



# ICE Clear Europe<sup>sm</sup>

## Clearing Rules

| ~~19 April~~ December 2017 – MiFID II and indirect clearing changes

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## Part 1 General Provisions

### Rule 101 Definitions

The term "**2003 Credit Derivatives Definitions**" means the document titled "2003 ISDA Credit Derivatives Definitions" dated 2003 published by ISDA as supplemented by (a) the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 Credit Derivatives Definitions (published by ISDA on 14 July 2009) and the Credit Derivatives Determinations Committees Rules (published by ISDA and as amended from time to time) and (b) the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions (published by ISDA on 7 March 2005), all including as supplemented or modified by incorporation of any additional provisions thereto (howsoever described) under, and as amended by, the Contract Terms for any relevant CDS Contract from time to time.

The term "**2014 Credit Derivatives Definitions**" means the document titled "2014 ISDA Credit Derivatives Definitions" published by ISDA on 21 February 2014 including as supplemented or modified by incorporation of any additional provisions thereto (howsoever described) under, and as amended by, the Contract Terms for any relevant CDS Contract from time to time.

The term "**2003-type CDS Contract**" means a CDS Contract incorporating the 2003 Credit Derivatives Definitions.

The term "**2014-type CDS Contract**" means a CDS Contract incorporating the 2014 Credit Derivatives Definitions.

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

The term "**Account**" means a Customer Account of a particular Contract Category, a Proprietary Account or an Individually Segregated Sponsored Account.

The term "**Accounting Standards**" means applicable accounting standards and principles.

The term "**Affected Customer**" means a Customer in respect of whom Applicable Laws in the Customer's jurisdiction of establishment or applicable in the context of activity on a relevant trading platform do not prevent or prohibit a Customer Account providing individual client segregation ~~and~~, a Customer Account providing omnibus client segregation (in each case, in the manner set out in Articles 39 and 48 of EMIR), a Customer Account that is a segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member or a Customer Account that is a segregated account for the exclusive purpose of holding the assets and positions of the indirect clients of each client of the clearing member that are managed by the clearing member (in each case, in the manner set forth under EMIR and MiFID II) being provided to the Customer.

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)(xi).

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:
  - (A) each different DCM Customer Account;
  - (B) each different Non-DCM/Swap Customer Account;
  - (C) each different Swap Customer Account;
  - (D) each different General Customer Account; and
  - (E) each different SBS Customer Account; and
- (ii) in relation to a Non-FCM/BD Clearing Member, any of the following categories of Customer Account of such Non-FCM/BD Clearing Member:
  - (A) each different Segregated Customer Omnibus Account For F&O;

- (B) each different Segregated TTFCA Customer Omnibus Account For F&O;
- (C) each different Segregated Customer Omnibus Account For CDS;
- (D) each different Segregated TTFCA Customer Omnibus Account For CDS;
- (E) each different Segregated Customer Omnibus Account For FX;
- (F) each different Segregated TTFCA Customer Omnibus Account For FX;
- (G) each different Individually Segregated Margin-flow Co-mingled Account;
- (H) each different Omnibus Margin-flow Co-mingled Account; ~~or~~
- (I) each different Individually Segregated Sponsored Account each of which is a Customer Account of the Sponsor opened at the Clearing House in the name of the Sponsored Principal;
- (J) [each different Standard Omnibus Indirect Account For F&O;](#)
- (K) [each different Standard TTFCA Omnibus Indirect Account For F&O;](#)
- (L) [each different Standard Omnibus Indirect Account For CDS;](#)
- (M) [each different Standard TTFCA Omnibus Indirect Account For CDS;](#)
- (N) [each different Standard Omnibus Indirect Account For FX;](#)
- (O) [each different Standard TTFCA Omnibus Indirect Account For FX; and](#)
- (P) [each different Segregated Gross Indirect Account.](#)

The term "**Customer Account Contract**" means a Contract recorded in a Customer Position Account.

The term "**Customer Account Position**" means an Open Contract Position as recorded in a Customer Position Account, or any sub-account thereof.

The term "**Customer-Clearing Member Agreement**" has the meaning set out in the relevant Standard Terms.

The term "**Customer-CM Transaction**" means a Customer-CM CDS Transaction, Customer-CM F&O Transaction or Customer-CM FX Transaction.

The term "**Customer-CM CDS Transaction**" means a CDS transaction between a Non-FCM/BD Clearing Member and a Customer (or a Sponsor and Sponsored Principal) on

economic terms similar to those of a corresponding CDS Contract recorded in one of a Clearing Member's Segregated Customer Omnibus Accounts For CDS, Segregated TTFCA Customer Omnibus Accounts For CDS~~or~~, Margin-flow Co-mingled [Accounts, Standard Omnibus Indirect Accounts For CDS, Standard TTFCA Omnibus Indirect Accounts For CDS or Segregated Gross Indirect](#) Accounts (except, where applicable, the position of the CDS Clearing Member as protection buyer or protection seller and otherwise due to being governed by the CDS Standard Terms) or an Individually Segregated Sponsored Account (except as modified pursuant to Part 19 and, where applicable, the position of the Sponsor as protection buyer or protection seller and otherwise due to being governed by the CDS Standard Terms).

The term "**Customer-CM F&O Transaction**" means an F&O transaction between a Non-FCM/BD Clearing Member and a Customer (or a Sponsor and Sponsored Principal) on economic terms similar to those of a corresponding F&O Contract recorded in one of a Clearing Member's Segregated Customer Omnibus Accounts For F&O, Segregated TTFCA Customer Omnibus Accounts For F&O~~or~~, Margin-flow Co-mingled [Accounts, Standard Omnibus Indirect Accounts For F&O, Standard TTFCA Omnibus Indirect Accounts For F&O or Segregated Gross Indirect](#) Accounts (except, where applicable, the position of the F&O Clearing Member as Buying Counterparty or Selling Counterparty and otherwise due to being governed by the F&O Standard Terms) or an Individually Segregated Sponsored Account (except as modified pursuant to Part 19 and, where applicable, the position of the Sponsor as Buying Counterparty or Selling Counterparty and otherwise due to being governed by the F&O Standard Terms).

The term "**Customer-CM FX Transaction**" means an FX transaction between a Non-FCM/BD Clearing Member and a Customer (or a Sponsor and Sponsored Principal) on economic terms similar to those of a corresponding FX Contract recorded in one of a Clearing Member's Segregated Customer Omnibus Accounts For FX, Segregated TTFCA Customer Omnibus Accounts For FX~~or~~, Margin-flow Co-mingled [Accounts, Standard Omnibus Indirect Accounts For FX, Standard TTFCA Omnibus Indirect Accounts For FX or Segregated Gross Indirect](#) Accounts (except, where applicable, the position of the CDS Clearing Member as Reference Currency Buyer or Reference Currency Seller and otherwise due to being governed by the FX Standard Terms) or an Individually Segregated Sponsored Account (except as modified pursuant to Part 19 and, where applicable, the position of the Sponsor as Reference Currency Buyer or Reference Currency Seller and otherwise due to being governed by the FX Standard Terms).

The term "**Customer-CM Collateral**" means collateral provided by a Customer to a Clearing Member as collateral for the Customer's obligations (or, where applicable, other obligations) to the Clearing Member under Customer-CM Transactions.

The "**Customer Margin Account**" forms part of a Customer Account and the term means an account with the Clearing House opened in the name of a Clearing Member for the recording of debits and credits of Margin in respect of Customer Account Contracts recorded in the related Customer Position Account, which may be divided for administrative convenience only into sub-accounts relating to different Customers or groups of Customers. In respect of an Individually Segregated Sponsored Account, the term includes a similar account of a

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, 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](#) ~~(as defined in the Delivery Procedures)~~.

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 'exchange for physicals' under the ICE Futures Europe Rules or ICE Futures US Rules, as applicable or any similar transaction under LIFFE Rules or ICE Endex Rules.

The term "**EFSS**" means 'exchange for swaps' under the ICE Futures Europe Rules or 'exchange for related position' under ICE Futures US Rules, as applicable or any similar transaction under LIFFE Rules or ICE Endex 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 Clearing Member**" means a Clearing Member that is authorised by the Clearing House to become party to Energy Contracts.



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 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

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 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 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**" means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, 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 "**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 constitutes a Force Majeure Event affecting the relevant Clearing Member or Sponsored Principal.

The term "**Money Laundering Directive**" means Directive 2005/60/EC and relevant implementing measures in each member state of the European Economic Area which has implemented Directive 2005/60/EC, including the Money Laundering Regulations 2007.

The term "**National Grid**" has the meaning given in the Delivery Procedures.

The term "**Network Code**" has the meaning given in the Delivery Procedures.

The term "**Nominated Bank Account**" means a Nominated Customer Bank Account or a Nominated Proprietary Bank Account.

The term "**Nominated Customer Bank Account**" means an account (if any) of a Clearing Member at an Approved Financial Institution, nominated by the Clearing Member in accordance with the Finance Procedures, used by the Clearing Member for transfers to or from the Clearing House of amounts due in respect of a particular Customer Account (or all its Margin-flow Co-mingled Accounts [related to the same position-keeping account or all its Segregated Gross Indirect Accounts related to the same position-keeping account](#)) which may be designated by a Clearing Member for payments in respect of a single Customer Account or Customer Accounts of a particular Customer Account Category (or all its Margin-flow Co-mingled Accounts [related to the same position-keeping account or all its Segregated Gross Indirect Accounts related to the same position-keeping account](#)). For the avoidance of doubt, a Nominated Customer Bank Account is not and does not form part of a Customer Account. The term includes a similar account nominated by a Sponsored Principal in accordance with Rule 1901(b) and 1902, which must be linked to the relevant Individually Segregated Sponsored Account.

The term "**Nominated Proprietary Bank Account**" means an account of a Clearing Member at an Approved Financial Institution, nominated by the Clearing Member in accordance with the Finance Procedures, used by the Clearing Member for transfers to or from the Clearing House of amounts due in respect of a Proprietary Account, which may be designated for payments in respect of F&O Contracts, FX Contracts, CDS Contracts or any or all of them. For the avoidance of doubt, a Nominated Proprietary Bank Account is not and does not form part of a Proprietary Account.

The term "**Non-DCM/Swap**" means, in relation to an FCM/BD Clearing Member, a transaction or Contract that is not a U.S. Future, SBS or a Swap (as described in paragraphs (i) or (ii) of the definition thereof) and that is a "foreign future" or "foreign

for the recording of F&O Contracts to which that Non-FCM/BD Clearing Member is a party as a result of it acting for one or more Segregated Customers, and related Margin (and in which no assets or positions relating to the Non-FCM/BD Clearing Member's own account are recorded, enabling the Non-FCM/BD Clearing Member to distinguish the assets and positions in F&O Contracts held for the account of its Segregated Customers).

The term "**Segregated Customer Omnibus Account For CDS**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD CDS Clearing Member for the recording of CDS Contracts to which that Non-FCM/BD CDS Clearing Member is a party as a result of it acting for one or more Segregated Customers, and related Margin (and in which no assets or positions relating to the Non-FCM/BD CDS Clearing Member's own account are recorded, enabling the Non-FCM/BD CDS Clearing Member to distinguish the assets and positions in CDS Contracts held for the account of its Segregated Customers).

The term "**Segregated Customer Omnibus Account For FX**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of FX Contracts to which that Non-FCM/BD Clearing Member is a party as a result of it acting for one or more Segregated Customers, and related Margin (and in which no assets or positions relating to the Non-FCM/BD Clearing Member's 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 Customers).

The term "**Segregated Gross Indirect 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 or positions relating to the Indirect Clients of a particular Customer are recorded, enabling the Clearing House to distinguish the assets and positions recorded in such account from assets or positions relating to the proprietary assets, positions and Margin of the same Customer and from any assets or positions of other Customers of the Clearing Member and from the assets or positions of the Clearing Member on its own account and also from assets or positions 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 Segregated Gross Indirect Accounts of the same Clearing Member that are recorded in the same position-keeping account, in accordance with Rules 302(a)(vii)-(viii) and 503(k) and the Clearing Procedures. A Segregated Gross Indirect Account is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the indirect clients of each client of the clearing member that are managed by the clearing member" for purposes of EMIR and MiFID II. A collection of Segregated Gross Indirect Accounts using the same position-keeping account as specified in the Clearing Procedures is referred to in some Clearing House documentation as a "Gross Omnibus Indirect Account".

The term "**Segregated TTFCA Customer**" means a Customer of a Non-FCM/BD Clearing Member which provides collateral to the Non-FCM/BD Clearing Member on a title transfer financial collateral arrangement basis or otherwise in circumstances in which no customer asset segregation, client money, client asset, trust or other client asset protection regime applies (other than the requirement arising under EMIR to distinguish from the Proprietary



- (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 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 'Soft Commodity EFRP' as defined in the ICE Futures Europe Rules or 'AAs' as defined in the LIFFE 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 "**Sponsored Principal**" means the principal in respect of an Individually Segregated Sponsored Account. A Sponsored Principal must also be a client (as defined in EMIR) that is a Customer of the Sponsor and may be either a Segregated Customer or ~~an~~ Segregated TTFC Customer.

The term "**Sponsored Principal Clearing Agreement**" means an agreement between a Sponsored Principal and the Clearing House under which, *inter alia*, the Sponsored Principal agrees to act as a Sponsored Principal and the Clearing House agrees to provide Clearing in respect of Contracts of the Sponsored Principal and the Sponsored Principal 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 the Clearing House and a Sponsored Principal, for the avoidance of doubt, for Sponsored Principals that have executed a Pledged Collateral Addendum, the relevant Sponsored Principal Clearing Agreement will be interpreted as amended by that Pledged Collateral Addendum.

The term "**Standard Omnibus Indirect Account**" means a Standard Omnibus Indirect Account for F&O, Standard TTFCA Omnibus Indirect Account for F&O, Standard Omnibus Indirect Account for CDS, Standard TTFCA Omnibus Indirect Account for CDS, Standard Omnibus Indirect Account for FX or Standard TTFCA Omnibus Indirect Account for FX.

The term "**Standard Omnibus Indirect Account For CDS**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of CDS Contracts to which that Clearing Member is a party as a result of it acting for one or more Segregated Customers which have Indirect Clients, and related Margin (and in which no assets or positions relating to the Clearing Member's own account nor any assets or positions relating to the proprietary business of any Customer are recorded), enabling the Clearing Member to distinguish the assets and positions in CDS Contracts held for the account of Segregated Customers solely in respect of transactions entered into by such Segregated Customers with Indirect Clients. A Standard Omnibus Indirect Account for CDS is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member" for purposes of EMIR and MiFID II.

The term "**Standard Omnibus Indirect Account For F&O**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of F&O Contracts to which that Clearing Member is a party as a result of it acting for one or more Segregated Customers which have Indirect Clients, and related Margin (and in which no assets or positions relating to the Clearing Member's own account nor any assets or positions relating to the proprietary business of any Customer are recorded), enabling the Clearing Member to distinguish the assets and positions in F&O Contracts held for the account of Segregated Customers solely in respect of transactions entered into by such Segregated Customers with Indirect Clients. A Standard Omnibus Indirect Account for F&O is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member" for purposes of EMIR and MiFID II.

The term "**Standard Omnibus Indirect Account For FX**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of FX Contracts to which that Clearing Member is a party as a result of it acting for one or more Segregated Customers which have Indirect Clients, and related Margin (and in which no assets or positions relating to the Clearing Member's own account nor any assets or positions relating to the proprietary business of any Customer are recorded), enabling the Clearing Member to distinguish the assets and positions in FX Contracts held for the account of Segregated Customers solely in respect of transactions entered into by such Segregated Customers with Indirect Clients. A Standard Omnibus Indirect Account for FX is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member" for purposes of EMIR and MiFID II.

The term "**Standard Terms**" means CDS Standard Terms, F&O Standard Terms or FX Standard Terms.

The term "**Standard TTFCA Omnibus Indirect Account For CDS**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of CDS Contracts to which that Clearing Member is a party as a result of it acting for one or more Segregated TTFCA Customers which have Indirect Clients, and related Margin (and in which no assets or positions relating to the Clearing Member's own account nor any assets or positions relating to the proprietary business of any Customer are recorded), enabling the Clearing Member to distinguish the assets and positions in CDS Contracts held for the account of Segregated TTFCA Customers solely in respect of transactions entered into by such Segregated TTFCA Customers with Indirect Clients. A Standard TTFCA Omnibus Indirect Account for CDS is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member" for purposes of EMIR and MiFID II.

The term "**Standard TTFCA Omnibus Indirect Account For F&O**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of F&O Contracts to which that Clearing Member is a party as a result of it acting for one or more Segregated TTFCA Customers which have Indirect Clients, and related Margin (and in which no assets or positions relating to the Clearing Member's own account nor any assets or positions relating to the proprietary business of any Customer are recorded), enabling the Clearing Member to distinguish the assets and positions in F&O Contracts held for the account of Segregated TTFCA Customers solely in respect of transactions entered into by such Segregated TTFCA Customers with Indirect Clients. A Standard TTFCA Omnibus Indirect Account for F&O is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member" for purposes of EMIR and MiFID II.

The term "**Standard TTFCA Omnibus Indirect Account For FX**" means a kind of Customer Account with the Clearing House opened in the name of a Non-FCM/BD Clearing Member for the recording of FX Contracts to which that Clearing Member is a party as a result of it acting for one or more Segregated TTFCA Customers which have Indirect Clients, and related Margin (and in which no assets or positions relating to the Clearing Member's own account nor any assets or positions relating to the proprietary business of any Customer are recorded), enabling the Clearing Member to distinguish the assets and positions in FX Contracts held for the account of Segregated TTFCA Customers solely in respect of transactions entered into by such Segregated TTFCA Customers with Indirect Clients. A Standard TTFCA Omnibus Indirect Account for FX is intended for usage as a "segregated account for the exclusive purpose of holding the assets and positions of the clearing member's indirect clients that are managed by the clearing member" for purposes of EMIR and MiFID II.

The term "**Strike Price**" in respect of an Option, means the price of the relevant Deliverable at which the Option may be or is exercised.



- (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);
  - (xiv) the Procedures (excluding any Contract Terms set out in the Procedures) save to the extent included in (v);
  - (xv) Market Rules other than those referred to in (vi) to (xiii) above (excluding any document described in Rule 102(f)(i) to (xiii) incorporated by reference);
  - (xvi) any Guidance;
  - (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);
  - (xviii) in the case of CDS Contracts recorded in a ~~Segregated~~ Customer ~~Omnibus~~ Account ~~For CDS or Segregated TTFCA Customer Omnibus Account For CDS~~ 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);
  - (xix) in the case of F&O Contracts recorded in a ~~Segregated~~ Customer ~~Omnibus~~ Account ~~For F&O or Segregated TTFCA Customer Omnibus Account For F&O~~ 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);
  - (xx) in the case of FX Contracts recorded in a ~~Segregated~~ Customer ~~Omnibus~~ Account ~~For FX or Segregated TTFCA Customer Omnibus Account For FX~~ 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
  - (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, 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;

For the avoidance of doubt and ease of reference, the following provisions or documents relevant to asset and account segregation also apply in respect of each Segregated Customer Omnibus Account ~~for~~For CDS, Segregated Customer Omnibus Account ~~for~~For F&O~~—and~~, Segregated Customer Omnibus Account ~~for~~For FX, Standard Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS and Standard Omnibus Indirect Account For FX of each Clearing Member that is subject to CASS 7.18 of the FCA rules, as well as each Individually Segregated Sponsored Account~~—and~~, Margin-flow Co-mingled Account and Segregated Gross Indirect Account of such a Clearing Member in respect of which the Clearing House gives an acknowledgement in accordance with paragraph (viii) below:

- (vii) the third and fourth sentences of clause 5.3 of the Clearing Membership Agreement (and equivalent provisions of the Sponsored Principal Clearing Agreement and Sponsor Agreement, if applicable); and
- (viii) any letter delivered to the Clearing House pursuant to CASS 7.18, where the Clearing House has countersigned the same and returned it to the Clearing Member.

Any reference in these Rules or the Procedures to Rule 102(q) shall be deemed to include a reference to such provisions as are mentioned in paragraph (vii) and such letters as are mentioned in paragraph (viii), as are applicable to the Clearing Member concerned.

- (r) The Rules shall at all times be observed, interpreted and given effect to in the manner most conducive to the promotion and maintenance of recognition of:
  - (i) the Clearing House as a recognised clearing house under the FSMA, as having any status or licence granted by a Market or Delivery Facility, as a registered derivatives clearing organization under the CEA and as a registered clearing agency under the Exchange Act and any other legal or regulatory status it has from time to time under any other Applicable Law;
  - (ii) the good reputation of the Clearing House (and Clearing Members and Sponsored Principals);
  - (iii) high standards of integrity and fair dealing in accordance with FCA Rules and other Applicable Law;
  - (iv) the Clearing House's obligation under EMIR and other Applicable Law to act fairly and professionally in accordance with the best interests of Clearing Members, Sponsored Principals and Customers and sound risk management; and
  - (v) proper protection for all Persons interested in the performance of Contracts.

To the extent that the Clearing House or any Clearing Member or Sponsored Principal has any right under these Rules which may on its face be performed in a manner that

- (y) Where a Contract is not a derivative for the purposes of MiFID ~~or MiFID-II~~, or any national implementing measure of a member state of the European Economic Area, any provisions in these Rules with respect to Repositories shall not apply, unless the Clearing House or other relevant persons determine to submit details to Repositories on a voluntary basis.

**Rule 103**            *Delay in performance by the Clearing House*

Subject to the provisions of the Contract Terms and further subject as set out in the Procedures, where an obligation of the Clearing House must be performed immediately, promptly or by or prior to a specified time or date but is not so performed, the Clearing House shall not be in breach of these Rules if, having used all reasonable endeavours to perform such obligation by such specified time or date, it performs the relevant obligation promptly after such specified time or date.

**Rule 104**            *Invoicing Back and Specification of Terms*

- (a) Other than in circumstances in which Rule 912 applies and subject to Rules 104(c) to (f), if a Force Majeure Event, Illegality or Impossibility affects Contracts of a particular Set, the Clearing House shall have the right, in consultation with the relevant Market (if any) to:
- (i) Invoice Back Contracts of such Set; or
  - (ii) specify or over-ride the price or other terms of Contracts of such Set.
- (b) The Clearing House shall in addition have the right, in consultation with the relevant Market, to Invoice Back an Energy Contract that is subject to delivery or tender in the circumstances and in the manner set out in the Delivery Procedures.
- (c) Any instance of Invoicing Back or specification or over-riding of price or other terms under Rule 104(a) must, subject to Rule 109(c), be approved in advance by an affirmative vote of the Board at a quorate meeting, at which meeting the facts giving rise to the Force Majeure Event, Illegality or Impossibility, as the case may be, will be considered and at which the Board decides that it would be appropriate to exercise the right in question. Any exercise of such a right will further be undertaken subject to any additional processes established pursuant to documents governing the internal governance of the Clearing House and its committees.
- (d) Neither Invoicing Back rights nor specification or over-riding of price or other terms rights under Rule 104(a) or 104(b) are to be exercised by the Clearing House to deal with the general management of an Event of Default (such as for the purpose of changing the amount of any liability of the Clearing House to a Defaulter (or deemed defaulter) or to a Clearing Member or Sponsored Principal which would be a Defaulter on the making of the relevant declaration by the Clearing House under Rule 901(a) or of any liability of any Defaulter (or deemed defaulter) or any such Clearing Member or Sponsored Principal to the Clearing House) or as an alternative to applying the process in Part 10 *et seq.* in circumstances in which such provisions apply. However,

- (xix) participate in default management simulations, new technology testing and other exercises, as notified by the Clearing House from time to time;
  - (xx) be responsible for ensuring that Customers comply with their obligations in the manner set forth in the Rules and Standard Terms; and
  - (xxi) if it is subject to CASS 7.18 of the FCA rules, deliver to the Clearing House, in the format required under CASS 7.18, a letter in respect of each of its Segregated Customer Omnibus Accounts for CDS, Segregated Customer Omnibus Accounts for F&O~~and~~, Segregated Customer Omnibus [Accounts for FX, Standard Omnibus Indirect Accounts for CDS, Standard Omnibus Indirect Accounts for F&O and Standard Omnibus Indirect](#) Accounts for FX, as well as each Individually Segregated Sponsored Account~~and~~, Margin-flow Co-mingled [Account and Segregated Gross Indirect](#) Account which is treated by it as a client transaction account under CASS 7.18.
- (b) Prior to making available services relating to Clearing of CDS, F&O or FX to any Customer, a Non-FCM/BD Clearing Member is obliged to procure the agreement of such Customer to the CDS Standard Terms, F&O Standard Terms or FX Standard Terms respectively, in such a way that:
- (i) the relevant Standard Terms and/or Rules are duly cross-referenced (as being applicable to Customer-CM Transactions between such Customer and such Non-FCM/BD Clearing Member) in an agreement between the Non-FCM/BD Clearing Member and its Customer that has been duly executed and duly authorised by both of them; and
  - (ii) subject to Rule 202(c), the obligations of the Customer to the Non-FCM/BD Clearing Member and the Clearing House under the relevant Standard Terms constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable Insolvency laws and similar Applicable Laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application and to other matters which are standardly excluded, restricted or qualified in legal opinions (regardless of whether enforcement is sought in a proceeding in equity or at law)); and
  - (iii) automatic early termination does not apply under such agreement in respect of either the Non-FCM/BD Clearing Member or its Customer and the relevant Customer-CM Transactions (unless the party, or each of the parties, to which automatic early termination applies is incorporated in Switzerland, Germany or any other jurisdiction approved by the Clearing House for such purposes).

To the extent that it agrees to be bound by the Rules, a Customer of a Non-FCM/BD Clearing Member will be deemed to be bound by each set of relevant Standard Terms in such a manner.

the case of Rule 201(i), only if it is a CDS Clearing Member and in the case of Rule 201(j), only if it is an FX Clearing Member);

- (xviii) assign any of its rights or transfer by novation any of its rights and obligations under these Rules to a third party (or purport to do so) unless the Clearing House provides its prior written consent (which consent shall not unreasonably be withheld or delayed);
- (xix) breach any Contract Terms;
- (xx) if it is subject to CASS 7.18 of the FCA rules, deliver any letter to the Clearing House in the manner referred to in Rule 102(q)(viii) in respect of any Proprietary Account, Segregated TTFCA Customer Omnibus ~~Accounts~~ for Account For CDS, Segregated TTFCA Customer Omnibus ~~Accounts~~ for Account For F&O ~~or~~, Segregated TTFCA Customer Omnibus ~~Accounts~~ for Account For FX, Standard TTFCA Omnibus Indirect Account For CDS, Standard TTFCA Omnibus Indirect Account For F&O or Standard TTFCA Omnibus Indirect Account For FX; or
- (xxi) if (A) it is a CDS Clearing Member incorporated in Germany; or (B) in relation to a Customer Account transaction of any CDS Clearing Member where the Customer is incorporated in Germany: submit any CDS Transaction Particulars for clearing or enter into any CDS Contract which would take place in circumstances where the CDS Clearing Member would be in breach of Rule 201(a)(xxxiv), Rule 405(a)(xi) or Rule 1901(d)(xiii) but for the exceptions therein relating to Applicable Laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts, unless prior notice of at least 30 days has been provided by the CDS Clearing Member to the Clearing House in accordance with Rule 204(a)(xiv).

#### **Rule 204**     *Notifications by Clearing Members*

- (a) Each Clearing Member shall notify the Clearing House in writing without delay providing full particulars known to it:
  - (i) in relation to any change of Control, as soon as it becomes aware of that change or proposed change of Control and it is not prevented from disclosing the change of Control by Applicable Laws;
  - (ii) if it breaches any applicable Position Limit that has been notified to it;
  - (iii) if it ceases to have sufficient Capital, as determined pursuant to Rule 206;
  - (iv) if its Capital for any reason is reduced by more than 10% from that shown on the latest financial statement filed by it with the Clearing House;
  - (v) prior to any payment, loan, distribution or redemption causing a reduction in Capital of the nature described in Rule 204(a)(iv), detailing the payment, loan,



Proprietary Accounts, DCM Customer Accounts, Non-DCM/Swap Customer Accounts, Swap Customer Accounts, General Customer Accounts and SBS Customer Accounts. A Non-FCM/BD Clearing Member shall be eligible to have any number of Proprietary Accounts, ~~Segregated Customer Omnibus Accounts For F&O, Segregated TTFCA Customer Omnibus Accounts For F&O, Segregated Customer Omnibus Accounts For CDS, Segregated TTFCA Customer Omnibus Accounts For CDS, Segregated Customer Omnibus Accounts For FX and Segregated TTFCA Customer Omnibus Accounts for FX, as well as having any number of Margin flow Co-mingled Accounts~~ and any number of Customer Accounts of any Customer Account Category that is available for Non-FCM/BD Clearing Members, as well as being able to act as Sponsor in respect of any number of Individually Segregated Sponsored Accounts.

- (e) A Disclosed Principal Member shall be liable as principal to the Clearing House and responsible for all obligations arising in respect of the Proprietary Account referable to the Clearing Member that has appointed it as a Disclosed Principal Member, instead of the Clearing Member. Where the Clearing Member appoints a Disclosed Principal Member, there shall be no Customer Account for either the Clearing Member or the Disclosed Principal Member and the only Proprietary Account shall be that of the Disclosed Principal Member.
- (f) Subject to Market requirements (if any), a Clearing Member may appoint another Clearing Member to perform specific functions, including deliveries, on the first Clearing Member's behalf. In order to do so, the relevant Clearing Members, the Market (if any) and the Clearing House must be party to an agreement pursuant to which the second Clearing Member agrees to perform specific functions detailed in the agreement on behalf of the first Clearing Member. A Clearing Member intending to perform functions for another Clearing Member will represent and warrant to the Clearing House that it has sufficient authorisation under the FSMA and other Applicable Laws to carry on such function.
- (g) The following categories of Clearing Members will not be permitted to clear Financials & Softs Contracts that are futures or options on underlying U.S. securities (other than futures contracts on broad-based security indices or exempted securities):
  - (i) FCM/BD Clearing Members; (ii) other Clearing Members that are organised in the United States of America; and (iii) other Clearing Members having a U.S. residence, based upon the location of their executive office or principal place of business, including, without limitation, (a) a U.S. bank (as defined by Section 3(a)(6) of the Exchange Act), and (b) a foreign branch of a U.S. bank or U.S. registered broker-dealer.

## **Rule 208**      *Suspension of Clearing Member*

- (a) A Clearing Member may be suspended:
  - (i) if one or more of the conditions set out in Rule 209(a)(i) to (v) is satisfied;
  - (ii) upon any breach by the Clearing Member of these Rules;

shall be treated as having been satisfied and discharged, at the time that the relevant Credit/Debit Payment Transfer Order arises relating to such payment (or, if the Clearing Member or Approved Financial Institution is not a Participant, would have arisen were the Clearing Member or Approved Financial Institution to have been a Participant), provided that the Clearing House has reason to believe that the Clearing House Account from which payment is to be made has sufficient funds or credit on account.

- (m) The Clearing House will maintain a list of Concentration Banks and Approved Financial Institutions and will issue a Circular upon any change to Concentration Banks or Approved Financial Institutions.
- (n) The Clearing House will ensure that at all times there is at least one Concentration Bank.

### **Rule 302**     *Mechanics for Payments*

- (a) Amounts payable to or by the Clearing House in a particular currency (as determined in accordance with the Finance Procedures) will be calculated and settled for each Account based on the designation of the relevant Account, the applicable margin model (net or gross) and payment mechanics set forth in this Part 3, the Clearing Procedures, the Finance Procedures and Part 16. The Clearing House shall calculate a net amount in respect of each Account by offsetting amounts due against amounts payable on that Account (except as provided in Rule 1605 for the Swap Customer Account of FCM/BD Clearing Members). The Clearing House shall advise each Clearing Member of the net amounts due to or from the Clearing Member in respect of each of its Proprietary Accounts and each of its Customer Accounts (if any) on each Business Day (or more frequently if the Clearing House determines to make an intra-day call in accordance with the Finance Procedures) and:
  - (i) if the net amount for a Proprietary Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Proprietary Bank Account of the Clearing Member with the Approved Financial Institution to a Clearing House Account in an amount equal to the amount so due;
  - (ii) if the net amount for a Proprietary Account is due to the Clearing Member, the Clearing House shall instruct an Approved Financial Institution to transfer funds from a Clearing House Account to the relevant Nominated Proprietary Bank Account of the Clearing Member with the Approved Financial Institution in an amount equal to the amount so due;
  - (iii) if the net amount for a Customer Account (other than a Margin-flow Co-mingled Account, [Segregated Gross Indirect Account](#) or Swap Customer Account) is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Customer Bank Account of the Clearing Member with the



Approved Financial Institution to a Clearing House Account in an amount equal to the amount so due;

- (iv) if the net amount for a Customer Account (other than a Margin-flow Co-mingled Account, [Segregated Gross Indirect Account](#) or Swap Customer Account) is due to the Clearing Member, the Clearing House shall instruct an Approved Financial Institution to transfer funds from a Clearing House Account to the relevant Nominated Customer Bank Account of the Clearing Member with the Approved Financial Institution in an amount equal to the amount so due;
- (v) if the net amount for a Margin-flow Co-mingled Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Customer Bank Account of the Clearing Member with the Approved Financial Institution to a Clearing House Account either: (A) in an amount equal to the total of all net amounts due to the Clearing House across all Margin-flow Co-mingled Accounts of the Clearing Member [that are recorded in the same position-keeping account](#) (or in respect of all Margin-flow Co-mingled Accounts of the Clearing Member with respect to F&O Clearing, FX Clearing or CDS Clearing, as the case may be), regardless of whether any amount is due to the Clearing Member in respect of the same Margin-flow Co-mingled Accounts; or (B) separately in respect of the net amount for each Margin-flow Co-mingled Account, in which case the Clearing Member or its Approved Financial Institution shall be entitled to settle the net amounts across all the Clearing Member's Margin-flow Co-mingled Accounts on a net basis;
- (vi) if the net amount for a Margin-flow Co-mingled Account is due to the Clearing Member, the Clearing House shall instruct an Approved Financial Institution to transfer funds from a Clearing House Account to the relevant Nominated Customer Bank Account of the Clearing Member with the Approved Financial Institution either: (A) in an amount equal to the total of all net amounts due to the Clearing Member across all Margin-flow Co-mingled Accounts of the Clearing Member [that are recorded in the same position-keeping account](#) (or in respect of all Margin-flow Co-mingled Accounts of the Clearing Member with respect to F&O Clearing, FX Clearing or CDS Clearing, as the case may be), regardless of whether any amount is due to the Clearing House in respect of the same Margin-flow Co-mingled Accounts; or (B) separately in respect of the net amount for each Margin-flow Co-mingled Account, in which case the Clearing Member or its Approved Financial Institution shall be entitled to settle the net amounts across all the Clearing Member's Margin-flow Co-mingled Accounts on a net basis; ~~and~~
- (vii) [if the net amount for a Segregated Gross Indirect Account is due to the Clearing House, the Clearing House shall instruct the Clearing Member's Approved Financial Institution to transfer funds from the relevant Nominated Customer Bank Account of the Clearing Member with the Approved Financial](#)

Institution to a Clearing House Account either: (A) in an amount equal to the total of all net amounts due to the Clearing House across all Segregated Gross Indirect Accounts of the Clearing Member that are recorded in the same position-keeping account (or in respect of all Segregated Gross Indirect Accounts of the Clearing Member with respect to F&O Clearing, FX Clearing or CDS Clearing, as the case may be), regardless of whether any amount is due to the Clearing Member in respect of the same Segregated Gross Indirect Accounts; or (B) separately in respect of the net amount for each Segregated Gross Indirect Account, in which case the Clearing Member or its Approved Financial Institution shall be entitled to settle the net amounts across all the Clearing Member's Segregated Gross Indirect Accounts on a net basis;

(viii) if the net amount for a Segregated Gross Indirect Account is due to the Clearing Member, the Clearing House shall instruct an Approved Financial Institution to transfer funds from a Clearing House Account to the relevant Nominated Customer Bank Account of the Clearing Member with the Approved Financial Institution either: (A) in an amount equal to the total of all net amounts due to the Clearing Member across all Segregated Gross Indirect Accounts of the Clearing Member that are recorded in the same position-keeping account (or in respect of all Segregated Gross Indirect Accounts of the Clearing Member with respect to F&O Clearing, FX Clearing or CDS Clearing, as the case may be), regardless of whether any amount is due to the Clearing House in respect of the same Segregated Gross Indirect Accounts; or (B) separately in respect of the net amount for each Segregated Gross Indirect Account, in which case the Clearing Member or its Approved Financial Institution shall be entitled to settle the net amounts across all the Clearing Member's Segregated Gross Indirect Accounts on a net basis; and

(viii) Rule 1605(h) shall apply to determine the timing, nature and means of making payments in relation to any amount due to or from an FCM/BD Clearing Member in respect of its Swap Customer Account.

- (b) Instructions made pursuant to this Rule 302 may be made by means of a SWIFT message (or, in the case of a contingency, such other electronic message, fax, telephone or other means as are allowed pursuant to the Finance Procedures) to the relevant Approved Financial Institution. Payments pursuant to this Rule 302 shall be made immediately at the time and on the date that the obligation to pay arises or at such other time as is specified by the Clearing House in writing.
- (c) Upon notice from the Clearing House that a transfer of funds from a Clearing Member's Nominated Bank Account was not effected as instructed by the Clearing House for any reason, the Clearing Member shall deliver to the Clearing House the amount required at such time and in such form as the Clearing House may prescribe.
- (d) Various authorities and powers are granted to the Clearing House pursuant to clause 5.2 of the Clearing Membership Agreement for purposes of supporting the payment arrangements set out in this Rule 302. For the avoidance of doubt, the

reference in the fourth sentence of clause 5.2 of the Clearing Membership Agreement that the "Approved Financial Institutions will act upon any instructions received from the Clearing House" shall be understood to mean that the "Approved Financial Institutions shall be authorised and directed to act upon any instructions received from the Clearing House".

- (e) Each Customer Account of a Clearing Member shall be treated separately for purposes of any payments under Rule 302(a). Where a Clearing Member has more than one Customer Account, there shall be separate payments in respect of each such Customer Account (except for Margin-flow Co-mingled Accounts and Segregated Gross Indirect Accounts, where payments to the Clearing House and payments from the Clearing House may each be separately aggregated across all Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts using the same position-keeping account or separately instructed and mutually offset prior to settlement in accordance with Rule 302(a)(v)-(~~vi~~viii)).

### **Rule 303**     *Set Off*

- (a) Subject to Rule 102(q), the Clearing House may set off any obligation due to it from a Clearing Member against any obligation owed by the Clearing House to, or for the account of, the Clearing Member, regardless of the place of payment, account, branch or currency of either obligation. If the obligations referred to in this Rule 303(a) are in different currencies, the Clearing House may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set off.
- (b) Subject to Rule 102(q), the Clearing House shall be entitled to make any necessary adjustments to the Clearing Member's Proprietary Accounts and Customer Accounts resulting from exercise of its rights of set off.
- (c) The rights of the Clearing House in this Rule 303 are without prejudice to any rights of lien, set-off, netting, liquidation, combination of accounts or appropriation, or to instruct the same or any other rights or remedies of the Clearing House or any Approved Financial Institution, whether under these Rules or otherwise.
- (d) Without prejudice to Applicable Laws of mandatory application following an Insolvency, notwithstanding any existing or future agreement and except as expressly provided in these Rules, the Clearing Membership Agreement, any Sponsored Principal Clearing Agreement, any Sponsor Agreement, the Procedures or a Contract, each Clearing Member irrevocably waives any and all rights it may have to set off, net, recoup, combine accounts or otherwise withhold or suspend or condition payment or performance of any obligation between the Clearing House and such Clearing Member under these Rules or any Contract against any obligations between the Clearing House and such Clearing Member or any branch or Affiliate of the Clearing House or of such Clearing Member, under any other agreements.

Account and recorded by the Clearing House in accordance with such designation;

- (v) 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 General Customers in respect of F&O Contracts in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for a General Customer Account and recorded by the Clearing House in accordance with such designation;
- (vi) [Not Used.]
- (vii) 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 Customers [acting for their own account](#) in respect of F&O Contracts, in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for:
  - (A) a Segregated Customer Omnibus Account For F&O if the client chooses omnibus account segregation and has not requested use of an Omnibus Margin-flow Co-mingled Account;
  - (B) an Individually Segregated Sponsored Account if the client chooses individual client segregation and has been admitted to the Clearing House as a Sponsored Principal;
  - (C) an Individually Segregated Margin-flow Co-mingled Account if the client chooses individual client segregation and has not been admitted to the Clearing House as a Sponsored Principal; or
  - (D) an Omnibus Margin-flow Co-mingled Account if the client chooses omnibus client segregation but requests to do so only as part of a particular group of Customers,

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

- (viii) 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 TTFCA Customers [acting for their own account](#) in respect of F&O Contracts, in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for:
  - (A) a Segregated TTFCA Customer Omnibus Account For F&O if the client chooses omnibus account segregation and has not requested use of an Omnibus Margin-flow Co-mingled Account;

- (B) an Individually Segregated Sponsored Account if the client chooses individual client segregation and has been admitted to the Clearing House as a Sponsored Principal;
- (C) an Individually Segregated Margin-flow Co-mingled Account if the client chooses individual client segregation and has not been admitted to the Clearing House as a Sponsored Principal; or
- (D) an Omnibus Margin-flow Co-mingled Account if the client chooses omnibus client segregation but requests to do so only as part of a particular group of Customers,

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

- (ix) 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 Customers [acting for their own account](#) in respect of CDS Contracts, in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for:

- (A) a Segregated Customer Omnibus Account For CDS if the client chooses omnibus account segregation and has not requested use of an Omnibus Margin-flow Co-mingled Account;
- (B) an Individually Segregated Sponsored Account if the client chooses individual client segregation and has been admitted to the Clearing House as a Sponsored Principal;
- (C) an Individually Segregated Margin-flow Co-mingled Account if the client chooses individual client segregation and has not been admitted to the Clearing House as a Sponsored Principal; or
- (D) an Omnibus Margin-flow Co-mingled Account if the client chooses omnibus client segregation but requests to do so only as part of a particular group of Customers,

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

- (x) 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 TTFCA Customers [acting for their own account](#) in respect of CDS Contracts, in which case the Contract shall be designated by the Clearing Member in accordance with Rule 401(g) as for:

- (A) a Segregated TTFCA Customer Omnibus Account For CDS if the client chooses omnibus account segregation and has not requested use of an Omnibus Margin-flow Co-mingled Account;
- (B) an Individually Segregated Sponsored Account if the client chooses individual client segregation and has been admitted to the Clearing House as a Sponsored Principal;
- (C) an Individually Segregated Margin-flow Co-mingled Account if the client chooses individual client segregation and has not been admitted to the Clearing House as a Sponsored Principal; or
- (D) an Omnibus Margin-flow Co-mingled Account if the client chooses omnibus client segregation but requests to do so only as part of a particular group of Customers,

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

- (xi) 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 Customers [acting for their own account](#) 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 Customer Omnibus Account For FX if the client chooses omnibus account segregation and has not requested use of an Omnibus Margin-flow Co-mingled Account;
- (B) an Individually Segregated Sponsored Account if the client chooses individual client segregation and has been admitted to the Clearing House as a Sponsored Principal;
- (C) an Individually Segregated Margin-flow Co-mingled Account if the client chooses individual client segregation and has not been admitted to the Clearing House as a Sponsored Principal; or
- (D) an Omnibus Margin-flow Co-mingled Account if the client chooses omnibus client segregation but requests to do so only as part of a particular group of Customers,

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

- (xii) 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 TTFCA Customers [acting for their own account](#) 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 TTFCA Customer Omnibus Account For FX if the client chooses omnibus account segregation and has not requested use of an Omnibus Margin-flow Co-mingled Account;
- (B) an Individually Segregated Sponsored Account if the client chooses individual client segregation and has been admitted to the Clearing House as a Sponsored Principal;
- (C) an Individually Segregated Margin-flow Co-mingled Account if the client chooses individual client segregation and has not been admitted to the Clearing House as a Sponsored Principal;
- (D) an Omnibus Margin-flow Co-mingled Account if the client chooses omnibus client segregation but requests to do so only as part of a particular group of Customers,

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

(xiii) 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 Customers which is in turn providing services to one or more Indirect Clients in respect of F&O 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 Omnibus Indirect Account For F&O,

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

(xiv) 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 TTFCA Customers which is in turn providing services to one or more Indirect Clients in respect of F&O 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 TTFCA Omnibus Indirect Account For F&O,

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

(xv) 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 Customers which is in turn providing services to one or more Indirect Clients in respect of CDS 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 Omnibus Indirect Account For CDS,

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

(xvi) 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 TTFCA Customers which is in turn providing services to one or more Indirect Clients in respect of CDS 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 TTFCA Omnibus Indirect Account For CDS,

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

(xvii) 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 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 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 TTFCA 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 TTFCA 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)~~ (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.

(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.

**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).

(b) Upon the formation of a Contract in accordance with Rule 401, any Clearing Member or Sponsored Principal that has any Transaction Rights or Obligations in relation to the original Transaction shall be automatically and immediately released and

- (k) To the extent that the Clearing House permits the usage of more than one class of Permitted Cover in respect of Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts, each Non-FCM/BD Clearing Member with more than one Margin-flow Co-mingled Account or Segregated Gross Indirect Account using the same position-keeping account will report to the Clearing House immediately on each occasion that there is a transfer of any Permitted Cover to or from the Clearing House in respect of such Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts, other than in connection with a call or return of cash Margin under Rule 303, in the form and manner required by the Clearing House from time to time. Each such Permitted Cover report shall specify the exact total amount of cash of each Eligible Currency and notional amounts of Permitted Cover in the form of securities of each ISIN transferred to or withdrawn from each Margin-flow Co-mingled Account or Segregated Gross Indirect Account. The total nominal amounts of assets in such Permitted Cover reports, in order to be valid, must completely reconcile with Clearing House records of the total nominal amounts of Permitted Cover transferred to or withdrawn from the Clearing House in respect of all relevant Margin-flow Co-mingled Accounts or Segregated Gross Indirect Accounts of the Clearing Member, but the Clearing House shall be under no obligation to check or verify any such report. Valid Permitted Cover reports under this Rule 503(k) may be definitively relied upon by the Clearing House. If at any time the Clearing House is not in receipt of a valid Permitted Cover report required under this Rule 503(k), each Margin-flow Co-mingled Account ~~or Segregated Gross Indirect Account, in respect of which~~ the Clearing Member ~~that~~ has failed to provide a valid Permitted Cover report, shall be deemed to have recorded in it a *pro rata* share of each class of Permitted Cover transferred to the Clearing House, or have withdrawn from it a *pro rata* share of each class of Permitted Cover withdrawn from the Clearing House, with *pro rata* shares based upon the Margin requirements for each Margin-flow Co-mingled Account or Segregated Gross Indirect Account as determined based on the Clearing House's Position Accounts. ~~Each Customer that has chosen individual segregation through usage of a Margin flow Co-mingled 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 in which positions relating to such Customer are registered.~~

#### **Rule 504      *Rights relating to Margin and Representations of Clearing Members***

- (a) The rights and liabilities of the Clearing House and each Clearing Member in relation to Permitted Cover are set out in the Clearing Membership Agreement and these Rules.
- (b) Each Clearing Member will act as principal and not as agent in providing Margin to the Clearing House. The Clearing House will take no account of any right or interest which any Person other than the Clearing Member may have in any Margin furnished by such Clearing Member to the Clearing House.

- (c) Each Clearing Member will be deemed to represent and warrant to the Clearing House on each date on which such Clearing Member transfers Permitted Cover to the Clearing House that:
- (i) immediately prior to any such Permitted Cover being transferred to the Clearing House, the Clearing Member is or was the sole legal and beneficial owner of all such assets (or such assets are provided with all legal and beneficial owners' unconditional consent for their use and application pursuant to these Rules);
  - (ii) the Clearing House is not subject to any obligation to perform directly to any of a Clearing Member's Customers, Affiliates or Representatives or any third party as a result of the Clearing Member granting any interest in any receivable from the Clearing House resulting from the Clearing House's receipt or use of such Permitted Cover, except as expressly provided pursuant to these Rules or any Pledged Collateral Addendum or as mandated pursuant to Applicable Law;
  - (iii) such Permitted Cover is provided on the basis that it may be used by the Clearing House and applied in accordance with these Rules;
  - (iv) the Clearing Member will not claim that any use of Permitted Cover by the Clearing House in accordance with the Rules or the relevant Clearing Membership Agreement is contrary to or in breach of any requirement of Applicable Law, third party right or other contractual obligation (provided that the Clearing House does not cause such breach by amending these Rules);
  - (v) the Clearing Member is not in breach of any of its contractual obligations or regulatory requirements under MiFID II or other Applicable Laws towards any third party as a result of the transfer of Permitted Cover to the Clearing House (provided that the Clearing House does not cause such breach by amending these Rules) or its collection from or receipt of any assets from its clients; and
  - (vi) if it is subject to CASS 7.18 of the FCA rules:
    - (A) its Segregated Customer Omnibus Accounts ~~for~~For CDS, Segregated Customer Omnibus Accounts ~~for F&O and Segregated Customer Omnibus~~For F&O, Segregated Customer Omnibus Accounts For FX, Standard Omnibus Indirect Accounts for CDS, Standard Omnibus Indirect Accounts for F&O and Standard Omnibus Indirect Accounts for FX only contain cash where the corresponding cash claim or receivable in the hands of the Clearing Member is treated by the Clearing Member as a client money claim or receivable and only contain non-cash assets (resulting from a transfer into the account by the Clearing Member) which the Clearing Member was entitled to treat as client assets prior to their transfer to the Clearing House;
    - (B) each of its Individually Segregated Sponsored Accounts~~and~~, Margin-flow Co-mingled Accounts and Segregated Gross Indirect Accounts in

Transferred (to the extent that the same has not been subject to netting under Rule 904(j)) to the applicable Customer Margin Account of the Transferee Clearing Member, to be treated in the same way as if such assets had been transferred by the Transferee Clearing Member direct to the Clearing House pursuant to the Clearing Membership Agreement (or, for an Individually Segregated Sponsored Account for which a Transferee Clearing Member is the Sponsor, by the Sponsored Principal direct to the Clearing House pursuant to the Sponsored Principal Clearing Agreement) and these Rules. In relation to any such transfer, the Defaulter shall be deemed to agree and consent to any such transfer and shall take any necessary action to facilitate such transfer (and the Clearing House may take any action on the Defaulter's behalf in connection therewith). Notwithstanding the foregoing, the Transferee Clearing Member shall remain obliged to satisfy any Margin requirements resulting from its entry into of, or becoming party to, Contracts for each of its affected Customer Accounts pursuant to this Rule 904 which may be calculated without taking into account any amount that may be transferred by or due from the Defaulter to the Clearing House pursuant to the foregoing requirement but which has not been transferred.

- (k) The Clearing House may recalculate the balance between Margin and Surplus Collateral for a Customer Account of a Defaulter to reflect any increase in the Margin requirement for such Customer Account as a result of the Transfer of fewer than all of the relevant Customer Account Contracts and related Customer Account Positions.
- (l) Following any Transfer of Contracts pursuant to this Rule 904, the Clearing House may submit appropriate data to Deriv/SERV or a Repository to reflect such Transfer. The Clearing House shall be authorised and entitled to take similar action on the Defaulter's and any of its Customers' behalves (including in respect of records in the Tripartite Representation referring to any Customer and any Customer-CM CDS Transactions to which the Defaulter and Customer were party) which have been Transferred in accordance with this Rule 904.
- (m) Upon an Event of Default being declared in respect of a Clearing Member, the Clearing House commits to triggering the procedures for the Transfer process set out in this Rule 904 for both Margin and Open Contract Positions recorded in a Customer Account (that is not an Individually Segregated Sponsored Account ~~or~~, Individually Segregated Margin-Flow Co-mingled [Account or Segregated Gross Indirect](#) Account) provided that the Clearing House shall not be obliged to effect any Transfer unless: (i) each 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 in respect of each Customer; and (iii) a single Transferee Clearing Member accepts all the Transfers relating to all Customers in writing. A Transferee Clearing Member shall be deemed to have accepted the Transfer if it has previously entered into a contractual relationship with a 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.

to this Rule 904(s) shall be included in amount *OL* in Rule 906 in the calculation of the net sum on the Individually Segregated Sponsored Account.

***Provisions applicable only to Margin-flow Co-mingled Accounts***

- (t) The following principles shall apply when the Clearing House is calculating the net ~~sum~~sums on Margin-flow Co-mingled Accounts of a Defaulter or determining the amounts which are available to be transferred to a Transferee Clearing Member in respect of such an Account pursuant to the Default Portability Rules:
- (i) sums payable by the Defaulter or to the Defaulter in respect of Contracts falling under any of amounts *L*, *A*, *D* or *C* in Rule 906(a) shall be allocated for each Margin-flow Co-mingled Account based on the extent to which such sums arise from the termination or close out of Contracts recorded in the Position Account linked to the Margin-flow Co-mingled Account;
  - (ii) costs and expenses of the Clearing House falling under amount *L* in Rule 906(a) and amounts falling under *OL* in Rule 906(a), to the extent not charged to or included in the net sum for a Proprietary Account of the Defaulter or another Customer Account, shall be allocated among Margin-flow Co-mingled Accounts on a *pro rata* basis with respect to the Margin requirement on each Margin-flow Co-mingled Account immediately prior to the Event of Default, provided that if the Clearing House incurs a particular cost or expense in respect of a particular Margin-flow Co-mingled Account, then that amount shall be allocated solely to that Margin-flow Co-mingled Account and the amounts to be allocated among other Margin-flow Co-mingled Accounts shall be reduced accordingly;
  - (iii) amounts falling under *M* in Rule 906(a) (which do not relate to Permitted Cover previously recorded in a Proprietary Account of the Defaulter) will be allocated among Margin-flow Co-mingled Accounts in the manner set out below and in the following order of precedence:
    - (A) based on the ICE Clear System's records of Permitted Cover provided in respect of each Margin-flow Co-mingled Account (if any); or
    - (B) based on the last valid Permitted Cover report provided by the Defaulter under Rule 503(k) immediately prior to the Event of Default (if any); or
    - (C) on a *pro rata* basis with respect to the Margin requirement on each Margin-flow Co-mingled Account of the Defaulter immediately prior to the Event of Default;
  - (iv) if Surplus Collateral may be posted on a Margin-flow Co-mingled Account, amounts falling under *SC* in Rule 906(a) (which do not relate to Permitted Cover previously recorded in a Proprietary Account of the Defaulter) will be

allocated among Margin-flow Co-mingled Accounts in the manner set out below and in the following order of precedence:

- (A) based on the ICE Clear System's records of Permitted Cover provided in respect of each Margin-flow Co-mingled Account (if any); or
  - (B) based on the last valid Permitted Cover report provided by the Defaulter under Rule 503(k) immediately prior to the Event of Default (if any); or
  - (C) if not so allocated to any Margin-flow Co-mingled Account will be returned separately to the Defaulter, who will be responsible for handling any claims of Customers in respect of such amounts;
- (v) amounts falling under *GFC* or *OA* in Rule 906(a) or representing Margin or other assets relating to a Proprietary Account which are available to be applied to Margin-flow Co-mingled Accounts, to the extent that they are available to reduce a loss on Margin-flow Co-mingled Accounts, shall first be allocated *pro rata* as to losses among Margin-flow Co-mingled Accounts;
- (vi) the effect on the net sum of any Transfer of positions or Margin to a Transferee Clearing Member shall be the same as for any other Customer Account of a Defaulter; and
- (vii) any funding of any assets in, or credit line or loan to a Customer interested in, a Margin-flow Co-mingled Account by the Defaulter shall be disregarded.
- (u) Upon an Event of Default being declared in respect of a Clearing Member, the Clearing House commits to triggering the procedures for the Transfer process set out in this Rule 904 for both Margin and Open Contract Positions recorded in Individually Segregated Margin-flow Co-mingled 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.

***Provisions applicable only to Segregated Gross Indirect Accounts***

- (v) The following principles shall apply when the Clearing House is calculating the net sums on Segregated Gross Indirect Accounts of a Defaulter or determining the amounts which are available to be transferred to a Transferee Clearing Member in respect of such an Account pursuant to the Default Portability Rules:
- (i) sums payable by the Defaulter or to the Defaulter in respect of Contracts falling under any of amounts *L, A, D* or *C* in Rule 906(a) shall be allocated for



each Segregated Gross Indirect Account based on the extent to which such sums arise from the termination or close out of Contracts recorded in the Position Account linked to the Segregated Gross Indirect Account;

- (ii) costs and expenses of the Clearing House falling under amount *L* in Rule 906(a) and amounts falling under *OL* in Rule 906(a), to the extent not charged to or included in the net sum for a Proprietary Account of the Defaulter or another Customer Account, shall be allocated among Segregated Gross Indirect Accounts on a *pro rata* basis with respect to the Margin requirement on each Segregated Gross Indirect Account immediately prior to the Event of Default, provided that if the Clearing House incurs a particular cost or expense in respect of a particular Segregated Gross Indirect Account, then that amount shall be allocated solely to that Segregated Gross Indirect Account and the amounts to be allocated among other Segregated Gross Indirect Accounts shall be reduced accordingly;
- (iii) amounts falling under *M* in Rule 906(a) (which do not relate to Permitted Cover previously recorded in a Proprietary Account of the Defaulter) will be allocated among Segregated Gross Indirect Accounts in the manner set out below and in the following order of precedence:

  - (A) based on the ICE Clear System's records of Permitted Cover provided in respect of each Segregated Gross Indirect Account (if any); or
  - (B) based on the last valid Permitted Cover report provided by the Defaulter under Rule 503(k) immediately prior to the Event of Default (if any); or
  - (C) on a *pro rata* basis with respect to the Margin requirement on each Segregated Gross Indirect Account of the Defaulter immediately prior to the Event of Default;
- (iv) if Surplus Collateral may be posted on a Segregated Gross Indirect Account, amounts falling under *SC* in Rule 906(a) (which do not relate to Permitted Cover previously recorded in a Proprietary Account of the Defaulter) will be allocated among Segregated Gross Indirect Accounts in the manner set out below and in the following order of precedence:

  - (A) based on the ICE Clear System's records of Permitted Cover provided in respect of each Margin-flow Co-mingled Account (if any); or
  - (B) based on the last valid Permitted Cover report provided by the Defaulter under Rule 503(k) immediately prior to the Event of Default (if any); or
  - (C) if not so allocated to any Segregated Gross Indirect Account will be returned separately to the Defaulter, who will be responsible for handling any claims of Customers in respect of such amounts;

- (v) amounts falling under *GFC* or *OA* in Rule 906(a) or representing Margin or other assets relating to a Proprietary Account which are available to be applied to Segregated Gross Indirect Accounts, to the extent that they are available to reduce a loss on Segregated Gross Indirect Accounts, shall first be allocated *pro rata* as to losses among Segregated Gross Indirect Accounts;
  - (vi) the effect on the net sum of any Transfer of positions or Margin to a Transferee Clearing Member shall be the same as for any other Customer Account of a Defaulter; and
  - (vii) any funding of any assets in, or credit line or loan to a Customer interested in, a Segregated Gross Indirect Account by the Defaulter shall be disregarded.
- (w) Upon an Event of Default being declared in respect of a Clearing Member, the Clearing House commits to triggering the procedures for the Transfer process set out 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



- (vii) each of the Defaulter's Segregated TTFCA Customer Omnibus Accounts For F&O, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (viii) each of the Defaulter's Segregated Customer Omnibus Accounts For CDS, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (ix) each of the Defaulter's Segregated TTFCA Customer Omnibus Accounts For CDS, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (x) each of the Defaulter's Segregated Customer Omnibus Account For FX, including in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xi) each of the Defaulter's Segregated TTFCA Customer Omnibus Accounts For FX, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xii) each of the Defaulter's Margin-flow Co-mingled Accounts, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account ~~(if applicable); and~~
- (xiii) each of the Defaulter's Standard Omnibus Indirect Accounts For F&O, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xiv) each of the Defaulter's Standard TTFCA Omnibus Indirect Accounts For F&O, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xv) each of the Defaulter's Standard Omnibus Indirect Accounts For CDS, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xvi) each of the Defaulter's Standard TTFCA Omnibus Indirect Accounts For CDS, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xvii) each of the Defaulter's Standard Omnibus Indirect Accounts For FX, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;
- (xviii) each of the Defaulter's Standard TTFCA Omnibus Indirect Accounts For FX, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account;

(xix) each of the Defaulter's Segregated Gross Indirect Accounts, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account; and

~~(xiii)~~ the Defaulter acted as Sponsor, including, and in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account ~~(if applicable)~~;

~~(xiv)~~ each of the Defaulter's Proprietary Accounts, including, in respect of each such Account, the Contracts, rights, obligations and liabilities relating to each such Account not falling under Rule 906(b)(i) to ~~(xiii)~~.

The Defaulter's Guaranty Fund Contributions and amounts received by the Clearing House under a Controller Guarantee or standby letter of credit of a Defaulter may be used for the purpose of calculating any net sum on any Account relating to that Defaulter (provided that any such amounts are not double counted), in accordance with Rule 906(a) and subject to the restrictions in Rule 908, Rule 102(q) and this Rule 906(b) as determined by the Clearing House. The aggregate sums finally payable shall be separately certified under Rule 906(e). Where and to the extent that the Clearing House determines to apply Guaranty Fund Contributions or amounts received by the Clearing House under a Controller Guarantee or standby letter of credit to any Customer Account, such amounts must first be applied to reduce any losses on Customer Accounts, on a *pro rata* basis among Customer Accounts which would otherwise have a net sum representing a shortfall or loss.

- (c) The Clearing House may aggregate, set off or apply any Margin, Surplus Collateral or other surplus assets available to it in relation to a Defaulter's Proprietary Account to meet a shortfall on any one or more of that Defaulter's Customer Accounts or Individually Segregated Sponsored Accounts for which the Defaulter acted as Sponsor (and, if it does so, shall include any such amounts within the net sum to be calculated in relation to such Customer Account), provided that if any amounts are so aggregated, set off or applied, the amount *A, D, C, M, SC* or *OA* (as applicable) and consequently the net sum payable by the Clearing House in relation to the Defaulter's Proprietary Account shall be reduced by the same amount as is so included within the net sum for the relevant Customer Account. The Clearing House may not aggregate, set off or apply any Margin, Surplus Collateral or other surplus available to it in relation to one of the Defaulter's Customer Accounts (or any Individually Segregated Sponsored Account of the Defaulter or for which the Defaulter acted as Sponsor) to meet a shortfall on another of that Defaulter's Customer Accounts (or an Individually Segregated Sponsored Account of the Defaulter or for which the Defaulter acted as Sponsor). The Clearing House may not aggregate, set off or apply any Margin, Surplus Collateral or other surplus available to it in relation to one of the Defaulter's Customer Accounts or any Individually Segregated Sponsored Account to meet a shortfall on the Defaulter's Proprietary Account. Where and to the extent that the Clearing House determines to apply Proprietary Account assets of a Defaulter to any Customer Account, such amounts must first be applied to reduce any losses on

(n) The Clearing House will, if so requested by a Clearing Member that is not a Defaulter, Transfer (to the extent this is not prohibited under any Applicable Laws) any Contracts, Margin or other Permitted Cover recorded in or related to a Standard Omnibus Indirect Account or Segregated Gross Indirect Account of that Clearing Member, or in the case of an FCM/BD Clearing Member, an indirect clearing position keeping subaccount linked to a Customer Account, to a different Account or subaccount of the same Clearing Member or will update the records relating to such an Account or subaccount, in order to facilitate the management by the Clearing Member of the default of a Customer under a Customer-Clearing Member Agreement or of an Indirect Client under any agreement between that Indirect Client and its Customer or the Clearing Member.

**Rule 908**      *Application of Assets upon an Event of Default*

- (a) Notwithstanding any other provision of these Rules:
- (i) if a Defaulter was only liable to make a Guaranty Fund Contribution relating to a single Membership Category, no Guaranty Fund Contributions, Assessment Contributions, or Clearing House Contributions relating to a different Membership Category shall be applied by the Clearing House to meet any obligations or liabilities of the Defaulter or any shortfall, loss or liability to the Clearing House arising from the Event of Default;
  - (ii) if a Defaulter was only liable to make Guaranty Fund Contributions relating to two Membership Categories, no Guaranty Fund Contributions, Assessment Contributions or Clearing House Contributions relating to a different Membership Category shall be applied by the Clearing House to meet any obligations or liabilities of the Defaulter or any shortfall, loss or liability to the Clearing House arising from the Event of Default;
  - (iii) any Guaranty Fund Contributions (including additional Guaranty Fund Contributions) invoiced to or transferred by Clearing Members that are not Defaulters or accrued in each case after the declaration of an Event of Default but prior to the completion of the relevant default proceedings for the Event of Default shall not be applied to meet any obligations or liabilities of the Defaulter or any shortfall, loss or liability to the Clearing House arising in connection with that prior Event of Default;
  - (iv) if a Defaulter was a CDS Clearing Member and had one or more other Membership Categories and any CDS Guaranty Fund Contribution of the Defaulter is applied other than as described in Rule 908(g)(ii)(B), no non-defaulting CDS Clearing Member shall be required to make any payment to replenish the CDS Guaranty Fund under Rule 1102(i) or (j) in respect of the resulting incremental shortfall to the CDS Guaranty Fund caused by such application of assets prior to the date which is the first day of the next following Guaranty Fund Period for the CDS Guaranty Fund (other than

including the common rules (including the Rules and the Procedures) and the standardised arrangements (including the AFI Agreements, Investment Agency Agreements, Clearing Membership Agreements, Sponsored Principal Clearing Agreements, Sponsor Agreements and other agreements involving the Clearing House, Clearing Members, Sponsored Principals, Sponsors, Approved Financial Institutions, Concentration Banks ~~and~~, 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 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 ~~Financials & Softs~~F&O Contracts;
  - (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
  - (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 ~~and~~, each Custodian and each Emissions Registry, in the case of ~~a Clearing Member, Sponsored Principal, Approved Financial Institution, Concentration Bank, Investment Agent Bank, Intermediary Financial Institution or Custodian~~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, [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.

- (v) In relation to an Individually Segregated Sponsored Account, any reference to a Clearing Member in this Part 12 shall be interpreted as a reference to the Sponsored Principal, provided that where a Transfer Order applies to, is binding on or is irrevocable with respect to a Sponsored Principal, it shall also apply to, be binding on or be irrevocable with respect to the Sponsor.

#### **Rule 1202    *Transfer Orders Arising***

- (a) Subject to regulation 20 of the Settlement Finality Regulations, a Payment Transfer Order shall arise and shall enter the Designated System immediately and automatically upon:
  - (i) in relation to a Contract that forms in accordance with Rule 401(a) (excluding any F&O Contract arising under Rule 401(a)(vii) and further excluding any CDS Contract arising under Rule 401(a)(x) pursuant to the Clearing of CDS Trade Particulars relating to a Bilateral CDS Transaction already recorded in Deriv/SERV) at the time that a Contract arises under Rule 401 (such Payment Transfer Order, a "**New Contract Payment Transfer Order**");
  - (ii) the Clearing House sending an instruction for payment to or from the Clearing House pursuant to Rule 302, Rule 502 to Rule 503 and/or the Finance Procedures (such Payment Transfer Order, a "**Credit/Debit Payment Transfer Order**");
  - (iii) the Clearing House making an instruction for the transfer of an amount standing to the credit of one Individually Segregated Margin-flow Co-mingled Account to another Individually Segregated Margin-flow Co-mingled Account using the same position-keeping account or for the transfer of an amount standing to the credit of one Segregated Gross Indirect Account to another Segregated Gross Indirect Account using the same position-keeping account, pursuant to [Rule 503\(k\)](#) and the Finance Procedures (such Payment Transfer Order, an "**ISOC Credit/Debit Payment Transfer Order**"); ~~and/or~~
  - (iv) the Clearing House sending an instruction by means of a SWIFT message, other electronic message, fax, telephone or other means to a System Bank to transfer a sum of money from an account of the Clearing House at such System Bank to an account of the Clearing House at the same or a different System

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**"); ~~or~~
- (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**");
- ~~(viii)~~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
- ~~(ix)~~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 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.

- (~~l~~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.
- (~~m~~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.
- (~~n~~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 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 Block Transaction and which is an Indirect Participant (if any); and
  - (C) the Clearing House;
- (vii) in the case of an 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;](#)

(~~x~~i) 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.

(~~e~~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.

(~~p~~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 confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made.

(c) Without prejudice to Rule 1205(~~g~~h) and Rule 1205(~~h~~i), a New Contract Payment Transfer Order shall become irrevocable upon an Approved Financial Institution sending a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that amount to which the New Contract Payment Transfer Order relates (as specified in Rule 1202(e)(i)) will be or has been made.

(d) A Position Transfer Order shall become irrevocable at the time when the definitive record of the Open Contract Position of the Clearing Member (that is the assignee, transferee or person that assumes rights, liabilities and obligations pursuant to a novation) is updated as a result of a successful position transfer clearing run in the ICE Systems to reflect the transfer, assignment or novation of Contracts which are given effect pursuant to the Position Transfer Order.

(e) A Collateral Transfer Order shall become irrevocable at the earlier of the time when:  
(i) the Clearing House receives the Non-Cash Collateral; or (ii) any related securities



transfer order (which relates to the same subject matter as the Collateral Transfer Order but which a securities transfer order in a designated system for purposes of Directive 98/26/EC which is not the Designated System) becomes irrevocable.

- (f) An F&O Block Clearing 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)(iii).
- (g) A Transaction Clearing Order shall become irrevocable, for CDS when the time specified pursuant to the CDS Procedures occurs for the acceptance of the resulting CDS Contracts in question, pursuant to Rule 401(a)(x) or for FX when the time specified pursuant to the FX Procedures occurs for the acceptance of the resulting FX Contracts in question, pursuant to Rule 401(a)(xii).
- (h) A CDS Physical Settlement Order shall become irrevocable at the earliest of: (i) the time when the Matched CDS Buyer in the Matched Pair has submitted irrevocable instructions to a Custodian for the transfer of securities to or to the account of the Matched CDS Seller; (ii) the time at which the instrument subject to physical settlement is delivered or assigned or at which physical settlement obligations are otherwise discharged; or (iii) if the Matched CDS Buyer or Matched CDS Seller has (in the absence of any Matching Reversal Notice or not later than one Business Day after any Matching Reversal Notice) given notice to the Clearing House in accordance with Rule 1511 or the CDS Procedures (as applicable) that the relevant Matched Pair have settled the relevant Matched CDS Contracts, at the time of such notice.
- (i) A Security Derivative Delivery Order shall become irrevocable at the earlier of the time when: (i) the Clearing House (or a Clearing Member that is due to receive delivery directly from another Clearing Member under Part 7) receives the SFD Security into its account; or (ii) any related securities transfer order (which relates to the same subject matter as the ~~Collateral Transfer~~[Security Derivative Delivery](#) Order but which is a securities transfer order in a designated system for purposes of Directive 98/26/EC 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.

- (j) 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 ~~or~~, 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, 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.
- (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, 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.
- (gh) 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(gh) when standard Clearing and payment processes apply.
- (hi) 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

- (i) no CDS Sub-Account being used for more than one Customer for which such CDS Clearing Member provides clearing services;
  - (ii) no CDS Sub-Account linked to a Segregated Customer Omnibus [Account For CDS or Standard Omnibus Indirect](#) Account For CDS including any CDS Contract entered into in respect of Segregated TTFCA Customer business or the CDS Clearing Member's own account business;
  - (iii) no CDS Sub-Account linked to a Segregated TTFCA Customer Omnibus [Account For CDS or Standard TTFCA Omnibus Indirect](#) Account For CDS including any CDS Contract entered into in respect of Segregated Customer business or the CDS Clearing Member's own account business;
  - (iv) no CDS Sub-Account linked to a Proprietary Account (other than, in the case of an FCM/BD Clearing Member, an Individually Segregated Sponsored Account) including any CDS Contracts entered into for or in connection with Segregated Customer or Segregated TTFCA Customer business; and
  - (v) the only Segregated TTFCA Customers where related CDS Contracts are eligible for recording in a CDS Sub-Account linked to a Proprietary Account being Segregated TTFCA Customers that are Affiliates of the CDS Clearing Member which is an FCM/BD Clearing Member.
- (b) It is acknowledged by the Clearing House that presently, in respect of the Clearing of CDS Contracts, neither Customers nor clients of Customers are capable of being provided with any of the access referred to in Rule 102(j) (except in connection with Individually Segregated Sponsored Accounts) and that, accordingly in such circumstances:
- (i) Rule 102(j) does not apply in respect of the Clearing of CDS Contracts unless:
    - (A) a Customer or its client is duly appointed as a Clearing Member's agent; or
    - (B) in respect of an Individually Segregated Sponsored Account where the Sponsor will act as the Sponsored Principal's Representative in any instance in which it exercises any right or is subject to any obligation or liability in respect of the Individually Segregated Sponsored Account, regardless of whether such right, obligation or liability arises under these Rules or pursuant to an agreement between the Sponsor and Sponsored Principal; and
  - (ii) neither a Customer nor client of a Customer of a CDS Clearing Member acting in such capacity is a Representative of that CDS Clearing Member in respect of the Clearing of CDS Contracts solely as a result of it being a Customer or client of such a Customer.

This Rule 1516(b) does not affect the validity or effects of any notice delivered in Deriv/SERV by a Customer which results in a notice being delivered between a CDS Clearing Member and the Clearing House. If the Customer would have breached the Rules in connection with any conduct relating to any notice relating to a CDS Contract or Customer-CM CDS Transactions in Deriv/SERV if it were a Clearing Member, then



- (n) These CDS Standard Terms may, pursuant to the process provided for in paragraph 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 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 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 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

- (B) concern and be duly authorised and executed by a Customer who would not, if it were a Clearing Member, be capable of being declared a Defaulter;
- (C) concern and be duly authorised and executed by a Transferee Clearing Member who is not a Defaulter;
- (D) be delivered to the Clearing House electronically in the form and to the address specified by the Clearing House;
- (E) concern positions which have not already been closed out or Transferred; and
- (F) otherwise comply with the requirements of Part 9 of the Rules.

In the case of an Individually Segregated Margin-flow Co-mingled Account, [Standard Omnibus Indirect Account](#), [Segregated Gross Indirect Account](#) or Individually Segregated Sponsored Account, a Porting Notice must be in respect of the single Customer interested in the Account in order to be valid. In the case of a Customer Account that is neither an Individually Segregated Margin-flow Co-mingled Account, [Standard Omnibus Indirect Account](#), [Segregated Gross Indirect Account](#) nor an Individually Segregated Sponsored Account, the Porting Notice must be in respect of and executed by all Customers interested in the Account in order to be valid.

Subject to Rule 904(c), the Clearing House will act upon Porting Notices received by it within the 4 hour period specified above. The Clearing House may also act upon other Porting Notices received by it after the end of such period, at its discretion. However, Customers and Transferee Clearing Members acknowledge that due to operational constraints and depending on market conditions, it may not be possible for the Clearing House to process all Porting Notices (whether received within the 4 hour period or thereafter) within a reasonable period of time. Porting Notices received within the initial 4 hour period will be prioritised over any other notice. The Clearing House may select Porting Notices to be dealt with in such order as it sees fit, based on such criteria as it determines are relevant, including completeness and due execution of Default Notices, legibility, time of receipt, size of positions, lawfulness of porting, Customer jurisdiction of incorporation or place of business, whether risk increasing or risk decreasing and satisfaction of the requirements of Part 9 of the Rules. The Clearing House will not be obliged to comply with any Porting Notice which has not been acted upon by it:

- (A) if the Default Notice was issued before 13:00 hrs on a Business Day prior to the close of business on the same Business Day;
- (B) if the Default Notice was issued on a day which is not a Business Day prior to close of business on the next following Business Day; or

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 paragraph 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 prevented from entering into any Customer-CM F&O Transaction as a result of any Sanctions affecting the Customer or any of its assets.
- (p) Solely where National Grid is the Customer, these F&O Standard Terms shall be without prejudice to the Network Code, and National Grid shall not be stopped from relying upon or enforcing the provisions set out in the Network Code or exercising any remedy pursuant thereto, by virtue of either its status as a Customer or being bound by these F&O Standard Terms and the Rules.
- (q) 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 F&O 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

- (D) be delivered to the Clearing House electronically in the form and to the address specified by the Clearing House;
- (E) concern positions which have not already been closed out or Transferred; and
- (F) otherwise comply with the requirements of Part 9 of the Rules.

In the case of an Individually Segregated Margin-flow Co-mingled Account, [Standard Omnibus Indirect Account](#), [Segregated Gross Indirect Account](#) or Individually Segregated Sponsored Account, a Porting Notice must be in respect of the single Customer interested in the Account in order to be valid. In the case of a Customer Account that is neither an Individually Segregated Margin-flow Co-mingled Account, [Standard Omnibus Indirect Account](#), [Segregated Gross Indirect Account](#) nor an Individually Segregated Sponsored Account, the Porting Notice must be in respect of and executed by all Customers interested in the Account in order to be valid.

Subject to Rule 904(c), the Clearing House will act upon Porting Notices received by it within the 4 hour period specified above. The Clearing House may also act upon other Porting Notices received by it after the end of such period, at its discretion. However, Customers and Transferee Clearing Members acknowledge that due to operational constraints and depending on market conditions, it may not be possible for the Clearing House to process all Porting Notices (whether received within the 4 hour period or thereafter) within a reasonable period of time. Porting Notices received within the initial 4 hour period will be prioritised over any other notice. The Clearing House may select Porting Notices to be dealt with in such order as it sees fit, based on such criteria as it determines are relevant, including completeness and due execution of Default Notices, legibility, time of receipt, size of positions, lawfulness of porting, Customer jurisdiction of incorporation or place of business, whether risk increasing or risk decreasing and satisfaction of the requirements of Part 9 of the Rules. The Clearing House will not be obliged to comply with any Porting Notice which has not been acted upon by it:

- (A) if the Default Notice was issued before 13:00 hrs on a Business Day prior to the close of business on the same Business Day;
- (B) if the Default Notice was issued on a day which is not a Business Day prior to close of business on the next following Business Day; or
- (C) if the Default Notice is issued after 13:00 hrs on a Business Day prior to noon of the next following Business Day.

At the end of this period, the Clearing House may, at its sole discretion, terminate any open Contracts and related assets of the Defaulter or undertake other Transfers under consents provided for in the Rules and these Standard Terms. The deadlines for the delivery of prioritised Porting Notices or for the

- (n) These FX Standard Terms may, pursuant to the process provided for in paragraph 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 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 prevented from entering into any Customer-CM FX Transaction as a result of any Sanctions affecting the Customer or any of its assets.
- (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 FX 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

- (E) concern positions which have not already been closed out or Transferred; and
- (F) otherwise comply with the requirements of Part 9 of the Rules.

In the case of an Individually Segregated Margin-flow Co-mingled Account, Standard Omnibus Indirect Account, Segregated Gross Indirect Account or Individually Segregated Sponsored Account, a Porting Notice must be in respect of the single Customer interested in the Account in order to be valid. In the case of a Customer Account that is neither an Individually Segregated Margin-flow Co-mingled Account, Standard Omnibus Indirect Account, Segregated Gross Indirect Account nor an Individually Segregated Sponsored Account, the Porting Notice must be in respect of and executed by all Customers interested in the Account in order to be valid.

Subject to Rule 904(c), the Clearing House will act upon Porting Notices received by it within the 4 hour period specified above. The Clearing House may also act upon other Porting Notices received by it after the end of such period, at its discretion. However, Customers and Transferee Clearing Members acknowledge that due to operational constraints and depending on market conditions, it may not be possible for the Clearing House to process all Porting Notices (whether received within the 4 hour period or thereafter) within a reasonable period of time. Porting Notices received within the initial 4 hour period will be prioritised over any other notice. The Clearing House may select Porting Notices to be dealt with in such order as it sees fit, based on such criteria as it determines are relevant, including completeness and due execution of Default Notices, legibility, time of receipt, size of positions, lawfulness of porting, Customer jurisdiction of incorporation or place of business, whether risk increasing or risk decreasing and satisfaction of the requirements of Part 9 of the Rules. The Clearing House will not be obliged to comply with any Porting Notice which has not been acted upon by it:

- (A) if the Default Notice was issued before 13:00 hrs on a Business Day prior to the close of business on the same Business Day;
- (B) if the Default Notice was issued on a day which is not a Business Day prior to close of business on the next following Business Day; or
- (C) if the Default Notice is issued after 13:00 hrs on a Business Day prior to noon of the next following Business Day.

At the end of this period, the Clearing House may, at its sole discretion, terminate any open Contracts and related assets of the Defaulter or undertake other Transfers under consents provided for in the Rules and these Standard Terms. The deadlines for the delivery of prioritised Porting Notices or for the Clearing House to act upon any Porting Notices may be extended at the Clearing House's discretion by Circular. If, as of the end of the period for



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- (vi) create average price groups in order to consolidate trades at various prices into average prices; and
  - (vii) view trading history and status of trades.
- (d) Clearing Members should refer to the ICE Systems user guides for more detailed information concerning the ICE Systems' functionality.
- (e) The ICE Systems will allow Clearing Members to perform the following functions, among others:
- (i) monitor Open Contract Positions;
  - (ii) close out open Contracts by netting off equal and opposite Contracts in its Customer Accounts;
  - (iii) process physical delivery of commodities pursuant to Futures Contracts;
  - (iv) review Margin requirements; and,
  - (v) exercise or abandon Option Contracts.
- (f) A number of reports are available in the ICE Systems, the list and details of which are available in the ICE Systems user guide and other supporting Clearing House documentation.
- (g) In the event of any system errors or other systemic issues connected with the ICE Systems, Clearing Members should contact the Clearing House's operations department.
- (h) In the event of any processing errors or error in communications with the Clearing House, Clearing Members should contact the Clearing House's operations department.

### 2.3 Position keeping

- (a) Position-keeping activities are governed by Market Rules. In the event of any conflict between these Clearing Procedures and Market Rules in relation to position-keeping, Market Rules shall prevail.
- (b) Open Contract Positions can be maintained in several position-keeping accounts within the ICE Systems, identified in the ICE Systems by one letter as follows:
1. Position keeping-accounts linked to a Proprietary Account for purposes of the Rules (all Clearing Members):
    - (i) H – house;
    - (ii) L - individual trader (not available for FCM Clearing Members);
    - ~~(iii) D – default (trades not assigned to a specific sub-account or sought to be allocated but left unclaimed by another Clearing Member will automatically clear in the default sub-account);~~
    - (~~iv~~iii) N – gross-maintained sub-account with no automatic contractual netting.
    - (~~v~~iv) G – gas associate (not available for FCM Clearing Members);

- (~~v~~iv) U – unallocated (for intra-day usage only);
- (~~vii~~vi) M –~~market-maker~~ [Liquidity Provider](#) (for Financials & Softs Contracts only); and
- (~~viii~~vii) such other sub-accounts as are made available to Clearing Members for Proprietary Accounts by the Clearing House.

2. Additional position-keeping accounts linked to a separate Proprietary Account from that under 2.3(b)(1), only for FCM/BD Clearing Members:

- (~~viii~~viii) F – this or the next position-keeping account shall be used for all positions related to affiliates of FCM/BD Clearing Members, which positions must not be recorded in any of the accounts referred to in 2.3(b)(1); uses a gross margin model; ~~and~~ [and](#)
- (~~ix~~ix) R – or the previous position-keeping account shall be used for all positions related to affiliates of FCM/BD Clearing Members, which positions must not be recorded in any of the accounts referred to in 2.3(b)(1); uses a net margin model.

3. Position-keeping accounts linked to a Customer Account for FCM/BD Clearing Members:

- (~~ix~~ix) S (for F&O) - maps to the Non-DCM/Swap Customer Account or General Customer Account; uses a gross margin model;
- (~~x~~xi) [O \(for F&O\) – maps to the same Non-DCM/Swap Customer Account or General Customer Account as for S; uses a gross margin model; made available in order to assist in any desire for separate treatment for positions relating to the indirect clients of a Customer of the Clearing Member;](#)
- (xii) E (for F&O) - maps to the Non-DCM/Swap Customer Account or General Customer Account, which if the same kind of Account will be to the same Account as that in S; uses a net margin model, and available for usage only in circumstances where net margin models are permissible under Applicable Laws;
- (xiii) W – maps to DCM Customer Account; uses a gross margin model; ~~and~~
- (~~xiv~~xiv) [P – maps to the same DCM Customer Account as W; uses a gross margin model; made available in order to assist in any desire for separate treatment for positions relating to the indirect clients of a Customer of the Clearing Member;](#)
- (~~xv~~xv) Z ([for CDS](#)) – maps to Swap Customer Account; uses a gross margin model; ~~and~~ [and](#)
- (~~xvi~~xvi) [O \(for CDS\) – maps to the same Swap Customer Account as Z; uses a gross margin model; made available in order to assist in any desire for separate treatment for positions relating to the indirect clients of a Customer of the Clearing Member.](#)

4. Position-keeping-accounts linked to a Customer Account for Non-FCM/BD Clearing Members which are regulated by the Financial Conduct Authority and to whom the client money rules in CASS apply:

- (~~xvii~~xvii) S (for F&O) or C (for CDS or FX) – maps to a Segregated Customer Omnibus Account ~~for~~For F&O, Segregated Customer Omnibus Account ~~for~~For CDS or Segregated Customer Omnibus Account ~~for~~For FX which is different and separate from that in E, F or K, uses a gross margin model;

- (~~xxviii~~) E - maps to a different, separate Segregated Customer Omnibus Account ~~for~~For F&O from that in S, C, F or K, uses a net margin model;
- (~~xxix~~) F – maps to a different, separate Segregated Customer Omnibus Account ~~for~~For F&O, Segregated Customer Omnibus Account ~~for~~For CDS or Segregated Customer Omnibus Account ~~for~~For FX from that used for S, C, E or K; made available in order to assist in any desire for separate treatment for Customers that are affiliates; uses a gross margin model;
- (~~xxx~~) R – maps to a different, separate Segregated Customer Omnibus Account ~~for~~For F&O from that used for S, C, E or F; made available in order to assist in any desire for separate treatment for Customers that are affiliates; uses a net margin model;
- (~~xxxi~~) T – Segregated TTFCA Customer – maps to Segregated TTFCA Customer Omnibus Account ~~for~~For F&O, Segregated TTFCA Customer Omnibus Account ~~for~~For CDS or Segregated TTFCA Customer Omnibus Account ~~for~~For FX which is different and separate from that in R; uses a gross margin model;
- (~~xxxii~~) K – maps to a different, separate Segregated TTFCA Customer Omnibus Account ~~for~~For F&O from that used in T; uses a net margin model;
- (~~xxxiii~~) I – maps to Margin-flow Co-mingled Accounts for Segregated Customers;  
~~and~~
- (~~xxxiv~~) J – maps to Margin-flow Co-mingled Accounts for Segregated TTFCA Customers;
- (xxiv) O – maps to an Standard Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS or Standard Omnibus Indirect Account For FX; uses a gross margin model;
- (xxv) X – maps to a different Standard Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS or Standard Omnibus Indirect Account For FX from that in O; uses a net margin model;
- (xxvi) P – maps to an Standard TTFCA Omnibus Indirect Account for F&O, Standard TTFCA Omnibus Indirect Account For CDS or Standard TTFCA Omnibus Indirect Account for FX; uses a gross margin model;
- (xxvii) Y – maps to an Standard TTFCA Omnibus Indirect Account For F&O, Standard TTFCA Omnibus Indirect Account For CDS or Standard TTFCA Omnibus Indirect Account For FX; uses a net margin model;
- (xxviii) A – maps to Segregated Gross Indirect Accounts for Segregated Customers; and
- (xxix) B - maps to Segregated Gross Indirect Accounts for Segregated TTFCA Customers.

Circular C08/032 applies only to the Accounts in S / C, E, F, K~~and~~, I, O, X and A of such Non-FCM/BD Clearing Members.

5. Position-keeping -accounts linked to a Customer Account for a Clearing Member which is neither (i) an FCM/BD Clearing Member nor (ii) a Non-FCM/BD Clearing Members falling under (~~34~~) above:

(~~xxiii~~xxx) S (for F&O) or C (for CDS or FX) – maps to a Segregated Customer Omnibus Account ~~for~~For F&O, Segregated TTFCA Customer Omnibus Account ~~for~~For F&O, Segregated Customer Omnibus Account ~~for~~For CDS, Segregated TTFCA Customer Omnibus Account ~~for~~For CDS, Segregated Customer Omnibus Account ~~for~~For FX or Segregated TTFCA Customer Omnibus Account ~~for~~For FX which is different and separate from that in E, F, K, T or R, uses a gross margin model;

(~~xxiv~~xxxi) T – as S, but maps to a different, separate Customer Account from that in S, C, E, K, F or R;

(~~xxv~~xxxii) E - maps to a different, separate Segregated Customer Omnibus Account ~~for~~For F&O or Segregated TTFCA Customer Omnibus Account ~~for~~For F&O from that in S, C, T, K, F or R; uses a net margin model;

(~~xxvi~~xxxiii) K – as E, but maps to a different, separate Account from that in S, C, T, E, F or R;

(~~xxvii~~xxxiv) F – maps to a different, separate Segregated Customer Omnibus Account ~~for~~For F&O, Segregated TTFCA Customer Omnibus Account ~~for~~For F&O, Segregated Customer Omnibus Account ~~for~~For CDS, Segregated TTFCA Customer Omnibus Account ~~for~~For CDS, Segregated Customer Omnibus Account ~~for~~For FX or Segregated TTFCA Customer Omnibus Account ~~for~~For FX from that in S, C, T, E, K or R; made available in order to assist in any desire for separate treatment for Customers that are affiliates; uses a gross margin model;

(~~xxviii~~xxxv) R – maps to a different, separate Segregated Customer Omnibus Account ~~for~~For F&O or Segregated TTFCA Customer Omnibus Account ~~for~~For F&O from that in S, C, E, F, T or K; made available in order to assist in any desire for separate treatment for Customers that are affiliates; uses a net margin model;

(~~xxix~~xxxvi) I – maps to Margin-flow Co-mingled Accounts; ~~and~~

(~~xxx~~xxxvii) J – maps to different Margin-flow Co-mingled Accounts to those in I;

(~~xxxviii~~)O – maps to an Standard Omnibus Indirect Account For F&O, Standard TTFCA Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS, Standard TTFCA Omnibus Indirect Account For CDS, Standard Omnibus Indirect Account For FX or Standard TTFCA Omnibus Indirect Account For FX which is different and separate from that in X, P or Y; uses a gross margin model;

(~~xxxix~~) X – maps to a different, separate Standard Omnibus Indirect Account For F&O, Standard TTFCA Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS, Standard TTFCA Omnibus Indirect Account For CDS, Standard Omnibus Indirect Account For FX or Standard TTFCA Omnibus Indirect Account For FX from that in O, P or Y; uses a net margin model;

(~~xl~~) P – as O, but maps to a different Standard Omnibus Indirect Account For F&O, Standard TTFCA Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS, Standard TTFCA Omnibus Indirect Account For CDS, Standard Omnibus Indirect Account For FX or Standard TTFCA Omnibus Indirect Account For FX from that in O, X or Y; uses a gross margin model;

(~~xli~~) Y – as X but maps to a different Standard Omnibus Indirect Account For F&O, Standard TTFCA Omnibus Indirect Account For F&O, Standard Omnibus Indirect Account For CDS, Standard TTFCA Omnibus Indirect Account For CDS,

Standard Omnibus Indirect Account For FX or Standard TTFCA Omnibus Indirect Account For FX from that in O, X or P; uses a net margin model;

(xlii) A – maps to Segregated Gross Indirect Accounts; and

(xliii) B - maps to different Segregated Gross Indirect Accounts to those in A.

Standard Omnibus Indirect Accounts For CDS, Standard TTFCA Omnibus Indirect Account For CDS and Segregated Gross Indirect Accounts for the CDS Contract Category will only be made available as from such date as is announced by the Clearing House by Circular.

- (c) Clearing Members may maintain separate position-keeping accounts for each Exchange member for whom they provide clearing services. Where this is the case, a series of additional position-keeping accounts of the Clearing Member that are referable solely to the Exchange member may be established within the Clearing House's systems. These Exchange member specific position-keeping accounts shall exist in addition to the position-keeping accounts of the Clearing Member (of which that Exchange member is a Customer) and may use some of the same terminal codes (e.g. N, H, U, S) or a different three-letter mnemonic from that of the Clearing Member. Notwithstanding paragraph 2.3(b) and even if the terminal codes of such position-keeping accounts would otherwise refer to a Proprietary Account of the Clearing Member under paragraph 2.3(b), such Exchange member-related position-keeping accounts shall all link solely to the relevant Customer Account of the Clearing Member in which the Exchange member is interested and will not link to the Clearing Member's Proprietary Account (unless the Clearing Member is an FCM/BD Clearing Member and the Exchange member is one in respect of which, under the Rules and Clearing Procedures, the Clearing Member may record positions in the Proprietary Account).
- (d) Where a Clearing Member holds accounts of Exchange members who are not Clearing Members, the mapping of these accounts to a Customer Account or Proprietary Account will be determined by the Clearing Member in conjunction with the relevant Market.
- (e) For Individually Segregated Sponsored Principal Accounts, it is assumed that only H, ~~D~~, N, and U sub-accounts are needed and only these are made available in the absence of any written request for additional sub-accounts. Sponsored Principals wishing to clear for Customers through indirect clearing arrangements may request establishment of additional sub-accounts similar to those used for Customer Accounts of Clearing Members, according to their regulatory status.
- (f) In paragraph 2.3(b)(2), the term "affiliate" with respect to an FCM/BD Clearing Member means a Person (other than the FCM/BD Clearing Member) that is an owner or holder of a "proprietary account" (as defined in CFTC Rule 1.3) or "cleared swaps proprietary account" (as defined in CFTC Rule 22.1) carried by such FCM/BD Clearing Member. In paragraphs 2.3(b)(4) and 2.3(b)(5), the term "affiliate" means an undertaking that is in the same "group" (as defined in EMIR) as the Clearing Member.

#### 2.4 Open Contract Positions and Close-outs

- (a) The H, L, M and G sub-accounts will only reflect net Open Contract Positions. Systematic netting will take place before any Option exercise or delivery allocation.
- (b) The N sub-account and all Customer Accounts hold gross Contracts, showing all sell and all buy positions that have not been netted or closed out (in the case of position-keeping sub-accounts linked to Customer Accounts to the extent that there is more than one Customer interested in the Account). The ICE Systems and Rule 406 allow Clearing

Members to close out opposite Contracts that are held gross in certain circumstances. In order to ensure a true representation of Open Contract Positions, Clearing Members and Sponsored Principals may be required to perform manual close-outs (netting) in the sub-accounts where gross Open Contract Positions are maintained. Clearing Members and Sponsored Principals are responsible for inputting any required manual netting or close-out instructions in relation to such sub-accounts.

- (c) Any close-outs should be performed in a fashion and at a time in accordance with Exchange Rules and in any event before Options expire or delivery processes commence. Position transfers between sub-accounts in the ICE Systems must be complete at or before 10:00 am in order to be reflected in Open Contract Positions and Margin calls calculated at the end of that day.
- (d) For Non-FCM/BD Clearing Members, Customer-CM Transactions arise only in respect of transactions recorded in a position-keeping sub-account linked to a Customer Account.

## 2.5 Invoicing Back, Void Contracts, etc.

- (a) Any Contracts which are subject to Invoicing Back will be reflected by the entry into by the Clearing House through the ICE Systems of a new Contract of opposite effect to the original Contract (or pursuant to such other terms or prices as are determined by the Clearing House pursuant to the Rules). Clearing Members will be notified of Contracts subject to Invoicing Back or amendment by the Clearing House's operations department. Each such event will be confirmed in writing.
- (b) Any Contracts which are void or voided will be deleted from the ICE Systems by the Clearing House. Clearing Members will be notified of Contracts which are void or voided by the Clearing House's operations department. Each such event will be confirmed in writing.
- (c) The Clearing House may make other trade or Open Contract Position adjustments as directed by the relevant Market. In each such event, the Clearing House's operations department will contact the Clearing Member and confirm such adjustment in writing.

## 3. FINANCIAL ACCOUNTS

### 3.1 Margining accounts

- (a) While Open Contract Positions are held in several different sub-accounts through the ICE Systems, the margining of Open Contract Positions will take place as follows:
  - (i) H, L, ~~D~~-G, M, N and U will be margined together via the house account (referred to as a "Proprietary Account" under the Rules), with F and R for FCM/BD Clearing Members margined via a separate Proprietary Account;
  - (ii) ~~S-and~~, C and O (for F&O) will be margined via a General Customer Account or Non-DCM/Swap Customer Account of FCM/BD Clearing Members; or in the case of S and C only, to the relevant Customer Account for Non-FCM/BD Clearing Members; and for FCM/BD Clearing Members, E will be margined via the same Accounts as that used for ~~S-and~~, C and O (for F&O);
  - (iii) for Non-FCM/BD Clearing Members, E, F, K, T-~~and~~, R, O, X, P and Y will each be margined separately via the relevant Customer Account, which is a separate Customer Account in each case;
  - (iv) payments and collections on I and J will be margined on a net or gross basis across all Margin-flow Co-mingled Accounts in the relevant sub-account of the



Clearing Member or on an Account by Account basis, in accordance with Rule 302;

(v) [payments and collections on A and B will be margined on a net or gross basis across all Segregated Gross Indirect Accounts in the relevant sub-account of the Clearing Member or on an Account by Account basis, in accordance with Rule 302;](#)

(~~v~~vi) W [and P](#) will be margined via a “DCM Customer Account” under the Rules (this may also be referred to as CSEGW); and

(~~v~~vii) Z [and O \(for CDS\)](#) will be margined via a “Swap Customer Account” under the Rules (this may also be referred to as CSEGZ).

(b) Save as provided for ~~I~~[and J](#), [A and B](#) sub-accounts of the same Clearing Member in paragraph (a) and Rule 302, each separate Proprietary Account and Customer Account will be subject to calculations and calls for Margin separately. Transfers or offsets between any two such Accounts will not be possible. These Accounts are also all treated separately following any Event of Default, under Part 9 of the Rules. Where a Clearing Member requests more than one Proprietary Account or more than one Customer Account of the same Customer Account Category (other than Individually Segregated Sponsored Accounts or Sponsored Principal Accounts or as allowed under paragraph 2.3), the Clearing Member may request to be set up on the Clearing House's systems as if it were two Clearing Members and, where this approach is adopted, each Account of the same Customer Account Category will use the same sub-account code but with a different Clearing Member mnemonic (see paragraph (c) below). Any such additional Customer Account may be dedicated for purposes of indirect clearing of positions relating to the indirect clients of a Customer of the Clearing Member.

(c) Records of all financial information including, but not limited to, Margin requirements, cash balances, collateral, contingent Margin, Buyer’s Security and Seller’s Security will be held in ICE Clear Europe’s Extensible Clearing System (“ECS”) within the ICE Systems. The naming convention for the sub-accounts in ECS used for F&O Contracts will be the Clearing Member’s or Sponsored Principal’s three letter mnemonic followed by the sub-account code (e.g. XXXH for house / linked to a Proprietary Account). Margin-flow Comingled Accounts may also be established operationally using a dedicated three letter mnemonic referencing the Customer. The naming convention for the accounts in ECS used for CDS Contracts will be the Clearing Member’s or Sponsored Principal’s three number mnemonic followed by the account type (e.g. 123H for a Proprietary Account).

(d) Clearing Members and Sponsored Principals can find more information about ECS functions and facilities in the ICE Systems user guide.

### 3.2 Guaranty Fund account

(a) Each Clearing Member’s Guaranty Fund Contribution will be recorded in a separate sub-account, recorded in ECS under the name XXXH-GUAR.

**Table A: Summary of sub-account Codes**

Position Account	ICE Systems Term	ECS Term	ECS Account name	Rulebook
N/A	N/A	Guaranty Fund Account	XXXH-GUAR	Guaranty Fund Contribution
H L	House	House Account (H)	XXXH (may also be referred to as	Proprietary Account

D G M U N	Individual Trader <del>Default</del> Gas Associate <del>Market</del> <del>Maker</del> <a href="#">Liquidity Provider</a> Unallocated Non-segregated		HOUSE segregation)	
F R	Affiliates	Affiliate Account (F or R)	XXXXF XXXXR	Proprietary Account for FCM/BD Clearing Member affiliate business.  Customer Account for non- FCM/BD Clearing Members: see paragraph 2.3.
S C E K T	Segregated Customer or Segregated TTFCFA Customer	Client Account (C)	XXXXC (may also be referred to as CSEG segregation) (and for those accounts available to FCMs only, may be referred to as Secured or 30.7 segregation) XXXXS XXXXE XXXXK XXXXT	A Customer Account: see paragraph 2.3.
I or J	Individually Segregated Operationally Co- mingled (ISOC)	ISOC	XXXI or XXXJ (whether using Clearing Member's or Customer's mnemonic)	<a href="#">Customer Accounts that are</a> Margin-flow Co-mingled Accounts

W	DCM Client	DCM Client Account (W)	XXXW (may also be referred to as CSEGW segregation, or Regulated or 4d(a) segregation)	DCM Customer Account
Z	Swap Client	Swap Client Account (Z)	XXXZ (may also be referred to as CSEGZ segregation, or Swaps or 4d(f) segregation)	Swap Customer Account
<u>O</u> <u>X</u> <u>P</u> <u>Y</u>	<u>Indirect Clearing – Standard Omnibus (Non-FCM/BD Clearing Members)</u>  <u>Indirect clearing position accounts (FCM/BD Clearing Members)</u>	<u>O</u> <u>X</u> <u>P</u> <u>Y</u>	<u>XXXO</u> <u>XXXZ</u> <u>XXXP</u> <u>XXXZ</u> (may also be referred to as CSEGO, CSEGX, CSEGP or CSEGY segregation) (and for those accounts available to FCMs only, may be referred to as Secured or 30.7 segregation)	<u>For non-FCM/BD Clearing Members, a Customer Account that is a Standard Omnibus Indirect Account.</u>  <u>For FCM/BD Clearing Members, a position keeping account linked to a Customer Account.</u>
<u>A</u> <u>B</u>	<u>Indirect Clearing – Segregated Accounts</u>	<u>A</u> <u>B</u>	<u>XXXA</u> <u>XXXB</u>	<u>Customer Accounts that are Segregated Gross Indirect Accounts.</u>

#### 4. MARGIN PROCEDURES

##### 4.1 General

The matters described in this paragraph 4 will be recorded through ECS and will form part of the Clearing House’s daily Margin processes. Margin requirements will determine whether funds are needed to be paid to, or received from, the relevant Clearing Member. Any required payments will be effected through Approved Financial Institutions that participate in the assured payment system (APS), as described in the Finance Procedures.

##### 4.2 Original Margin, Initial Margin and FX Original Margin

- (a) Original Margin, Initial Margin and FX Original Margin calculations are made separately in respect of each of a Clearing Member’s Proprietary Accounts and Customer Accounts. No Margin offset is possible between any of these accounts. Original Margin, Initial Margin and FX Original Margin calculations for each Proprietary Account will be applied to net positions for each Contract Set, rather than the sum of the gross positions for a Set. Customer Accounts are margined either on the basis of the net risk position across all Customers with related positions in the Account or on the basis of the gross positions of each Customer with related positions in the Account, in each case based on the records submitted by the relevant Clearing Member under Rule 401 and in the way set out in paragraph 2.3(b).

- (h) such other information as may reasonably be required by the Clearing House (such requirement to have been notified previously by the Clearing House).

4.4 In relation to any CDS Trade Particulars submitted for Clearing:

- (a) The Clearing House shall, [subject to paragraphs 4.17 and 4.18](#), if such CDS Trade Particulars are submitted in accordance with and meet the requirements established by the Rules and these CDS Procedures, give notice [the sooner of \(i\) on a real-time basis and \(ii\)](#) as soon as reasonably practicable (in a final trade status report or other report identified for the purpose) in accordance with this paragraph 4.4 (an "**Acceptance Notice**") to the relevant Clearing Members or Sponsored Principals (including by notice to a CDS Trade Execution/Processing Platform which submitted the relevant CDS Trade Particulars) specifying that the Clearing House has accepted such CDS Trade Particulars for Clearing, provided that the Clearing House may decline to accept or may reject CDS Trade Particulars for Clearing if it determines in good faith that, based on the exercise of prudent risk management standards or in accordance with paragraph 4.4(d), it should not accept or should reject such CDS Trade Particulars for Clearing or if it determines that a Revocation Right would apply in respect of such submission for Clearing. Subject to Part 4 of the Rules and this paragraph 4, an Acceptance Notice will result in the relevant Clearing Member or Sponsored Principal and the Clearing House entering into a CDS Contract at the Acceptance Time. The Acceptance Notice shall be definitive as to any CDS Contracts entered into between the Clearing House and any Clearing Member or Sponsored Principal, regardless of any error. Acceptance Notices will be given by electronic message.

This sub-paragraph applies only in respect of CDS Trade Particulars relating to a Bilateral CDS Transaction already recorded in Deriv/SERV at the time of submission. [Clearing Members shall only submit CDS Trade Particulars in relation to such Bilateral CDS Transactions provided that, at the time the Bilateral CDS Transaction was entered into it was not agreed by the parties that the Bilateral CDS Transaction would be submitted for clearing.](#) The Clearing House shall, [subject to paragraph 4.17](#), if such CDS Trade Particulars are submitted in accordance with and meet the requirements established by the Rules and these CDS Procedures, give notice as soon as reasonably practicable (in a final trade status report or other report identified for the purpose) in accordance with this paragraph 4.4 (a "**Preliminary Notice**") to the relevant Clearing Members or Sponsored Principals (including by notice to a CDS Trade Execution/Processing Platform which submitted the relevant CDS Trade Particulars) specifying that the Clearing House is minded to accept such CDS Trade Particulars for Clearing, provided that the Clearing House may decline to issue such a notice if it determines in good faith that, based on the exercise of prudent risk management standards, it should not accept such CDS Trade Particulars for Clearing or if it determines that a Revocation Right would apply in respect of such submission for Clearing. CDS Trade Particulars will be subject to such pre-submission review and processing [by the relevant CDS Trade Execution/Processing Platform](#) as the Clearing House shall designate, and shall not be deemed to be formally submitted, [received](#) or accepted until such time as is designated for the completion of such pre-submission review and processing, [to the extent permitted under Applicable Laws](#). Acceptance of CDS Trade Particulars for Clearing shall, in addition to the other criteria set forth herein, be subject to receipt by the Clearing House of any advance funding of Margin as may be required by the Clearing House in connection with the CDS Trade Particulars. Each Clearing Member or Sponsored Principal shall check each Preliminary Notice that concerns CDS Contracts that it is proposed to enter into at the Acceptance Time and shall promptly notify the Clearing House of any error of which it is aware. [The parties' agreement to submit the Bilateral CDS Transaction for clearing shall be effective as of the Acceptance Time and at no time prior to that.](#) An Acceptance Notice in respect of CDS Trade Particulars to which this sub-paragraph applies shall not be issued until after the

- 4.14 The Clearing House will, where required in order to give effect to the election of each CDS Clearing Member or Sponsored Principal made pursuant to Rule 406(d), aggregate and net those CDS Contracts of the same Set in the same CDS Sub-Account of such CDS Clearing Member or Sponsored Principal which are eligible for netting: (a) on a weekly basis as part of its process for Clearing Bilateral CDS Transactions already recorded in Deriv/SERV; and (b) on such other dates as the Clearing House may determine. In addition, the Clearing House will aggregate and net relevant CDS Contracts in a CDS Sub-Account which are eligible for netting: (i) when a CDS Contract for such CDS Sub-Account arises pursuant to Rule 401(a)(vi), (x) or (xi); and (ii) when a CDS Contract recorded in such CDS Sub-Account is voided (and such voiding is duly notified by the Clearing House pursuant to Rule 404(e)) or, to the extent that termination and replacement is necessary in the circumstances, Rule 404(c)(i).
- 4.15 Where, in connection with Clearing, the Clearing House is to use the DTCC Process to submit, amend or terminate the records in Deriv/SERV of any CDS Contract or Customer-CM CDS Transaction so far as those records relate to a Customer of a Clearing Member (in relation to any Customer, the "relevant Clearing Member"), the Clearing House will submit, amend or terminate such records on behalf of the relevant Clearing Member and Customer.
- 4.16 Where, in connection with Clearing, the Clearing House is to use the DTCC Process to submit, amend or terminate the records in Deriv/SERV of any CDS Contract or Customer-CM CDS Transaction recorded in an Individually Segregated Sponsored Account, the Clearing House will submit, amend or terminate such records on behalf of the relevant Sponsored Principal (and, if it is a Non-FCM/BD Clearing Member, the Sponsor).
- 4.17 The Clearing House will accept or reject CDS Trade Particulars submitted for Clearing within the following timeframes:
- (a) for transactions that are executed competitively on or subject to the rules of a ~~designated contract market, swap execution facility or other similar~~ CDS Trade Execution/Processing Platform or Market ~~in another jurisdiction~~ and transactions executed on an EEA CDS Trade Execution/Processing Platform or Market within the sooner of: (i) 10 seconds from receiving the CDS Trade Particulars from the CDS Trade Execution/Processing Platform or Market; and (ii) as quickly after execution as would be technologically practicable if fully automated systems were used. ~~The Clearing House will accept all such CDS Trade Particulars (i) for which the executing parties are both either CDS Clearing Members or Sponsored Principals with authorisation to clear CDS or have clearing arrangements in place with a CDS Clearing Member (ii) for which the executing parties identify the Clearing House as the intended clearing house and (iii) that satisfy the criteria of the Clearing House as set out herein and in the Rules (which criteria shall be non-discriminatory across trading venues and shall be applied as quickly as would be technologically practicable if fully automated systems were used).~~
- (b) for transactions not executed on or subject to the rules of a CDS Trade Execution/Processing Platform or Market within the sooner of (i) 60 seconds from receiving the information on the cleared derivative transaction from the counterparties and (ii) as quickly after submission to the Clearing House as would be technologically practicable if fully automated systems were used.
- ~~4.18 The Clearing House will accept or reject CDS Trade Particulars submitted for Clearing that are not executed on or subject to the rules of a designated contract market, swap execution facility or other similar CDS Trade Execution/Processing Platform or Market in another jurisdiction or that are~~ (c) for transactions executed non-competitively on or subject to the rules of a designated contract market, swap execution facility or other similar CDS Trade Execution/Processing Platform or Market in ~~another~~ non-EEA jurisdiction as quickly after

submission to the Clearing House as would be technologically practicable if fully automated systems were used.

The Clearing House will accept all such CDS Trade Particulars within such timeframes: (i) that are submitted to the Clearing House by the parties in accordance with Applicable Laws, (ii) for which the executing parties are both either CDS Clearing Members or Sponsored Principals with authorisation to clear CDS or have clearing arrangements in place with a CDS Clearing Member (iii) for which the executing parties identify the Clearing House as the intended clearing house, and (iv) that satisfy the criteria of the Clearing House as set out herein and in the Rules (which criteria shall be non-discriminatory across trading venues ~~and shall be applied as quickly as would be technologically practicable if fully automated systems were used~~).

~~4.19~~4.18 Each FCM/BD CDS Clearing Member and Sponsored Principal that is an FCM/BD must accept or reject each CDS Trade Particulars submitted by or for it as quickly as would be technologically practicable if fully automated systems were used and (to the extent such CDS Trade Particulars have not already been submitted to the Clearing House at the time of acceptance by such Clearing Member or Sponsored Principal) must submit such CDS Trade Particulars to the Clearing House as quickly following such acceptance (or execution, if executed directly by such Clearing Member or Sponsored Principal) as would be technologically practicable if fully automated systems were used. For the avoidance of doubt, acceptance or rejection of any CDS Trade Particulars by a Clearing Member or Sponsored Principal does not constitute acceptance or the issuance of an Acceptance Notice by the Clearing House. For the avoidance of doubt, this paragraph 4.18 shall apply in addition to paragraph 4.17.

## 5. CDS DEFAULT COMMITTEE

- 5.1 The CDS Default Committee shall be comprised of not more than three CDS Committee-Eligible Clearing Members designated in accordance with paragraph 5.2 (each, a "**CDS Default Committee Participant**"). The CDS Default Committee shall act as a committee of the Clearing House with powers under the Rules pursuant to Rule 114. Each CDS Default Committee Participant shall designate an employee of it or one of its Affiliates with CDS trading experience by notice in writing to the Clearing House (an "**Eligible Employee**") to serve as its representative on the CDS Default Committee, along with one or more alternates in the event such person is not available on a timely basis (the designated employee or alternate, as applicable, a "**CDS Default Committee Member**"). A CDS Default Committee Participant may replace its designated CDS Default Committee Member or alternate(s) with an Eligible Employee from time to time by notice in writing to the Clearing House.
- 5.2 The Clearing House shall randomly order all CDS Committee-Eligible Clearing Members into a list (the "**CDS Default Committee Participant List**"). The procedure for any random ordering for the purposes of this paragraph 5.2 shall be determined by the Clearing House at its discretion. For this purpose, if two or more CDS Committee-Eligible Clearing Members are or become Affiliates, as determined by the Clearing House, they shall be treated as one on the CDS Default Committee Participant List; provided that, notwithstanding the foregoing, CDS Committee-Eligible Clearing Members that are Affiliates but that make separate contributions to the CDS Guaranty Fund shall be treated as separate on the CDS Default Committee Participant List, but a maximum of one CDS Default Committee Participant representing all CDS Committee-Eligible Clearing Members that are Affiliates shall be entitled to sit on any CDS Default Committee established in accordance with these CDS Procedures at a particular time.
- 5.3 The CDS Default Committee for the initial Relevant CDS Default Committee Period shall be comprised of the first three CDS Committee-Eligible Clearing Members on the CDS Default Committee Participant List. For each Relevant CDS Default Committee Period thereafter, the then current CDS Default Committee Participants shall cease to be CDS Default Committee Participants and shall be moved to the end of the CDS Default Committee Participant List, and the next three CDS Committee-Eligible Clearing Members on the CDS Default Committee Participant List shall be