Contracts, Margin, obligations or the Event of Default), incurred or suffered by such Person or any of their officers or employees or those of their Affiliates arising out of the Defaulter's conduct (whether such conduct took place prior to or after declaration of the Event of Default) or in connection with the Event of Default;

- (iii) the Sponsor may set, change and enforce such position limits and other risk controls in respect of the Individually Segregated Sponsored Account as apply pursuant to the relevant Customer-Clearing Member Agreement;
 - (iv) nothing in the Rules precludes a Sponsor and Sponsored Principal from agreeing contractually to any event of default or breach or similar event affecting the Sponsored Principal nor precludes the Sponsor from itself declaring a Sponsored Principal to be in default or breach of contract or taking any action consequent on the same, pursuant to Rule 1902(f) or otherwise (subject, if the Clearing House has declared an Event of Default in respect of the Sponsored Principal, to Part 9 of the Rules);
 - (v) pursuant to the applicable Standard Terms ~~Annex~~, the terms of the Customer-CM Transaction correspond to and shall be identical (save as expressly provided in this Part 19) to the terms of the equivalent Contract and the terms of the Customer-CM Transaction may be modified only pursuant to or in accordance with the Standard Terms ~~Annex~~;
 - (vi) each Customer-CM Transaction gives rise to contractually binding rights and obligations *ab initio*, which rights and obligations are not contingent upon any circumstances, event, contract, obligation or performance (except as set out in Rule 401 ~~(m)~~ ~~or (n)~~ or (o), as applicable); and
 - (vii) nothing in these Rules shall restrict any right of the Sponsor in a Cleared Transactions Master Agreement to call the Sponsored Principal for Customer-CM Collateral or to apply such Customer-CM Collateral against liabilities of the Sponsored Principal, nor any right of the Sponsored Principal under a Cleared Transactions Master Agreement to the return of any collateral.
- (h) Unless the Clearing House agrees otherwise in respect of any particular Account, only a single Person may act as a Sponsored Principal in respect of an Individually Segregated Sponsored Account. A Sponsored Principal may only clear for its own account and may not carry out clearing for any Customer or Affiliate, but nothing in these Rules shall prevent a Sponsor and Sponsored Principal from being Affiliates of one another. Notwithstanding the foregoing, where the same fund manager or fund managers that are Affiliates act for multiple funds, all such funds may to the extent permitted under Applicable Laws have positions and Margin recorded in the same Individually Segregated Sponsored Account and use the same Nominated Bank Account at the choice of the fund manager. In addition, other multiple Persons

Rule 1903

- (e) disputes arising in connection with Sponsored Principals and Sponsored Principal Clearing Agreements between a Sponsored Principal and the Clearing House will be subject to the same procedures, jurisdiction, choice of law, forum and other requirements as Disputes;
- (f) disputes arising in connection with Sponsors and Sponsor Agreements between a Sponsor and the Clearing House will be subject to the same procedures, jurisdiction, choice of law, forum and other requirements as Disputes;
- (g) a Sponsored Principal may make complaints under Part 10 and the Complaint Resolution Procedures and be subject to investigations and sanctions under Part 10, in each case in the same way as a Clearing Member;
- (h) the Business Continuity Procedures, Complaint Resolution Procedures, ~~General~~ Contract Terms Procedures, Delivery Procedures and Market Rules apply to a Sponsored Principal in the same way as they apply to a Clearing Member;
- (i) the Standard Terms and terms of Customer-CM Transactions between a Sponsor and Sponsored Principal shall be interpreted always subject to Rule 1902(g); and
- (j) each Sponsored Principal is deemed to agree and undertake that: (i) in addition to the application of Market Rules to Sponsored Principals pursuant to Rule 1903(h), the Market Rules (of each Market that allows trading in Contracts to which the Sponsored Principal is a party) shall apply to Sponsored Principals in accordance with their terms; (ii) any choice of jurisdiction, disciplinary, enforcement, dispute resolution and arbitration provisions set out in any Market Rules shall apply to Sponsored Principals as if such Sponsored Principals were members of the relevant Market, notwithstanding that a Sponsored Principal may not be a member of the relevant Market, except to the extent that the relevant Market Rules provide otherwise; and (iii) to the extent provided for in the relevant Market Rules, each Sponsored Principal shall be deemed to have waived any rights it might otherwise have to object to any choice of law or jurisdiction, proceedings, disciplinary, enforcement, dispute resolution or arbitration provisions in relevant Market Rules on the basis of *forum non conveniens*, statutory immunity, that the governing law or chosen forum is not specified in these Rules or otherwise; accordingly, each Market is entitled to rely upon and enjoy the benefit of the agreements and obligations of the Sponsored Principal under Rule 1903(h) and this Rule 1903(j) and shall have the right to enforce such, agreements and obligations against a Sponsored Principal under the Contracts (Rights of Third Parties) Act 1999,

and the Rules and Procedures shall be construed accordingly.

Rule 1904 *Termination of relationship between Sponsor and Sponsored Principal*

- (a) Rule 209 shall not apply to termination by a Sponsor or Sponsored Principal of their relationship. Neither the Sponsor nor the Sponsored Principal shall have any right to terminate their relationship with the other party except as expressly provided in this Rule 1904.
- (b) A Sponsored Principal may terminate its Sponsor on notice (copied to the Clearing House) or a Sponsor may terminate its Sponsored Principal on notice (copied to the

Clearing House), in either case only if there is no Open Contract Position (i.e. zero open Contracts) in all Sets in the relevant Individually Segregated Sponsored Account. Following service of any such notice, neither the Sponsored Principal nor the Sponsor may enter into or cause the entry into of any further Contract on the Individually Segregated Sponsored Account and the Clearing House shall be entitled to close the Individually Segregated Sponsored Account.

- (c) A Sponsored Principal may change its Sponsor (or a Sponsor may change its Sponsored Principal) in respect of an Individually Segregated Sponsored Account only if a new Sponsor is accepted to act for the Sponsored Principal by the Clearing House, is party to a Sponsor Agreement and has duly nominated the Sponsored Principal pursuant to the relevant Sponsor Agreement. In such circumstances, the new Sponsor shall be deemed to make all the representations of a Sponsor of an applicant for Sponsored Principal status and Sponsor, as set out in Rule 1901. The Clearing House will specify the date on which the new Sponsor's appointment becomes effective, on which date the new Sponsor shall become responsible for and entitled in respect of the Individually Segregated Sponsored Account and the old Sponsor will hereby cease to have and be released from any right, liability or obligation in respect of the Individually Segregated Sponsored Account, provided that none of the old Sponsor, new Sponsor or Sponsored Principal has become a Defaulter prior to such date.

Rule 1905 *Provisions Inapplicable to FCM/BD Clearing Members*

Notwithstanding anything to the contrary in these Rules, FCM/BD Clearing Members shall not be permitted to act as Sponsors of Individually Segregated Sponsored Accounts.

Rule 1906 *Provisions Inapplicable to ICE Endex UK Contracts and ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Contracts*

Part 19 of the Rules does not apply to ICE Endex UK Contracts or ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Contracts. References to 'Contracts' in Part 19 exclude ICE Endex UK Contracts and ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Contracts, and the term 'Open Contract Position' shall be construed accordingly. References to 'Sponsor', 'Sponsored Principal', and 'Individually Segregated Sponsored Account' in this Part 19 are only references in relation to Contracts excluding ICE Endex UK Contracts and ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Contracts. References to 'Customers' in this Part 19 are solely to Customers of Clearing Members in relation to Contracts excluding ICE Endex UK Contracts and ICE ~~Natural Gas Continental~~Endex Spot ~~Market~~ Contracts and the terms 'Customer-CM Transaction' and 'Customer-CM Collateral' shall be construed accordingly.

Part 20 Transition Rules for ICE Endex in 2013 [\[No longer applicable: available on request.\]](#)

Rule 2001 Introduction

- ~~(a) These Endex Transitional Rules deal with certain matters occurring at and around the Endex Novation Time. These Endex Transitional Rules form part of the Rules and are intended to be interpreted together with the Rules. All terms used but not defined in these Endex Transitional Rules have the meaning given to them elsewhere in the Rules. In the event of any conflict between the Rules and these Endex Transitional Rules in relation to any matter to which these Endex Transitional Rules relate, these Endex Transitional Rules shall prevail.~~
- ~~(b) These Endex Transitional Rules will cease to apply on a date notified by the Clearing House to Clearing Members in a Circular, following such consultation with ICE Endex as has been agreed to take place as between the Clearing House and ICE Endex.~~

Rule 2002 Additional Definitions

- ~~(a) The term "**CM Deed of Novation**" means a deed duly executed and delivered by an ECC Clearing Member as transferor, a Clearing Member as transferee and the Clearing House in respect of an Endex Novating Contract.~~
- ~~(b) The term "**Delivery Contract**" means a contract between an ECC Clearing Member and ECC made in accordance with the ICE Endex and ECC Rules as a result of trading or otherwise, which is, immediately prior to the Endex Novation Time, subject to delivery, which has not, as at the Endex Novation Time, been cash settled or otherwise performed, discharged or closed out, void, voided, terminated or rescinded in full and which, for the avoidance of doubt, is not an Endex Novating Contract.~~
- ~~(c) The term "**ECC**" means European Commodity Clearing A.G., a stock incorporation (*Aktiengesellschaft*) incorporated under German law with company number HRB 22362, registered with the Local Court of Leipzig, whose registered office is at Augustusplatz 9, 04109 Leipzig, Germany.~~
- ~~(d) The term "**ECC Clearing Membership Agreement**" means a clearing membership agreement between an ECC Clearing Member and ECC.~~
- ~~(e) The term "**ECC Regulations**" means the rules, regulations, default rules and published procedures of ECC relating to the clearing of ICE Endex, as amended from time to time.~~
- ~~(f) The term "**Endex Deed of Novation**" means a deed duly executed and delivered by an ECC Clearing Member, ECC, and the Clearing House in respect of the Endex Novation, which deed European Energy Exchange A.G. may be a party to for the purposes of consenting to such Endex Novation.~~
- ~~(g) The term "**Endex Novating Contract**" means a contract between an ECC Clearing Member and ECC made in accordance with the ICE Endex and ECC Rules as a result of trading or otherwise, which is open immediately prior to the Endex Novation Time and which has not, as at the Novation Time, been cash settled or otherwise performed,~~

discharged or closed out, void, voided, terminated or rescinded in full and which is not a Delivery Contract.

- ~~(h) The term "Endex Novation" means the novation of Endex Novating Contracts pursuant to the Endex Deeds of Novation and these Endex Transitional Rules and other matters that occur at the Endex Novation Time pursuant to the Endex Deeds of Novation.~~
- ~~(i) The term "Endex Novation Time" means the novation time that is determined in accordance with the Endex Deeds of Novation, which will be communicated to ECC Clearing Members by the Clearing House.~~
- ~~(j) The term "Endex Transitional Rules" means these transitional rules.~~

Rule 2003 Contracts

- ~~(a) Notwithstanding Rule 401(a) and Rule 401(b), any Contract that would otherwise arise pursuant to Rule 401(a) or Rule 401(b) prior to the Endex Novation Time due to trading on or reporting to ICE Endex prior to the Endex Novation Time shall not arise unless it is subject to the Endex Novation, in which case it shall arise at the Endex Novation Time in accordance with Rule 2003(b), subject to Rule 2005.~~
- ~~(b) At the Endex Novation Time, pursuant to and in the manner specified in the Endex Deeds of Novation, the Clearing House (in place of ECC) and: (i) each ECC Clearing Member that has executed and delivered an Endex Deed of Novation; or (ii) if, in respect of any Endex Novating Contract, a CM Deed of Novation exists, such Clearing Member acting as transferee, will become party to a replacement ICE Endex Contract on the terms set out in these Rules in respect of each Endex Novating Contract to which that ECC Clearing Member is a party.~~
- ~~(c) The status of a Transaction or Contract as void *ab initio* under Rule 403 shall apply equally to any Endex Novating Contract in respect of which incomplete or conflicting details are received by the Clearing House from ECC, ICE Endex, the ECC Clearing Member that is a party to the relevant Endex Deed of Novation and/or any Clearing Member that is a party to a CM Deed of Novation.~~

Rule 2004 Redesignation of ICE Futures Europe Contracts

- ~~(a) The Clearing House may, with effect from the Endex Novation Time, redesignate ICE Futures Europe Contracts as ICE Endex Contracts for the purposes of the Rules. Any such redesignated Contract shall remain in full force and effect as between the relevant Clearing Member and the Clearing House provided that, from the Endex Novation Time, the Rules shall apply to such Contract which was previously an ICE Futures Europe Contract as an ICE Endex Contract. The Contract Terms shall be amended and restated at the Endex Novation Time accordingly.~~

Rule 2005 Guaranty Fund Contributions and Margin

- ~~(a) Each ECC Clearing Member shall have deposited the required F&O Guaranty Fund Contributions (including any increase to previous F&O Guaranty Fund Contributions) with the Clearing House at least five Business Days prior to the scheduled Endex Novation Time.~~

~~(b) Each ECC Clearing Member and each Clearing Member that is a transferee pursuant to a CM Deed of Novation shall have satisfied applicable Original Margin obligations at, immediately prior to, and after the Endex Novation Time in respect of Endex Novating Contracts or ICE Endex Contracts to which it is a party or becomes a party to pursuant to Rule 2003(b) or Rule 2004. ECC Clearing Members and Clearing Members that are transferees pursuant to a CM Deed of Novation shall pre-fund Margin in respect of expected Endex Novating Contracts prior to the scheduled Endex Novation Time at the time specified by the Clearing House.~~

Part 22 Launch Rules for ICE Endex UK and ICE Endex Continental in 2015 [\[No longer applicable: available on request\]](#)

Rule 2201 Introduction

- ~~(a) These Launch Rules (as defined in Rule 2202) deal with certain matters occurring at and around the Launch Time (as such term is defined in Rule 2202). These Launch Rules form part of the Rules and are intended to be interpreted together with the Rules. All terms used but not defined in these Launch Rules have the meaning given to them elsewhere in the Rules. In the event of any conflict between the Rules and these Launch Rules in relation to any matter to which these Launch Rules relate, these Launch Rules shall prevail.~~
- ~~(b) These Launch Rules will cease to apply on a date notified by the Clearing House to Clearing Members in a Circular, following such consultation with ICE Endex UK and ICE Endex Continental, as applicable, as has been agreed to take place as between the Clearing House, ICE Endex UK and ICE Endex Continental.~~

Rule 2202 Additional Definitions

- ~~(a) The term "APX Continental" means APX Clearing B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, registered with the trade register of the chamber of commerce in Amsterdam, the Netherlands, under number 50969404 0000.~~
- ~~(b) The term "APX Continental Clearing Member" has the meaning as given to the term "Clearing Member" under the APX Continental Rules.~~
- ~~(c) The term "APX Continental Rules" means the rules and regulations and published procedures of APX Continental, as amended from time to time.~~
- ~~(d) The term "APX UK" means APX Commodities Limited, a company incorporated in England and Wales with registration number 03751681.~~
- ~~(e) The term "APX UK Clearing Member" has the meaning as that given to the term "Gas Clearing Member" under the APX UK Rules.~~
- ~~(f) The term "APX UK Rules" means the rules and regulations and published procedures of APX UK relating to the clearing of ICE Endex UK, as amended from time to time.~~
- ~~(g) The term "Launch Rules" means these launch rules.~~
- ~~(h) The term "Launch Time" means 14 July 2015 or such later date to which the launch time for Clearing by the Clearing House of:
 - ~~(i) ICE Endex UK Contracts; and~~
 - ~~(ii) Contracts that are of Relevant ICE Endex Continental Products;~~is deferred (which shall be communicated to Clearing Members by the Clearing House):~~
- ~~(i) The term "Relevant ICE Endex Continental Products" means the "Cleared Products" (as such term is defined in the ICE Endex Continental Rules) offered for trading on ICE Endex Continental.~~

Rule 2203 ~~Clearing Launch~~

~~(a) At the Launch Time:~~

- ~~(i) APX UK will cease clearing new transactions occurring on ICE Endex UK and the Clearing House will commence clearing ICE Endex UK Transactions; and~~
- ~~(ii) APX Continental will cease clearing new transactions in TTF Instruments (excluding Gas CUR Instruments) and ZTP Instruments (as such terms are defined in the APX Continental Rules) occurring on ICE Endex Continental, and the Clearing House will commence clearing transactions in Relevant ICE Endex Continental Products occurring on ICE Endex Continental.~~

~~(b) Each APX UK Clearing Member shall, to the extent that it wishes to be a Clearing Member in relation to any ICE Endex UK Contract, ensure that immediately prior to the Launch Time, it is an ICE Endex UK Clearing Member~~

~~(c) Each APX Continental Clearing Member shall, to the extent that it wishes to be a Clearing Member in relation to any Contract that is of a Relevant ICE Endex Continental Product, ensure that immediately prior to the Launch Time, it is an ICE Endex Continental Clearing Member.~~

~~(d) Nothing in this Part 22 is intended to affect the performance, delivery or any other obligation of any party under any transaction or contract that has arisen with APX UK or APX Continental, as applicable, prior to the Launch Time, which shall, notwithstanding this Part 22, remain transactions or contracts with APX UK and governed by the APX UK Rules or APX Continental and governed by the APX Continental Rules, as applicable.~~

Rule 2204 ~~Contracts~~

~~Notwithstanding Rule 401(a) and Rule 401(b), no Contract shall arise pursuant to Rule 401(a) or Rule 401(b) as a result of trading on or the reporting of any transaction to:~~

- ~~(i) ICE Endex UK; or~~
- ~~(ii) ICE Endex Continental~~

~~prior to the Launch Time.~~

Rule 2205 ~~Guaranty Fund Contributions and Margin~~

~~(a) Each new Clearing Member proposing to be an ICE Endex UK Clearing Member or ICE Endex Continental Clearing Member by the Launch Time, shall have deposited the required F&O Guaranty Fund Contributions (including any increase to previous F&O Guaranty Fund Contributions) with the Clearing House at least five Business Days prior to the scheduled Launch Time.~~

~~(b) Each ICE Endex UK Clearing Member and ICE Endex Continental Clearing Member shall have satisfied applicable Original Margin obligations at, immediately prior to,~~

and after the Launch Time, including in respect of the ICE Endex UK Contracts and Contracts that are of Relevant ICE Endex Continental Products.

Rule 2206 *Claims etc.*

~~(a) Nothing in this Part 22 is intended to affect any complaints, claims, demands, arbitration or appeals made, or to be made by any person who is subject to the APX UK Rules against APX UK or the APX Continental Rules against APX Continental, in relation to any matter or event occurring or circumstance arising prior to the Launch Time. The Clearing House shall not become liable for any such matters at the Launch Time or otherwise.~~

~~(b) Subject to Rule 2206(c), nothing in this Part 22 is intended to affect:~~

~~(i) any disciplinary, legal or other proceedings commenced against any person who is subject to the APX UK Rules by APX UK or to the APX Continental Rules by APX Continental, prior to the Launch Time;~~

~~(ii) the right of APX UK or APX Continental to bring disciplinary, legal or other proceedings against any person who is subject to the APX UK Rules or APX Continental Rules, arising from such person's actions or omissions prior to the Launch Time;~~

~~(iii) any complaint, claim, demand or appeal that has been made or may be made by APX UK or APX Continental, against any person who is subject to the APX UK Rules or APX Continental Rules, arising from such person's actions or omissions prior to the Launch Time.~~

~~The Clearing House shall not be responsible for the matters set out in Rule 2206(b)(i) –(iii).~~

~~(c) The Clearing House shall additionally be entitled to take action against any person who is subject to the APX UK Rules or the APX Continental Rules in respect of the same circumstances referred to in Rule 2206(b) under these Rules in relation to any matter or event occurring or circumstance arising prior to the Launch Time, or in relation to obligations which are not fully performed or completed or which are only partially performed or completed, regardless of whether any matter or event occurred or circumstance arose or relevant action or omission took place prior to the Launch Time.~~

Part 23 Rules for Market transitions

Rule 2301 Introduction

(a) These Market Transition Rules deal with certain matters occurring at and around each and any Transition Time. These Market Transition Rules form part of the Rules and are intended to be interpreted together with the Rules. All terms used but not defined in these Market Transition Rules have the meaning given to them elsewhere in the Rules. In the event of any conflict between any other section of the Rules and these Market Transition Rules in relation to any matter to which these Market Transition Rules relate, these Market Transition Rules shall prevail.

- (ii) any other event or action the effect of which is to create a material mismatch between the rights, obligations or exposures as between Clearing Member and the Clearing House pursuant to a CDS Contract on the one hand and the rights, obligations or exposures as between Clearing Member and Customer, including without limitation pursuant to the related Customer-CM CDS Transaction, on the other hand; and
 - (iii) any other event or action the effect of which is to result in any loss, liability, cost, claim, damages or expenses being incurred by Clearing Member in connection with a CDS Contract where such event or action does not form part of the CDS Contract (and so is not reflected in the related Customer-CM CDS Transaction).
- (j) Notwithstanding Section 3(c), Clearing Member and Customer may agree different settlement arrangements between Clearing Member and Customer so as to accommodate any particular requirements of Clearing Member or Customer.
- (k) Any price or rate determined by the Clearing House as Calculation Agent or otherwise under the Rules in relation to a CDS Contract shall be used as the same price or rate by the Clearing Member in relation to the related Customer-CM CDS Transaction(s).
- (l) Customer shall not be entitled to serve any type of notice under a Customer-CM CDS Transaction in circumstances in which or by means that the Clearing Member would not, by virtue of the Rules or CDS Procedures, be entitled to serve a corresponding notice on the Clearing House in relation to the corresponding CDS Contract. Clearing Member and the Clearing House shall be entitled to treat any service of a notice in breach of this provision as invalid.
- (m) Clearing Member may, but (subject as otherwise agreed, including but not limited to pursuant to the Settlement and Notices Terms) is not obliged to, deliver any Electronic Notices in relation to Customer-CM CDS Transactions at the times allowed under the Rules and Procedures.
- (n) These CDS Standard Terms may, pursuant to the process provided for in ~~paragraph~~[Section 2](#) of these CDS Standard Terms, from time to time, incorporate additional standard terms published by the Clearing House so as to establish mechanics for dealing with the relationship between CDS Contracts and Customer-CM CDS Transactions until such time as market infrastructure solutions are available to address the relevant operational issues. Such additional standard terms shall form part of these CDS Standard Terms, may (if so specified) prevail over the applicable Procedures in respect of Customer-CM CDS Transactions and may be amended and/or withdrawn only as provided for in ~~paragraph~~[Section 2](#) of these CDS Standard Terms. Initially, such additional standard terms are the Settlement and Notices Terms as published by the Clearing House as an Exhibit to the Rules.
- (o) On each date on which the Customer has any open Customer-CM CDS Transaction, the Customer shall represent that the Clearing House is not

Exhibit 1

prevented from entering into any Contract nor is the Clearing Member prevented from entering into any Customer-CM CDS Transaction as a result of any Sanctions affecting the Customer or any of its assets (except, if it is a Customer incorporated in Germany or the Clearing Member is located in Germany, solely to the extent that any obligation, or undertaking, representation or statement contemplated by this ~~paragraph~~ [Section 3\(o\)](#) would be in conflict with any Applicable Laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts).

- (p) Each Customer or Indirect Client that has chosen individual segregation through usage of a Margin-flow Co-mingled Account or Segregated Gross Indirect Account shall be deemed to have appointed and authorised the Clearing Member to determine how the different classes of Permitted Cover should be transferred to the Clearing House in respect of the Margin-flow Co-mingled Account or Segregated Gross Indirect Account in which positions relating to such Customer are registered, for purposes of and including in each of the manners set forth in, Rule 503(k).

4. Margin Requirements.

- (a) Subject as agreed otherwise in the Customer-Clearing Member Agreement, Clearing Member shall be entitled to require each of its Customers in respect of CDS Contracts to provide margin (or permitted cover in respect thereof) in an amount no less than the amount of Margin of each relevant type required on a gross basis by the Clearing House with respect to the relevant Open Contract Position(s), separately for each of its Customer Accounts. For this purpose, "gross basis" shall mean that the margin requirement will be determined giving effect to any offset permitted under the Rules of such Open Contract Positions against Open Contract Positions relating to the same Set and Customer in the same Customer Account, but without giving effect to any offset or permitted offset of such Open Contract Positions against Open Contract Positions relating to a different Customer.
- (b) Customer agrees that Clearing Member may use any margin provided by Customer under the Customer-Clearing Member Agreement to satisfy Clearing Member's obligations to the Clearing House under Rule 504 and Rule 505 or Part 11. Customer shall not be entitled to assert any equitable or other claim to any such collateral and/or Permitted Cover that has been transferred to the Clearing House.

5. Events of Default and Termination.

- (a) In the event of the declaration by the Clearing House of an Event of Default (as defined in the Rules) with respect to Clearing Member (such an event being an "**ICE-Declared Default**"), whether or not any other default (howsoever defined or described) has also occurred under the Customer-Clearing Member Agreement or otherwise, Customer shall not be entitled to exercise any remedies with respect to Customer-CM CDS Transactions pursuant to the Customer-Clearing Member Agreement or otherwise, except as provided herein (and any other remedies being exercised at the time of the

Exhibit 1

otherwise payable by Clearing Member to Customer under a corresponding Customer-CM CDS Transaction, and (iii) where such additional amount or deduction may be attributable to both Customer-CM CDS Transactions and to Customer-CM CDS Transactions of other customers, Clearing Member shall allocate such additional amount or deduction among such contracts on a *pro rata* basis.

10. *Reliance on CDS Trade Particulars and submissions to Deriv/SERV or etc.*

The Clearing House shall be entitled to assume, without enquiry, that (i) at each Acceptance Time at which a Customer-CM CDS Transaction arises, the respective obligations of Clearing Member and Customer under such Customer-CM CDS Transaction constitutes its legal, valid and binding obligations enforceable in accordance with their respective terms, subject to applicable Insolvency laws or similar Applicable Laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles in general application (regardless of whether enforcement is sought in a proceeding in equity or at law); (ii) where Customer or Clearing Member are acting out of an office in the United States of America, each of Clearing Member and Customer represents to the other and to the Clearing House that it is an "eligible contract participant" as defined in the US Commodity Exchange Act, as amended and (iii) that the Clearing House is duly authorised by Clearing Member and Customer to submit, in accordance with the Rules and the Procedures, details of any CDS Trade Particulars or Customer-CM CDS Transaction to Deriv/SERV and to amend or delete such records from time to time in accordance with the Rules and the Procedures, in each case subject to Applicable Law. For the avoidance of doubt, Clearing Member shall not take any actions in Deriv/SERV of a nature specified in this ~~paragraph~~ [Section](#) and neither the Clearing House nor Clearing Member will be liable to Customer for any action or omission of the Clearing House as a result of having made such submissions. The sole remedy of Customer in the case of any error shall be to request that Clearing Member request the Clearing House to amend or correct any error pursuant to the Rules or Procedures.

11. *Third Party Rights.*

The Clearing House shall be entitled to rely upon and enjoy the benefit of the representations, warranties, agreements, obligations and covenants of the Customer under these CDS Standard Terms and shall have the right to enforce such representations, warranties, agreements, obligations and covenants against the parties under the Contracts (Rights of Third Parties) Act 1999. Other than as set out in this Section 11, no persons other than Clearing Member and Customer shall have the right to enforce any provision of these CDS Standard Terms under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

12. *Miscellaneous.*

- (a) ***Entire Agreement.*** These CDS Standard Terms (together with the Customer-Clearing Member Agreement and the Rules and the Procedures incorporated by reference herein) constitutes the entire agreement and understanding of Customer and Clearing Member with respect to its subject matter and supersedes all oral communication and prior writings (except as otherwise provided herein) with respect thereto.

- (b) **Headings.** The headings used in these CDS Standard Terms are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting these CDS Standard Terms.
- (c) **Governing Law.** Any contractual or non-contractual disputes arising out of or in connection with the Customer-Clearing Member Agreement are governed by and shall be construed in accordance with the law specified in the Customer-Clearing Member Agreement and subject to the non-exclusive jurisdiction of the courts specified in the Cleared Transactions Master Agreement provided that: (i) Sections 6(d) and 11 of these CDS Standard Terms shall be governed by and shall be construed in accordance with the laws of England and Wales and are subject to arbitration under Rule 117 as if such provisions of these CDS Standard Terms were Rules and the parties were bound thereby as if they were both Clearing Members, notwithstanding any choice of law or jurisdiction in the Cleared Transactions Master Agreement; and (ii) each provision of the Rules and the Procedures incorporated by reference herein or in the Customer-Clearing Member Agreement shall be governed by and construed in accordance with the laws of England and Wales, as set forth in the relevant governing law provision of such document (it being understood that no Pledged Collateral Matters are of relevance to Non-FCM/BD Clearing Members). Clearing Member and Customer hereby waive any right to object to any such proceedings on the basis of *forum non conveniens* or otherwise.

13. Modifications where Clearing Member is a Sponsor and Customer is a Sponsored Principal.

- (a) This ~~paragraph~~[Section 13](#) shall apply only in respect of an Individually Segregated Sponsored Account, notwithstanding any other provisions of these CDS Standard Terms to the contrary.
- (b) The Sponsored Principal and Sponsor agree that, save in the circumstances contemplated by these CDS Standard Terms and as provided for in any Customer-Clearing Member Agreement or other agreement between Sponsored Principal and Sponsor, each Customer-CM CDS Transaction is intended to reflect exactly the obligations of the Clearing Member in respect of the related CDS Contract in the manner set forth in Part 19 of the Rules. Any reference to a CDS Contract or Customer-CM CDS Transaction or the relationship between a Sponsored Principal and Sponsor shall be construed in accordance with recitals 4 to 8, Part 19 of the Rules, the Sponsored Principal Clearing Agreement and the Sponsor Agreement.
- (c) The following provisions of these CDS Standard Terms shall be modified as set out below in connection with an Individually Segregated Sponsored Account:
 - (i) ~~paragraph~~[Section 4\(a\)](#) shall not apply if the Nominated Bank Account used for the Individually Segregated Sponsored Account is an account of the Sponsored Principal;
 - (ii) the second sentence of ~~paragraph~~[Section 4\(b\)](#) shall not apply; and the rights of the Sponsored Principal to the assets recorded in the Individually Segregated Sponsored Account shall be as set out in the Rules;

- (iii) ~~paragraphs~~[Sections](#) 6(b)-(e) shall be construed as being modified to the extent that the Default Portability Rules and default rules are modified for Sponsors and Sponsored Principals pursuant to Rule 904 and in particular for purposes of ~~paragraph~~[Section](#) 6(b)(iii) the Clearing House shall in addition be entitled to accept the appointment of a new Sponsor pursuant to Rule 904; and
- (iv) ~~paragraphs~~[Sections](#) 8(a)(i) and (iii) and the provisions of the Rules shall instead apply to determine the liability of the Clearing House to the Sponsored Principal.
- (d) The Sponsored Principal shall be deemed to represent and warrant to the Sponsor, upon their first date of its holding such status and on each subsequent date that it is a Sponsored Principal with such Sponsor, that it meets all of the criteria set out in Rule 1901(b) and (d) and is in compliance with all of its obligations under these Rules.
- (e) Any asset received by the Sponsor from the Clearing House in respect of an Individually Segregated Sponsored Account shall be treated by the Sponsor and Sponsored Principal as if it had been received by the Sponsor from the Sponsored Principal as collateral (or cover for collateral) pursuant to the Cleared Transactions Master Agreement and these CDS Standard Terms.

Exhibit 2

- (ii) any other event or action the effect of which is to create a material mismatch between the rights, obligations or exposures as between Clearing Member and the Clearing House pursuant to an F&O Contract on the one hand and the rights, obligations or exposures as between Clearing Member and Customer, including without limitation pursuant to the related Customer-CM F&O Transaction, on the other hand; and
 - (iii) any other event or action the effect of which is to result in any loss, liability, cost, claim, damages or expenses being incurred by Clearing Member in connection with an F&O Contract where such event or action does not form part of the F&O Contract (and so is not reflected in the related Customer-CM F&O Transaction).
- (j) Notwithstanding Section 3(c), Clearing Member and Customer may agree different settlement arrangements between Clearing Member and Customer so as to accommodate any particular requirements of Clearing Member or Customer.
- (k) Any price or rate determined by the Clearing House under the Rules in relation to an F&O Contract shall be used as the same price or rate by the Clearing Member in relation to the related Customer-CM F&O Transaction(s).
- (l) Customer shall not be entitled to serve any type of notice under a Customer-CM F&O Transaction in circumstances in which or by means that the Clearing Member would not, by virtue of the Rules or Procedures, be entitled to serve a corresponding notice on the Clearing House in relation to the corresponding F&O Contract. Clearing Member and the Clearing House shall be entitled to treat any service of a notice in breach of this provision as invalid.
- (m) Clearing Member may, but (subject as otherwise agreed) is not obliged to, deliver any electronic notices in relation to Customer-CM F&O Transactions at the times allowed under the Rules and Procedures.
- (n) These F&O Standard Terms may, pursuant to the process provided for in [paragraphSection 2](#) of these F&O Standard Terms, from time to time, incorporate additional standard terms published by the Clearing House so as to establish mechanics for dealing with the relationship between F&O Contracts and Customer-CM F&O Transactions until such time as market infrastructure solutions are available to address the relevant operational issues. Such additional standard terms shall form part of these F&O Standard Terms, may (if so specified) prevail over the applicable Procedures in respect of Customer-CM F&O Transactions and may be amended and/or withdrawn only as provided for in [paragraphSection 2](#) of these F&O Standard Terms.
- (o) On each date on which the Customer has any open Customer-CM F&O Transaction, the Customer shall represent that the Clearing House is not prevented from entering into any Contract nor is the Clearing Member

Exhibit 2

Customer-CM F&O Transaction, and (iii) where such additional amount or deduction may be attributable to both Customer-CM F&O Transactions and to Customer-CM F&O Transactions of other customers, Clearing Member shall allocate such additional amount or deduction among such contracts on a *pro rata* basis.

10. Reliance on F&O Transactions and submissions to Repositories etc.

The Clearing House shall be entitled to assume, without enquiry, that (i) at each Acceptance Time at which a Customer-CM F&O Transaction arises, the respective obligations of Clearing Member and Customer under such Customer-CM F&O Transaction constitutes its legal, valid and binding obligations enforceable in accordance with their respective terms, subject to applicable Insolvency laws or similar Applicable Laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles in general application (regardless of whether enforcement is sought in a proceeding in equity or at law); (ii) where Customer or Clearing Member are acting out of an office in the United States of America, each of Clearing Member and Customer represents to the other and to the Clearing House that it is an "eligible contract participant" as defined in the US Commodity Exchange Act, as amended and (iii) that the Clearing House is duly authorised by Clearing Member and Customer to submit, in accordance with the Rules and the Procedures, details of any F&O Transactions or Customer-CM F&O Transaction to a Repository and to amend or delete such records from time to time in accordance with the Rules and the Procedures, in each case subject to Applicable Law. For the avoidance of doubt, Clearing Member shall not take any actions in any Repository of a nature specified in this ~~paragraph~~[Section](#) and neither the Clearing House nor Clearing Member will be liable to Customer for any action or omission of the Clearing House as a result of having made such submissions. The sole remedy of Customer in the case of any error shall be to request that Clearing Member request the Clearing House to amend or correct any error pursuant to the Rules or Procedures.

11. Third Party Rights.

The Clearing House shall be entitled to rely upon and enjoy the benefit of the representations, warranties, agreements, obligations and covenants of the Customer under these F&O Standard Terms and shall have the right to enforce such representations, warranties, agreements, obligations and covenants against the parties under the Contracts (Rights of Third Parties) Act 1999. Other than as set out in this Section 11, no persons other than Clearing Member and Customer shall have the right to enforce any provision of these F&O Standard Terms under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

12. Miscellaneous.

- (a) **Entire Agreement.** These F&O Standard Terms (together with the Customer-Clearing Member Agreement and the Rules and the Procedures incorporated by reference herein) constitutes the entire agreement and understanding of Customer and Clearing Member with respect to its subject matter and supersedes all oral communication and prior writings (except as otherwise provided herein) with respect thereto.

- (b) **Headings.** The headings used in these F&O Standard Terms are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting these F&O Standard Terms.
- (c) **Governing Law.** Any contractual or non-contractual disputes arising out of or in connection with the Customer-Clearing Member Agreement are governed by and shall be construed in accordance with the law specified in the Customer-Clearing Member Agreement and subject to the non-exclusive jurisdiction of the courts specified in the Cleared Transactions Master Agreement provided that: (i) Sections 6(d) and 11 of these F&O Standard Terms shall be governed by and shall be construed in accordance with the laws of England and Wales and are subject to arbitration under Rule 117 as if such provisions of these F&O Standard Terms were Rules and the parties were bound thereby as if they were both Clearing Members, notwithstanding any choice of law or jurisdiction in the Cleared Transactions Master Agreement; and (ii) each provision of the Rules and the Procedures incorporated by reference herein or in the Customer-Clearing Member Agreement shall be governed by and construed in accordance with the laws of England and Wales, as set forth in the relevant governing law provision of such document (it being understood that no Pledged Collateral Matters are of relevance to Non-FCM/BD Clearing Members). Clearing Member and Customer hereby waive any right to object to any such proceedings on the basis of *forum non conveniens* or otherwise.

13. Modifications where Clearing Member is a Sponsor and Customer is a Sponsored Principal.

- (a) This ~~paragraph~~[Section](#) 13 shall apply only in respect of an Individually Segregated Sponsored Account, notwithstanding any other provisions of these F&O Standard Terms to the contrary.
- (b) The Sponsored Principal and Sponsor agree that, save in the circumstances contemplated by these F&O Standard Terms and as provided for in any Customer-Clearing Member Agreement or other agreement between Sponsored Principal and Sponsor, each Customer-CM F&O Transaction is intended to reflect exactly the obligations of the Clearing Member in respect of the related F&O Contract in the manner set forth in Part 19 of the Rules. Any reference to an F&O Contract or Customer-CM F&O Transaction or the relationship between a Sponsored Principal and Sponsor shall be construed in accordance with recitals 4 to 8, Part 19 of the Rules, the Sponsored Principal Clearing Agreement and the Sponsor Agreement.
- (c) The following provisions of these F&O Standard Terms shall be modified as set out below in connection with an Individually Segregated Sponsored Account:
 - (i) ~~paragraph~~[Section](#) 4(a) shall not apply if the Nominated Bank Account used for the Individually Segregated Sponsored Account is an account of the Sponsored Principal;
 - (ii) the second sentence of ~~paragraph~~[Section](#) 4(b) shall not apply; and the rights of the Sponsored Principal to the assets recorded in the Individually Segregated Sponsored Account shall be as set out in the Rules;

- (iii) ~~paragraphs~~[Sections](#) 6(b)-(e) shall be construed as being modified to the extent that the Default Portability Rules and default rules are modified for Sponsors and Sponsored Principals pursuant to Rule 904 and in particular for purposes of ~~paragraph~~[Section](#) 6(b)(iii) the Clearing House shall in addition be entitled to accept the appointment of a new Sponsor pursuant to Rule 904; and
- (iv) ~~paragraphs~~[Sections](#) 8(a)(i) and (iii) and the provisions of the Rules shall instead apply to determine the liability of the Clearing House to the Sponsored Principal.
- (d) The Sponsored Principal shall be deemed to represent and warrant to the Sponsor, upon their first date of its holding such status and on each subsequent date that it is a Sponsored Principal with such Sponsor, that it meets all of the criteria set out in Rule 1901(b) and (d) and is in compliance with all of its obligations under these Rules.
- (e) Any asset received by the Sponsor from the Clearing House in respect of an Individually Segregated Sponsored Account shall be treated by the Sponsor and Sponsored Principal as if it had been received by the Sponsor from the Sponsored Principal as collateral (or cover for collateral) pursuant to the Cleared Transactions Master Agreement and these F&O Standard Terms.

Exhibit 3

- (ii) any other event or action the effect of which is to create a material mismatch between the rights, obligations or exposures as between Clearing Member and the Clearing House pursuant to an FX Contract on the one hand and the rights, obligations or exposures as between Clearing Member and Customer, including without limitation pursuant to the related Customer-CM FX Transaction, on the other hand; and
 - (iii) any other event or action the effect of which is to result in any loss, liability, cost, claim, damages or expenses being incurred by Clearing Member in connection with an FX Contract where such event or action does not form part of the FX Contract (and so is not reflected in the related Customer-CM FX Transaction).
- (j) Notwithstanding Section 3(c), Clearing Member and Customer may agree different settlement arrangements between Clearing Member and Customer so as to accommodate any particular requirements of Clearing Member or Customer.
- (k) Any price or rate determined by the Clearing House as Calculation Agent or otherwise under the Rules in relation to an FX Contract shall be used as the same price or rate by the Clearing Member in relation to the related Customer-CM FX Transaction(s).
- (l) Customer shall not be entitled to serve any type of notice under a Customer-CM FX Transaction in circumstances in which or by means that the Clearing Member would not, by virtue of the Rules or FX Procedures, be entitled to serve a corresponding notice on the Clearing House in relation to the corresponding FX Contract. Clearing Member and the Clearing House shall be entitled to treat any service of a notice in breach of this provision as invalid.
- (m) Clearing Member may, but (subject as otherwise agreed) is not obliged to, deliver any electronic notices in relation to Customer-CM FX Transactions at the times allowed under the Rules and Procedures.
- (n) These FX Standard Terms may, pursuant to the process provided for in ~~paragraph~~[Section 2](#) of these FX Standard Terms, from time to time, incorporate additional standard terms published by the Clearing House so as to establish mechanics for dealing with the relationship between FX Contracts and Customer-CM FX Transactions until such time as market infrastructure solutions are available to address the relevant operational issues. Such additional standard terms shall form part of these FX Standard Terms, may (if so specified) prevail over the applicable Procedures in respect of Customer-CM FX Transactions and may be amended and/or withdrawn only as provided for in ~~paragraph~~[Section 2](#) of these FX Standard Terms.
- (o) On each date on which the Customer has any open Customer-CM FX Transaction, the Customer shall represent that the Clearing House is not prevented from entering into any Contract nor is the Clearing Member

10. Reliance on FX Trade Particulars and submissions to Repositories etc.

The Clearing House shall be entitled to assume, without enquiry, that (i) at each Acceptance Time at which a Customer-CM FX Transaction arises, the respective obligations of Clearing Member and Customer under such Customer-CM FX Transaction constitutes its legal, valid and binding obligations enforceable in accordance with their respective terms, subject to applicable Insolvency laws or similar Applicable Laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles in general application (regardless of whether enforcement is sought in a proceeding in equity or at law); (ii) where Customer or Clearing Member are acting out of an office in the United States of America, each of Clearing Member and Customer represents to the other and to the Clearing House that it is an "eligible contract participant" as defined in the US Commodity Exchange Act, as amended and (iii) that the Clearing House is duly authorised by Clearing Member and Customer to submit, in accordance with the Rules and the Procedures, details of any FX Trade Particulars or Customer-CM FX Transaction to a Repository and to amend or delete such records from time to time in accordance with the Rules and the Procedures, in each case subject to Applicable Law. For the avoidance of doubt, Clearing Member shall not take any actions in any Repository of a nature specified in this [paragraphSection](#) and neither the Clearing House nor Clearing Member will be liable to Customer for any action or omission of the Clearing House as a result of having made such submissions. The sole remedy of Customer in the case of any error shall be to request that Clearing Member request the Clearing House to amend or correct any error pursuant to the Rules or Procedures.

11. Third Party Rights.

The Clearing House shall be entitled to rely upon and enjoy the benefit of the representations, warranties, agreements, obligations and covenants of the Customer under these FX Standard Terms and shall have the right to enforce such representations, warranties, agreements, obligations and covenants against the parties under the Contracts (Rights of Third Parties) Act 1999. Other than as set out in this Section 11, no persons other than Clearing Member and Customer shall have the right to enforce any provision of these FX Standard Terms under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

12. Miscellaneous.

- (a) **Entire Agreement.** These FX Standard Terms (together with the Customer-Clearing Member Agreement and the Rules and the Procedures incorporated by reference herein) constitutes the entire agreement and understanding of Customer and Clearing Member with respect to its subject matter and supersedes all oral communication and prior writings (except as otherwise provided herein) with respect thereto.
- (b) **Headings.** The headings used in these FX Standard Terms are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting these FX Standard Terms.
- (c) **Governing Law.** Any contractual or non-contractual disputes arising out of or in connection with the Customer-Clearing Member Agreement are governed by

and shall be construed in accordance with the law specified in the Customer-Clearing Member Agreement and subject to the non-exclusive jurisdiction of the courts specified in the Cleared Transactions Master Agreement provided that:

(i) Sections 6(d) and 11 of these FX Standard Terms shall be governed by and shall be construed in accordance with the laws of England and Wales and are subject to arbitration under Rule 117 as if such provisions of these FX Standard Terms were Rules and the parties were bound thereby as if they were both Clearing Members, notwithstanding any choice of law or jurisdiction in the Cleared Transactions Master Agreement; and (ii) each provision of the Rules and the Procedures incorporated by reference herein or in the Customer-Clearing Member Agreement shall be governed by and construed in accordance with the laws of England and Wales, as set forth in the relevant governing law provision of such document (it being understood that no Pledged Collateral Matters are of relevance to Non-FCM/BD Clearing Members). Clearing Member and Customer hereby waive any right to object to any such proceedings on the basis of *forum non conveniens* or otherwise.

13. Modifications where Clearing Member is a Sponsor and Customer is a Sponsored Principal.

- (a) This ~~paragraph~~[Section 13](#) shall apply only in respect of an Individually Segregated Sponsored Account, notwithstanding any other provisions of these FX Standard Terms to the contrary.
- (b) The Sponsored Principal and Sponsor agree that, save in the circumstances contemplated by these FX Standard Terms and as provided for in any Customer-Clearing Member Agreement or other agreement between Sponsored Principal and Sponsor, each Customer-CM FX Transaction is intended to reflect exactly the obligations of the Clearing Member in respect of the related FX Contract in the manner set forth in Part 19 of the Rules. Any reference to an FX Contract or Customer-CM FX Transaction or the relationship between a Sponsored Principal and Sponsor shall be construed in accordance with recitals 4 to 8, Part 19 of the Rules, the Sponsored Principal Clearing Agreement and the Sponsor Agreement.
- (c) The following provisions of these FX Standard Terms shall be modified as set out below in connection with an Individually Segregated Sponsored Account:
 - (i) ~~paragraph~~[Section 4\(a\)](#) shall not apply if the Nominated Bank Account used for the Individually Segregated Sponsored Account is an account of the Sponsored Principal;
 - (ii) the second sentence of ~~paragraph~~[Section 4\(b\)](#) shall not apply; and the rights of the Sponsored Principal to the assets recorded in the Individually Segregated Sponsored Account shall be as set out in the Rules;
 - (iii) ~~paragraphs~~[Sections 6\(b\)-\(e\)](#) shall be construed as being modified to the extent that the Default Portability Rules and default rules are modified for Sponsors and Sponsored Principals pursuant to Rule 904 and in particular for purposes of [paragraph 6\(b\)\(iii\)](#) the Clearing House shall in addition be entitled to accept the appointment of a new Sponsor pursuant to Rule 904; and

- (iv) ~~paragraphs~~ [Sections](#) 8(a)(i) and (iii) and the provisions of the Rules shall instead apply to determine the liability of the Clearing House to the Sponsored Principal.
- (d) The Sponsored Principal shall be deemed to represent and warrant to the Sponsor, upon their first date of its holding such status and on each subsequent date that it is a Sponsored Principal with such Sponsor, that it meets all of the criteria set out in Rule 1901(b) and (d) and is in compliance with all of its obligations under these Rules.
- (e) Any asset received by the Sponsor from the Clearing House in respect of an Individually Segregated Sponsored Account shall be treated by the Sponsor and Sponsored Principal as if it had been received by the Sponsor from the Sponsored Principal as collateral (or cover for collateral) pursuant to the Cleared Transactions Master Agreement and these FX Standard Terms.

Exhibit 4

- (iii) a Matched Pair has been created pursuant to which Clearing Member A is a Matched CDS Buyer with Clearing Member B (defined below) in respect of the CDS Contract referred to in (i) above;
- (iv) a Clearing Member ("**Clearing Member B**") is the protection seller under a CDS Contract with the Clearing House and is the Matched CDS Seller in respect of such CDS Contract in the Matched Pair with Clearing Member A referred in ~~the~~ (iii) above; and
- (v) Clearing Member B may have entered into a related Customer-CM CDS Transaction with, or if it is an FCM/BD CDS Clearing Member may be party to the CDS Contract on behalf of, its Customer ("**Customer B**"),

but will not apply to a CDS Chain in which there is neither a Customer A nor a Customer B. Accordingly a CDS Chain may involve:

- (A) Customer A, Clearing Member A, the Clearing House, Clearing Member B and Customer B;
- (B) Customer A, Clearing Member A, the Clearing House and Clearing Member B; or
- (C) Clearing Member A, the Clearing House, Clearing Member B and Customer B.

Non FCM/BD CDS Clearing Members and their Customers

- (b) A Physical Notice from a Customer to its Non-FCM/BD CDS Clearing Member will only be deemed to be effective for purposes of a Customer-CM CDS Transaction if and when a Physical Notice of an equivalent type has been delivered by such Non-FCM/BD CDS Clearing Member pursuant to and in accordance with the related CDS Contract and is effective pursuant to the terms of such CDS Contract (which may, for the avoidance of doubt, be by delivery to the other Clearing Member in a Matched Pair as designee for the Clearing House in accordance with the ICE Documentation).
- (c) If a Physical Notice is delivered by a Non-FCM/BD CDS Clearing Member to the Clearing House (which may, for the avoidance of doubt, be by delivery to the other Clearing Member in a Matched Pair as designee for the Clearing House in accordance with the ICE Documentation) under a CDS Contract, the Non-FCM/BD CDS Clearing Member's Customer, if any, will be deemed to have delivered at the same time to such Non-FCM/BD CDS Clearing Member, pursuant to and in accordance with the related Customer-CM CDS Transaction, a Physical Notice of an equivalent type and with identical content and effect to that delivered by such Non FCM/BD CDS Clearing Member under such CDS Contract.
- (d) An effective Physical Notice that has been delivered to a Non-FCM/BD CDS Clearing Member by the Clearing House (which may, for the avoidance of doubt, be by delivery by the other Clearing Member in a Matched Pair on