



The  
Clearing  
Corporation™

Kevin R. McClear  
Vice President, General Counsel  
and Corporate Secretary

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OFC. OF THE SECRETARIAT

November 15, 2007

Re: **Rule Certification Pursuant to Section  
5c(c)(1) of the Commodity Exchange  
Act and Commission Regulation 40.6**

**VIA E-MAIL**

Ms. Eileen A. Donovan  
Acting Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Dear Ms. Donovan:

The Clearing Corporation hereby submits, pursuant to Section 5c(c)(1) of the Commodity Exchange Act (the "Act") and Commodity Futures Trading Commission ("Commission") Regulation 40.6, a self-certification of the amended Rules of The Clearing Corporation (the "Amended Rules"). The Clearing Corporation is registered with the Commission as a derivatives clearing organization. As detailed below, The Clearing Corporation intends to make the Amended Rules effective on the business day following the filing of this submission with the Commission at its Washington, D.C. headquarters and with its Chicago regional office.

This submission includes the Amended Rules. A description of the principal changes contained in the Amended Rules follows. Certification of the Amended Rules pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6.

**Amended Rules:**

The definition of Exchange Market in Chapter 1 is amended to add the following products to be traded on Chicago Climate Futures Exchange, LLC (CCFE): options on Certified Emission Reduction Futures.

Ms. Eileen A. Donovan  
November 15, 2007  
Page 2

Annexed as Exhibits hereto are the following:

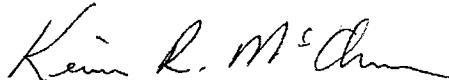
- A. Amended Rules of The Clearing Corporation.
- B. A copy of the Amended Rules of The Clearing Corporation marked to show changes from the Rules as currently in effect.

Certification:

The Clearing Corporation hereby certifies that the Amended Rules comply with the Act and the regulations thereunder. There were no substantive opposing views to the Rules.

The Clearing Corporation would be pleased to respond to any questions that the Commission or the staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 786-5763.

Sincerely,



Kevin R. McClear

Enclosures

cc: John C. Lawton (w/encl. by email)  
H. Frank Zimmerle (w/encl. by email)

# Rules of The Clearing Corporation

## 1. INTERPRETATION

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### 101. Definitions.

#### **Board; Board of Directors**

The Board of Directors of The Clearing Corporation.

#### **Business Day**

Any day (other than Saturdays, Sundays and holidays observed by The Clearing Corporation) on which The Clearing Corporation is open for business. References in these Rules to a "day" or "Business Day" shall, unless the context otherwise requires, mean the "Business Day" corresponding to the trading day declared by the relevant Market.

#### **Bylaws**

The Bylaws of The Clearing Corporation, as in effect from time to time.

#### **Certificate of Incorporation**

The Restated Certificate of Incorporation of The Clearing Corporation, as amended from time to time.

#### **Collateral**

At any time, such property, other than Margin, as may be delivered, or in which a security interest may be granted, by a Participant to The Clearing Corporation or its custodian, as collateral for the Obligations, and all proceeds of the foregoing.

#### **Commission**

The U.S. Commodity Futures Trading Commission.

**Commodities**

All goods, articles, services, rights and interests in which Exchange Contracts are dealt in.

**Contracts**

Exchange Contracts and OTC Contracts.

**Default**

Any event that would constitute a default under Rule 605.

**Eurex**

The exchanges operating as Eurex Deutschland and Eurex Zurich AG.

**Eurex Clearing**

Eurex Clearing AG, Frankfurt, a German corporation.

**EurexUS**

U.S. Futures Exchange, L.L.C., a Delaware limited liability company.

**Exchange Contract**

A Futures Contract, Option on a Futures Contract or Option on a Commodity that is dealt in on or subject to the rules of an Exchange Market or a Linked Exchange and submitted to The Clearing Corporation for clearance in accordance with these Rules.

**Exchange Market**

An exchange or market that has been designated by or registered with the Commodity Futures Trading Commission as a contract market or derivatives transaction execution facility, is party to an agreement with The Clearing Corporation for the provision of clearing services, and is specifically identified in these Rules as an Exchange Market.

**... Interpretations and Policies:**

- .01 The following exchanges and markets are Exchange Markets in respect of the following Exchange Contracts:



- (a) EurexUS, with respect to (i) 30-year Treasury Bond Futures, (ii) 10-year Treasury Note Futures, (iii) 5-year Treasury Note Futures, (iv) 2-year Treasury Note Futures (\$200,000 notional amount), (v) Options on 30-year Treasury Bond Futures, (vi) Options on 10-year Treasury Note Futures, (vii) Options on 5-year Treasury Note Futures, (viii) Options on 2-year Treasury Note Futures (\$200,000 notional amount), (ix) 2-year Treasury Note Futures (\$1,000,000 notional amount), (x) 3-year Treasury Note Futures, (xi) Options on 2-year Treasury Note Futures (\$1,000,000 notional amount), (xii) Options on 3-year Treasury Note Futures, (xiii) Russell 1000<sup>®</sup> Stock Price Index Futures, (xiv) Russell 2000<sup>®</sup> Stock Price Index Futures, (xv) the following currency futures contracts: EUR/USD, AUD/USD, GBP/USD, USD/JPY, USD/CHF, USD/CAD EUR/JPY, GBP/JPY, EUR/CHF, EUR/GBP, GBP/CHF, EUR/CAD, NZD/USD, AUD/CAD, AUD/JPY, NZD/JPY, CAD/JPY, CHF/JPY, (xvi) the following wind index futures: NORDIX Wind Index – NY Region 1, NORDIX Wind Index – NY Region 2, NORDIX Wind Index – Texas Region 1, NORDIX Wind Index – Texas Region 2, NORDIX Wind Index – Texas Region 3, NORDIX Wind Index – Texas Region 4, NORDIX Wind Index – Texas Region 5, (xvii) futures on the following ISE Stock Price Indices: Homebuilders Stock Price Index, SINDEX Stock Price Index, Revere Natural Gas Stock Price Index, and Water Stock Price Index, (xviii) the following spot equivalent currency futures contracts: EUR/USD, GBP/USD, USD/JPY, USD/CHF, USD/CAD, and AUD/USD, and (xix) the following Morningstar Stock Price Futures Indexes: Morningstar Large Cap Core Index Futures, Morningstar Large Cap Growth Index Futures, Morningstar Large Cap Value Index Futures, Morningstar Medium Cap Core Index Futures, Morningstar Medium Cap Growth Index Futures, Morningstar Medium Cap Value Index Futures, Morningstar Small Cap Core Index Futures, Morningstar Small Cap Growth Index Futures, Morningstar Small Cap Value Index Futures, all as set forth more fully in Chapter 9A.
- (b) Chicago Climate Futures Exchange, LLC, with respect to (i) Sulfur Financial Instrument Futures and futures options, (ii) Sulfur Financial Instrument Futures Current Vintage Delivery and futures options, (iii) Nitrogen Financial Instrument Futures and futures options, (iv) ECO-Clean Energy index Futures, (v) Certified Emission Reduction Futures and futures options, (vi) Nitrogen Financial Instrument (Annual) Futures, (vii) European Carbon Financial Instrument Futures, and (viii) IFEX U.S. Wind Binary Futures Contracts.

## **Final Settlement**

With respect to a Participant that has open Trades or positions in Contracts at the close of trading on the Last Trading Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

## **Futures Contracts**

Contracts for the purchase or sale of a Commodity for future delivery dealt in pursuant to the rules of an Exchange Market.

## **General Guaranty Fund**

At any time, funds or other property of The Clearing Corporation, set aside and recorded on the books of The Clearing Corporation in support of the Obligations of Participants in respect of all Contracts except for those expressly subject to a Special Guaranty Fund.

## **Guaranty Funds**

The General Guaranty Fund and such Special Guaranty Funds as are in existence from time to time.

## **Last Trading Day**

The final day of trading in a Contract, as set forth in the rules of the relevant Market or in these Rules.

## **Link Agreement**

"Link Agreement" has the meaning given that term in Rule 9-102B.

## **Linked Clearinghouse**

The clearinghouse for a Linked Exchange, whether a separate entity or a division of such linked exchange.

### **... Interpretations and Policies:**

.01 The following clearinghouses are Linked Clearinghouses in respect of the following Linked Exchanges:

- (a) Eurex Clearing in respect of Eurex.

## **Linked Exchange**

An Exchange Market whose Contracts are submitted to The Clearing Corporation for clearing in accordance with these Rules pursuant to an agreement between The Clearing Corporation and the primary clearinghouse for such Exchange Market.

### **... Interpretations and Policies:**

.01 The following Exchange Markets are Linked Exchanges in respect of the following Exchange Contracts:

- (a) Eurex, with respect to (i) DAX Futures, (ii) Dow Jones EURO STOXX 50 Futures, (iii) Euro Schatz Futures, (iv) Options on Euro Schatz Futures, (v) Euro Bobl Futures, (vi) Options on Euro Bobl Futures, (vii) Euro Bund Futures, (viii) Options on Euro Bund Futures, (ix) Dow Jones Global Titans Index 50 Futures, (x) Dow Jones STOXX 50 Futures, (xi) Dow Jones STOXX 600 Banks Futures, (xii) Dow Jones EURO STOXX Banks Index Futures, (xiii) One-Month EONIA Futures, (xiv) Three-Month EURIBOR Futures, (xv) Options on Three-Month EURIBOR Futures, and (xvi) Euro Buxl Futures, as set forth more fully in Chapter 9B.

## **Margin**

Original Margin (including super and special margin), Option premiums and variation settlements paid or payable by or to a Participant to or by The Clearing Corporation.

## **Markets**

Exchange Markets and OTC Markets.

## **Obligations**

All financial obligations of a Participant arising under these Rules in respect of or arising out of Contracts, in either case however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

## **Option**

An Option on a Futures Contract or Option on a Commodity, dealt in pursuant to the rules of an Exchange Market.

## **OTC Contract**

An agreement, contract, or transaction that is specifically identified in these Rules as an OTC Contract and submitted to The Clearing Corporation in accordance with these Rules and that is: (i) (A) an interest rate swap, option, or forward agreement, including a rate floor, rate cap, rate collar, cross-currency rate swap, basis swap, or forward rate agreement; (B) a same day-tomorrow, tomorrow-next, forward, or other foreign exchange or precious metals agreement; a currency swap, option, or forward agreement; (C) an equity index or equity swap; (D) a debt index or debt swap; (E) a credit spread or credit swap, option, or forward agreement; (F) a commodity index or commodity swap, option, or forward agreement; or (G) a weather swap, weather derivative, or weather option; (ii) similar to any other agreement, contract, or transaction referred to above that is a forward, swap, or option on one or more occurrences of any event, rates, currencies, commodities, economic or other indices or measures of economic or other risk or value; (iii) excluded from the Commodity Exchange Act under section 2(c), 2(d), 2(f), or 2(g) of such Act, or exempted under section 2(h) or 4(c) of such Act; or (iv) an option to enter into any, or any combination of, agreements, contracts or transactions referred to herein.

... Interpretations and Policies:

.01 The following are OTC Contracts:

- (a) "OTC Benchmark Treasury Futures Contract", as set more fully in Chapter 15 and Appendix 15-A.
- (b) "OTC Forward-Starting Swap and Swaption Futures", as set more fully in Chapter 16 and Appendix 16-A.
- (c) OTC SO2 Options, as set forth more fully in Chapter 17 and Appendix 17-A.

## OTC Market

A market that is party to an agreement with The Clearing Corporation for the provision of clearing services and that is specifically identified in these Rules as an OTC Market.

... Interpretations and Policies:

.01 The following exchanges and markets are OTC Markets in respect of the following OTC Contracts:

- (a) ChemConnect, Inc. with respect to (i) Ethane Forward (F.O.B. at Enterprise Product Partners L.P. facility at Mt. Belvieu, Texas), (ii) Ethane Swap (Mt. Belvieu/Enterprise), (iii) Ethane Swap (Mt.

Belvieu/Enterprise – OPIS Index Settlement) (iv) Options on Ethane Forward, (v) Propane Forward (F.O.B. at Texas Eastern Pipeline Company facility at Mt. Belvieu, Texas), (vi) Propane Swap (Mt. Belvieu/TET), (vii) Propane Swap (Belvieu/TET – OPIS Index Settlement) (viii) Options on Propane Forward (ix) Propane Forward (F.O.B. at Williams facility in Conway); (x) Propane Swap (Conway/Williams); (xi) Propane Swap (Conway/Williams – OPIS Index Settlement) (each, a “ChemConnect Contract,” and collectively, “ChemConnect Contracts”), as set more fully in Chapter 12 and Appendix 12-A.

(b) IntercontinentalExchange, Inc., with respect to (i) PJM West Peak Power Contracts, and (ii) Into Cinergy, Sellers Daily Choice Peak Power Contracts (each, an “ICE Contract,” and collectively, “ICE Contracts”), as set forth more fully in Chapter 13 and Appendix 13-A.

### **Participant**

A person (other than Eurex Clearing ) as Special Clearing Member) that has been approved by The Clearing Corporation for the submission of Contracts and that is party to an agreement with The Clearing Corporation specifically relating to transactions in Contracts.

### **Person**

An individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

### **President**

The President of The Clearing Corporation.

### **Rule**

References to a “Rule” or “Rules” are references to the Rules of The Clearing Corporation.

### **Settlement Price**

The price, established in accordance with Rule 404, for open Contracts.

### **Special Clearing Member**

A Linked Clearinghouse that acts on behalf of its own members or Participants as a clearing member of another Linked Clearinghouse pursuant to an agreement between The Clearing Corporation and such Linked Clearinghouse.

... **Interpretations and Policies:**

.01 The following Linked Clearinghouses are Special Clearing Members:

- (a) The Clearing Corporation is a Special Clearing Member of Eurex Clearing, as set forth more fully in Chapter 9.
- (b) Eurex Clearing is a Special Clearing Member of The Clearing Corporation, as set forth more fully in Chapter 9.

**Special Guaranty Fund**

One or more Guaranty Funds established by The Clearing Corporation in support of the Obligations of Participants in respect of Contracts made on or subject to the rules of the Markets specified herein.

... **Interpretations and Policies:**

.01 The following Guaranty Fund is a Special Guaranty Fund in respect of the following Markets:

- (a) Emerging Markets Guaranty Fund, with respect to IntercontinentalExchange, Inc.

**Trades**

Transactions in Contracts.

**Transfer Trades**

With respect to Exchange Contracts, transactions commonly referred to as give-ups, office transfers, exchanges of futures for physicals or exchanges of futures for swaps, as well as such other transactions in Exchange Contracts as may be defined as Transfer Trades by The Clearing Corporation. With respect to OTC Contracts, transactions in OTC Contracts that are defined as Transfer Trades by The Clearing Corporation.

**102. Scope and Interpretation.**

- (a) The Rules set forth herein are applicable only to Trades and related obligations arising out of Exchange Contracts and OTC Contracts. In the event of a conflict between these Rules and the Bylaws of The Clearing Corporation, these Rules will prevail. In the event of a conflict between these Rules generally and Rules adopted by The Clearing Corporation specifically governing Trades and related obligations made on a

particular Market or particular types of transactions, the Rules specifically governing such Trades, obligations or transactions will prevail. More particularly:

- (i) The Rules in Chapters 1 - 8 are supplemented for specific Markets and Contracts by the Rules in Chapters 9 *et seq.* (Thus, for example, the definitions in Rule 101 are supplemented, for purposes of Chapter 9A, by the additional definitions in Rule 9-101A.) The Rules in Chapters 9 *et seq.* shall apply only to the Market or Contracts specified in the caption to such Chapter.
  - (ii) Where the numbering of a Rule in Chapters 9 *et seq.* corresponds to that of a Rule in Chapters 1 - 8, the Rule in Chapters 1 - 8 is superseded to the extent applicable by the correspondingly numbered Rule in Chapter 9 *et seq.* (Thus, for example, references in Chapter 10 to the term "Settlement Price" mean the Settlement Price established in accordance with Rule 10-404.)
  - (iii) Where a Rule in Chapter 9 *et seq.* is "[Reserved]," the correspondingly numbered Rule in Chapters 1 - 8 is made expressly inapplicable to the Market and Contracts that are the subject of the Rules in that Chapter.
- (b) In these Rules, unless a clear contrary intention appears, (i) the singular number includes the plural number and vice versa, (ii) reference to the masculine, feminine or neuter gender includes each other gender, (iii) any reference to a number of days shall mean calendar days unless Business Days, or, for purposes of Chapter 9B, Exchange days, are specified, and (iv) any reference to times shall mean the time in Chicago, Illinois. Except as otherwise specifically provided in these Rules, an act that otherwise would be required or permitted by these Rules to be performed on a date that is not a Business Day may be performed on the next day that is a Business Day.

## 2. MEMBERSHIP

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### 201. Qualifications of Participants.

- (a) The Clearing Corporation shall have the sole power to determine whether any applicant for status of Participant, or any existing Participant, satisfies the qualifications established by The Clearing Corporation. Only persons found by the Corporation to be so qualified shall be permitted to be Participants. For the purpose of determining whether any applicant or Participant is thus qualified, The Clearing Corporation may establish minimum capital and other financial requirements for Participants, examine the books and records of any applicant or Participant, and may take such other steps as it may deem necessary to ascertain the facts bearing upon the question of qualification.
- (b) In order to justify The Clearing Corporation assuming the risk of clearing their Trades, Participants must meet and maintain such standards of business integrity, financial capacity, creditworthiness, operational capability, experience and competence as may be established by The Clearing Corporation from time to time. Without limitation of the foregoing, no applicant shall be admitted as a Participant unless:
  - (i) It meets, at the time of admission and maintains thereafter, such minimum capital requirements as may be established from time to time by The Clearing Corporation;
  - (ii) It makes and maintains, so long as it is a Participant, a deposit or deposits of Collateral in one or more Guaranty Funds as required by these Rules;
  - (iii) It has established satisfactory relationships with, and has designated to The Clearing Corporation, an approved settlement bank for confirmation and payment of all Margins and settlements with The Clearing Corporation;
  - (iv) It maintains back-office facilities staffed with experienced and competent personnel or has entered into a facilities management agreement in form and substance acceptable to The Clearing Corporation; and
  - (v) It files in a timely manner all reports and information relating to the Participant, Persons controlling the Participant, and related or affiliated organizations as required by these Rules or otherwise required by The Clearing Corporation.



**202. Application for Participant Status.**

- (a) Persons desiring to clear Trades through The Clearing Corporation shall make application in such form as shall be prescribed by The Clearing Corporation. Each applicant must agree to abide by the Rules, interpretations and policies of The Clearing Corporation as in effect from time to time. Further, each person desiring to clear Trades in USD Contracts (as defined in Chapter 9A of these Rules) must be a member of EurexUS and must abide by the applicable rules of Eurex US; each person desiring to clear Trades in Euro Contracts (as defined in Chapter 9B) must abide by the rules of Eurex and Eurex Clearing to the extent applicable. An applicant for Participant status shall be conclusively deemed to have agreed to have no recourse against The Clearing Corporation in the event that its application to become a Participant is rejected.
- (b) Notwithstanding the termination of Participant status, a Person qualified as a Participant agrees to be responsible for any violation of the Rules, interpretations and policies of The Clearing Corporation committed by such Person while a Participant and agrees to have any disputes which arise while a Participant which relate to or arise out of any transaction with The Clearing Corporation or status of a Participant in The Clearing Corporation resolved in accordance with the Rules.

**203. Restriction on Activity.**

The failure to continue to comply with the conditions of the Rules may subject a Participant to a suspension or revocation of clearing privileges. In addition, or in the alternative, and in either case in its sole discretion, The Clearing Corporation shall be authorized: (a) to impose such additional capital, Margin or other requirements as it shall deem appropriate for the protection of The Clearing Corporation and its Participants; (b) to allow such Participant to submit Trades solely for the Participant's own account; (c) to allow such Participant to submit Trades for liquidation only; (d) to limit or restrict the type of Contracts that may be cleared by such Participant in any of its accounts with The Clearing Corporation; or (e) to limit or restrict the number of Contracts that are permitted to be maintained by such Participant in any of its accounts with The Clearing Corporation.

**204. Financial Statements of Participants.**

Each Participant shall submit statements of its financial condition at such times and in such manner as shall be prescribed from time to time.

**205. Parent Guarantee.**

- (a) A Participant that is organized as a corporation, the majority of whose outstanding capital stock is owned or controlled by another corporation or by a partnership or limited liability company, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the Participant's obligations relating to Contracts. For purposes of this paragraph, stock of a corporate applicant or Participant which is owned or controlled by an officer, stockholder, or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.
- (b) A partnership whose partners include one or more other partnerships, corporations or limited liability companies shall be approved for the clearing of Contracts only if all of its partners are general partners. The Clearing Corporation may, for good cause shown, waive this provision.
- (c) A limited liability company, the majority of whose membership interests are owned or controlled by another limited liability company or by a corporation or partnership, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the Participant's obligations relating to Contracts. For purposes of this paragraph, membership interests which are owned or controlled by a manager, managing Participant, an officer, shareholder or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.

... **Interpretations and Policies:**

- .01 The guarantee of a Participant's obligations required by this Rule shall, unless otherwise provided in particular cases, be applicable only to Trades made for a proprietary account (as such term is defined in Commission Regulation 1.3(y)) or other non-customer accounts of the Participant.

**206. Common Owner Guarantee.**

- (a) No more than one Participant shall be owned or controlled, directly or indirectly, by the same Person unless:

- (i) Each such Participant consents to the use by The Clearing Corporation of any and all assets of the Participant in the possession of The Clearing Corporation or under its control to satisfy the obligations of all such commonly owned or controlled Participant to The Clearing Corporation;
  - (ii) Each such Participant guarantees to The Clearing Corporation all obligations of all such commonly owned or controlled Participants, including, without limitation, obligations arising out of house and customer account positions maintained by The Clearing Corporation; and
  - (iii) Each such Participant irrevocably consents to its immediate suspension or expulsion from its status as a Participant should it fail timely and fully to honor its guarantee of the obligations of such commonly owned or controlled Participants or should such a commonly owned or controlled Participant fail to honor its guarantee of such Participant.
- (b) The Clearing Corporation may grant exemptions from the requirements of this Rule 206 for good cause shown if it determines that such exemptions will not jeopardize the financial integrity of The Clearing Corporation.

**207. Notices Required of Participants.**

- (a) Each Participant shall immediately notify The Clearing Corporation, orally and in writing, of:
- (i) Any material adverse change in the Participant's financial condition including, but not limited to, a decline in net capital or, with respect to Participants that are not registered with the Commission as futures commission merchants, net worth equal of 20% or more, or if such Participant knows or has reason to believe that its adjusted net capital has fallen below The Clearing Corporation's minimum capital requirements;
  - (ii) Any proposed material reduction (and, in all cases, if the reduction is 30% or more) in the Participant's operating capital, including the incurrence of a contingent liability which would materially affect the Participant's capital or other representations contained in the latest financial statement submitted to The Clearing Corporation should such liability become fixed; provided, that any such reduction in operating capital shall not be effected by the Participant if The Clearing Corporation specifically objects thereto, in writing, within thirty days after receipt of written notice thereof;

- (iii) Any refusal of admission to, withdrawal of any application for membership in, any suspension, expulsion, bar, fine, censure, denial of membership, registration or license, withdrawal of any application for registration, cease and desist order, temporary or permanent injunction, denial of trading privileges, or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, by the Commission, the Securities and Exchange Commission, any commodity or securities exchange, clearing organization, the National Futures Association, the National Association of Securities Dealers, any self-regulatory organization or other business or professional association;
- (iv) The imposition of any restriction or limitation on the business conducted by the Participant on or with any securities or futures clearing organization or exchange (including, without limitation, any contract market, derivatives transaction facility, exempt board of trade, Linked Exchange, other trading facility, or Linked Clearinghouse, other than restrictions or limitations imposed generally on all Participants of or participants in such clearing organization or exchange;
- (v) Any failure by such Participant, or any guarantor or commonly owned or controlled Participant (as provided in Rules 205 and 206) to perform any of its material contracts, obligations or agreements;
- (vi) Any determination that it, or any guarantor or commonly owned or controlled Participant (as provided in Rules 205 and 206), will be unable to perform any of its material contracts, obligations or agreements;
- (vii) The insolvency of such Participant, or of any guarantor or commonly owned or controlled Participant (as provided in Rules 205 and 206);

- (viii) The institution of any proceeding by or against the Participant, any affiliate of the Participant, or any Person with an ownership interest of greater than 5% in the Participant, under any provision of the bankruptcy laws of the United States, or under the Securities Investor Protection Act of 1970, any other statute or equitable power of a court of like nature or purpose, in which such Participant or Person is designated as the bankrupt, debtor or equivalent, or a receiver is appointed or if a receiver, trustee or similar official is appointed for the Participant, such Person, or its or their property;
  - (ix) The receipt by such Participant, or the filing by such Participant with a self-regulatory organization, of a notice of material inadequacy;
  - (x) The receipt by such Participant from its independent auditors of an audit opinion that is not unqualified;
  - (xi) The cessation by such Participant of its clearing of Trades for a trading member of an Exchange; and
  - (xii) The failure by such Participant to make or take delivery of a Commodity relating to a Euro Contract in accordance with Chapter 9 of these Rules.
- (b) Each Participant shall promptly provide written notice to The Clearing Corporation of:
- (i) Any changes in its name, business address, its telephone or facsimile number, electronic mail address, or any number or access code for any electronic communication device used by it to communicate with The Clearing Corporation;
  - (ii) Any proposed change in the organizational or ownership structure or management of a Participant; and
  - (iii) Any transfer, offer to transfer, or termination of an Exchange Market membership, where such membership has been designated under the rules of such Exchange Market for the benefit of the Participant.

... **Interpretations and Policies:**

.01 As used in paragraph (a)(i), the term "net capital" means the greatest of: (a) the minimum net capital requirement established by The Clearing Corporation for such Participant; (b) with respect to a Participant that is a registered futures commission merchant, adjusted net capital as provided in Commission Regulation 1.17; and, (c) with respect to a Participant that is a registered broker-dealer, excess adjusted net capital as provided in Securities and Exchange Commission Regulation 15c3-1.

**208. Exchange Membership.**

The Clearing Corporation may decline or restrict the ability of a Participant to clear Trades made on any Exchange where such Participant is not admitted to the privileges of membership or is not approved by such Exchange Market to clear Trades made on or subject to the rules of such Exchange Market.

**209. Termination of Participant Status.**

- (a) Upon the occurrence of a Termination Event (as defined herein), The Clearing Corporation may, in its sole discretion, impose limitations, conditions and restrictions upon a Participant or terminate the status of the Participant. In such circumstances, The Clearing Corporation may, in its sole discretion, (i) decline to accept new Trades, (ii) cause open Contracts to be transferred to another clearing organization designated by the Market, with such security against claims and liabilities as The Clearing Corporation shall deem necessary for its protection, (iii) permit Trades to be tendered for liquidation only, (iv) cause open Contracts to be settled in cash or liquidated in the open market, and (v) otherwise take or omit to take such actions, or any combination thereof, as it deems necessary or appropriate in the circumstances.
- (b) As used herein, "Termination Event" shall mean the occurrence of any of the following:
  - (i) The expiration or termination of the agreement for clearing services between The Clearing Corporation and the relevant Market;
  - (ii) The expiration or termination of the agreement between the Participant and The Clearing Corporation;
  - (iii) A representation or warranty made by the Participant to The Clearing Corporation under or in connection with any agreement between The Clearing Corporation and the Participant shall be false or misleading in any material respect as of the date on which made;

- (iv) The breach by the Participant of the Rules or any of the terms or provisions of any agreement between The Clearing Corporation and the Participant which is not remedied promptly after notice from The Clearing Corporation; or
- (v) The Participant is in Default.

### 3. CLEARING OF CONTRACTS

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#### 301. Effect of Clearance.

Trades submitted for clearance by or for the account of a Participant shall be submitted to The Clearing Corporation as required by the Rules and the rules of the Market, and if The Clearing Corporation accepts the same, as provided in Rule 310, the buying Participant shall be deemed to have bought such Contract from The Clearing Corporation and the selling Participant shall be deemed to have sold such Contract to The Clearing Corporation. Upon such substitution, such buyers and sellers shall be released from their obligations to each other, and The Clearing Corporation shall be deemed to have succeeded to all the rights, and to have assumed all the obligations, of the original parties to such contracts, to the extent provided in these Rules.

#### 302. Tender of Trades.

The filing of a Trade confirmation by or on behalf of a Participant, as hereinafter provided, shall be deemed a tender to The Clearing Corporation for clearance of the Trade listed on such confirmation. These Rules shall constitute part of the terms of each Contract tendered to The Clearing Corporation.

#### 303. Adjustments.

- (a) Where a Contract is cleared and the contract price is less than the Settlement Price of the day, the selling Participant shall pay to The Clearing Corporation and the buying Participant shall receive from The Clearing Corporation the difference between the value of the Contract based upon the Settlement Price of the day and the contract price, in accordance with the policies and procedures of The Clearing Corporation. In like manner, if the contract price of a Contract is more than the Settlement Price of the day, the buying Participant shall pay to The Clearing Corporation, and the selling Participant shall receive from The Clearing Corporation, the difference between the value of the Contract based upon the Settlement Price of the day and the Contract price, in accordance with the policies and procedures of The Clearing Corporation.



- (b) Such payments shall be at the time and in the manner prescribed by The Clearing Corporation. Thereupon, the selling Participant shall be deemed to have sold such Contract to The Clearing Corporation, and the buying Participant shall be deemed to have bought such Contract from The Clearing Corporation, in each case at the Settlement Price of the day. Thereafter, from day to day, to the extent such transaction remains open, similar payments shall be made to bring the Trade to the Settlement Price of that day, and after such payments have been made, the buying Participant shall be deemed to have bought, and the selling Participant shall be deemed to have sold, such Contract to The Clearing Corporation at the Settlement Price of such day.

**304. Offsets.**

Where, as the result of substitution under Rule 301, a Participant has bought from The Clearing Corporation any amount of a given Contract for a particular delivery, and subsequently, and prior to such delivery, such Participant sells to The Clearing Corporation any amount of the same Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. In like manner, where a Participant sells to The Clearing Corporation any amount of a given Contract for a particular delivery, and subsequently, and before delivery, such Participant buys any amount of the same Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. Thereupon, such Participant shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions, and shall be under no further liability to receive or make delivery with respect thereto. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.

**305. Trade Confirmations.**

Each Business Day, the exact hours as from time to time fixed by The Clearing Corporation, Participants shall file with The Clearing Corporation confirmations, in the manner prescribed by The Clearing Corporation (which, in the case of electronic trading systems that submit matched trades to The Clearing Corporation, shall be satisfied by confirming reports automatically generated by such system that contain the information set forth herein), covering Trades made during the day (including scratch Trades) showing for each Trade (a) the identity of both Participants, (b) whether bought or sold, (c) the quantity involved, (d) the delivery month, (e) the Contract expiration and series involved, (f) the price and/or premium, (g) whether for house, customer, non-customer or floor trader account, and (h) such other information as may be required by The Clearing Corporation to effect the matching of Trades between the buyer and the seller.

**306. Disagreement in Trade Confirmations.**

If a Trade confirmation of any Participant shall not correspond in all material respects with the confirmation of the other party to such Trade, The Clearing Corporation may reject such Trade and notify both Participants, setting forth the basis of such objection.

**307. Statement of Trades and Positions.**

The Clearing Corporation shall make available to a Participant a statement of Trades and positions for each Business Day on which such Participant has Trades to be cleared or a position open with The Clearing Corporation. Such statement shall show the amounts the Participant shall pay to or receive from The Clearing Corporation under Rule 303 and the amount of premium the Participant shall pay to or receive from The Clearing Corporation, in all cases at the time and in the manner prescribed by The Clearing Corporation.

**308. Daily Variation Settlements.**

If the statement of Trades and positions made available to a Participant under Rule 307 shows a net balance in favor of The Clearing Corporation, the Participant shall, at the time and in the manner prescribed by The Clearing Corporation, pay such net balance to The Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by The Clearing Corporation and results in immediate credit to the account of The Clearing Corporation. If such statement shows a net balance in favor of the Participant, The Clearing Corporation shall promptly pay, at the time and in the manner prescribed by The Clearing Corporation, the amount of such net balance to the Participant.

**309. Statement of Original Margins and Premiums.**

At the time a statement of the Participant's Trades and positions is made available pursuant to Rule 307, The Clearing Corporation shall also make available a statement showing original Margins and Option premiums deposited by the Participant, the amount of such Margins and premiums required by The Clearing Corporation, and the Participant's net surplus of, or deficit in, such Margins and premiums.

**310. Acceptance of Trades by Clearing Corporation.**

The Clearing Corporation shall accept no Trades for clearance except for the account of its Participants. A Trade, except a Transfer Trade, is accepted upon either The Clearing Corporation's receipt and acknowledgment of a matched Trade or matching of Trade confirmations. A Transfer Trade is accepted upon receipt of all payments and deposits required to be made pursuant to these

Rules by the Participants who are parties to the Transfer Trade. Issuance by The Clearing Corporation, to a Participant, of a statement of Trades and positions as provided in Rule 307 shall constitute confirmation that the Trades listed on such statement, except Transfer Trades, have been accepted by The Clearing Corporation.

**311. Trades for Customers.**

Where a Participant clears a Trade for a customer, whether a member or non-member of an Exchange Market, the Participant becomes liable to The Clearing Corporation and The Clearing Corporation liable to the Participant on such Trade in the same manner and to the same extent as if the Trade were for the account of the Participant; provided, however, that Trades made on or subject to the rules of an Exchange Market and designated by the Participant as for the Participant's customer shall not be offset under Rule 304 against Trades designated by the Participant as for the Participant's own account.

**312. Separate Accounts.**

A Participant required by law to segregate a particular class of transactions with The Clearing Corporation shall maintain a separate account for that purpose (the "separate account"). When appropriately so designated by the Participant, the separate account shall be treated as to Margins, Option premiums, daily variation settlements, deliveries and all other operations as though it were the account of a different Participant except that, (a) excess funds in any other account of the Participant may be allocated by The Clearing Corporation to the separate account to the extent necessary to meet applicable Margin and variation deposit requirements of these Rules, and (b) if the Participant is in Default under Rule 605 as to any account maintained by the Participant with The Clearing Corporation or for any reason ceases to be a Participant, the open Trades in all such accounts may be closed in the open market, transferred to any other Participant, or otherwise resolved and the deficit, if any, in the separate account applied against the balance in any other account of the Participant. The Clearing Corporation shall maintain all funds held in the separate accounts in accordance with relevant provisions of the Commodity Exchange Act and Commission regulations.

**313. Records.**

Participants shall keep permanent records showing, with respect to each purchase or sale, the names of both Participants, the Futures Contract, Option series, quantity, date, price, delivery or expiration month, the name or account identifier of the customer for whom the Trade was made and such other information as may be required by law, regulation, or by The Clearing Corporation. Such permanent records shall be retained for at least five years, either in original form or in such other form as The Clearing Corporation may

from time to time authorize, and shall be deemed the joint property of The Clearing Corporation and the Participant keeping such records. The Clearing Corporation shall be entitled to inspect or take temporary possession of such records at any time upon demand.

**314. Reporting.**

Participants shall make reports of their positions at the time and in the manner prescribed by The Clearing Corporation.

**315. Limitation of Liability.**

The liability of The Clearing Corporation relating to or arising out of Contracts shall be limited to losses resulting from the substitution of The Clearing Corporation upon Contracts in accordance with these Rules, **but in no event shall the amount of such liability exceed the amount on deposit in the General Guaranty Fund.** The Clearing Corporation shall not be liable for obligations of a non-Participant or obligations of a Participant to a non-Participant (other than, in each case, Eurex Clearing), obligations of a Participant to another Participant who is acting for such other Participant as broker, or obligations of a Participant to a customer, nor shall The Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of a Participant.

**... Interpretations and Policies:**

- .01** The liability of Eurex Clearing as a Special Clearing Member is governed by the provisions of the Link Agreement.

**316. Non-Acceptance of Trades.**

In case of the non-acceptance of the Trades of any Participant, The Clearing Corporation shall be deemed to have incurred no obligations respecting the Trades that are not so accepted. It shall be incumbent upon the Participants who are parties to any such Trades to take such steps as the Participants may deem necessary or proper for such Participants' own protection.

**317. Authority of President.**

Without limitation of any authority conferred by the Certificate of Incorporation, the Bylaws, other provisions of these Rules, or resolutions of the Board or any committee of the Board, the President is authorized, should he deem it necessary or advisable, to take such action as he deems necessary or appropriate for the protection of The Clearing Corporation. The President may take such action pending a meeting of the Board or committee of the Board, but shall modify or rescind such action if so instructed by the Board or such committee.

#### **4. MARGIN AND SETTLEMENTS**

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##### **401. Clearing Corporation Lien.**

Each Participant agrees that The Clearing Corporation shall have a first lien and security interest on all Margin, Option premiums, Trades, positions and other property held in or for the accounts of such Participant as security for all obligations of such Participant to The Clearing Corporation.

##### **402. Original Margin.**

- (a) Margin deposits, other than variation deposits, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be deposited by Participants to protect The Clearing Corporation on Trades in Contracts.
- (b) Original Margin shall be deposited in the manner prescribed in Rules 405 and 406. Upon performance or closing out of contracts thus secured, the original Margin deposits may be withdrawn by the Participant upon the authorization of The Clearing Corporation. Margin calls shall ordinarily be uniform, but where particular risks are deemed hazardous, The Clearing Corporation may, in its sole discretion, depart from the rule of uniformity and call for additional Margin.

##### **403. Variation Deposits.**

Margin called by reason of market fluctuations shall be known as variation deposits and shall be paid by Participants to The Clearing Corporation on demand in the manner prescribed by Rule 308. Variation deposits shall be deemed payments on account of Trades and positions for that Business Day and shall be reflected on statements of Trades and positions for that day. The Clearing Corporation may require Participants to make additional variation deposits at any time to the extent of market fluctuations.

##### **404. Settlement Price.**

- (a) The Settlement Price for each open Exchange Contract shall be the price recommended for such Contract by the relevant Exchange Market as determined pursuant to the rules of such Exchange Market.

- (b) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of this paragraph, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.

**405. Cash Margin Deposits.**

If the statement of original Margins furnished to a Participant under Rule 309 shows a deficit in original Margins, such Participant shall, at the time and in the manner prescribed by The Clearing Corporation, pay an amount in U.S. Dollars, or foreign currency acceptable to The Clearing Corporation, sufficient to cover such deficit to The Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by The Clearing Corporation and if such payment results in immediate credit to the account of The Clearing Corporation.

**406. Non-Cash Margin Deposits.**

In lieu of maintaining original Margins in cash, as provided for in Rule 405, Participants may deposit such types of collateral as may be approved by The Clearing Corporation.

When a Participant is in default, all non-cash Margins may be converted to cash or otherwise transferred by The Clearing Corporation for the account of the Participant or its customers.

**407. Option Premiums.**

Participants shall deposit Option premiums with The Clearing Corporation at the time and in the manner prescribed by The Clearing Corporation.

## **5. DELIVERIES**

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### **501. Delivery Notices.**

A selling Participant obligated or desiring to make delivery of a Commodity shall issue and deliver to The Clearing Corporation a delivery notice containing the name and business address of the issuer of such notice; the date of issue; the date of delivery; the name of such Commodity; the total contracted quantity in satisfaction of which the delivery is being tendered; and such other information as The Clearing Corporation shall require. Delivery notices shall be furnished to The Clearing Corporation electronically in such form as may be specified by The Clearing Corporation.

The Clearing Corporation shall assign deliveries to Participants having Contracts to take delivery, for their own account or for one or more customers, of the same or lesser amount of the same Commodity. The Clearing Corporation shall notify such Participants of the deliveries that have been assigned to them and shall furnish to the Participant issuer of a delivery notice the name of the Participant obligated to accept delivery and the number of contracts for which such buying Participant is obligated. Participants receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day.

### **502. Purchases and Sales for Physical Delivery.**

Issuance of a notice of intention to deliver by a Participant to The Clearing Corporation shall constitute an offer by such Participant to sell to The Clearing Corporation the specified quantity of the Commodity involved, at the delivery price, and to purchase from The Clearing Corporation the same quantity of the same Commodity at the same price. Acceptance of such notice by The Clearing Corporation shall constitute its acceptance of the Participant's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the Rules of The Clearing Corporation, and, to the extent not specified herein, to the rules and regulations of the relevant Exchange Market.

Assignment of delivery to a Participant by The Clearing Corporation shall constitute an offer of The Clearing Corporation to sell to such Participant the specified quantity of the Commodity involved, at the delivery price, and to purchase from such Participant the same quantity of the same Commodity at the same price. Acceptance of such assignment of delivery by such Participant shall constitute his acceptance of The Clearing Corporation's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made pursuant to these Rules, and, to the extent not specified herein, to the rules and regulations of the relevant Exchange Market.



The Clearing Corporation shall, at the time delivery is required to be made, consider the corresponding sales to such assigned buyers made hereunder as having been settled and shall apply the opposing repurchase made hereunder as an adjustment of the respective Participants' futures positions with The Clearing Corporation in the manner prescribed by these Rules.

**503. Delivery Price.**

All deliveries on Futures Contracts shall be made at the Settlement Price of the day preceding the day of issuance of notice of intention to deliver, or at the price required in the contract terms and conditions, if such terms and conditions require a different price. The statement of Trades and positions specified in Rule 307 will reflect futures positions closed by delivery and the amount of final adjustment bringing delivery prices to Settlement Prices of the day of notice.

**504. Posting of Deliveries.**

During each delivery month, The Clearing Corporation shall cause to be posted, not later than the Business Day following the filing of notices of intention to deliver, the name of each Participant issuing notices of intention to deliver on Futures Contracts and the total amount of each Commodity tendered by such Participant for delivery, together with the name of each Participant to which such deliveries have been assigned and the total amount of each Commodity assigned to such Participant.

**505. Settlements on Defaulted Deliveries.**

- (a) If a Participant fails to fulfill its delivery obligations as prescribed in these Rules, The Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall The Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific Commodity and the reasonable market price of such Commodity at the time delivery is required to be made in accordance with and the Rules of The Clearing Corporation and, to the extent not specified herein, the rules and regulations of the relevant Exchange Market; (ii) make or accept delivery of the Commodity; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.

- (b) Notwithstanding any other provision of these Rules, The Clearing Corporation has no obligation or liability to any Participant or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Participant of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the Rules of The Clearing Corporation and, to the extent not specified herein, the rules and regulations of the relevant Exchange Market.
- (c) If a buying Participant fails to effect payment to its assigned seller by 1:00 p.m. on the date scheduled for delivery, the selling Participant shall immediately notify The Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether the failure of the buying Participant to effect such payment was technical in nature and is likely to be remedied or whether the such buying Participant's failure to effect payment constitutes a delivery default. If The Clearing Corporation determines, in its sole discretion, that the failure was technical in nature (including a bank instruction error or failure of the Federal Reserve wire), the buying Participant will be allowed to make payment subsequent to 1:00 p.m. (but in no event later than the time, if any, specified by The Clearing Corporation). If The Clearing Corporation determines, in its sole discretion, that such failure constitutes a delivery default, The Clearing Corporation will instruct the selling Participant to sell the invoiced securities as soon as reasonably practicable. The defaulting buying Participant will in such circumstances be liable for the amount, if any, that the reasonable sale price of the invoiced securities (including costs) is less than the original invoiced amount.
- (d) If a selling Participant fails to effect delivery to its assigned buyer by 1:00 p.m. on the date scheduled for delivery, the buying Participant shall immediately notify The Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether such failure to effect delivery is technical in nature and is likely to be remedied or whether such failure to effect delivery constitutes a delivery default. If The Clearing Corporation determines that such failure was technical in nature (including a bank instruction error or failure of the Federal Reserve wire), the selling Participant will be allowed to make delivery subsequent to 1:00 p.m. (but in no event later than the time, if any, specified by The Clearing Corporation). If The Clearing Corporation determines that the failure constitutes a delivery default, The Clearing Corporation will instruct the buying Participant to purchase substitute deliverable securities as soon as reasonably practicable. The defaulting selling Participant will in such circumstances be liable for the reasonable damages (including costs) incurred by the buying Participant relating to the purchase of the substitute securities.

- (e) Delivery obligations of a Participant to another Participant that are not discharged timely (as provided in paragraphs (c) and (d)) and in full by the Participant shall thereupon be deemed an obligation of such Participant to The Clearing Corporation. The defaulting Participant's obligations to The Clearing Corporation must be discharged by (i) not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Participant, or (ii) such later time as may be established by The Clearing Corporation pursuant to paragraphs (c) and (d).
  
- (f) Notwithstanding any other provision of these Rules to the contrary, The Clearing Corporation's delivery obligations to a non-defaulting buying or selling Participant shall in all cases be subject to the provisions of Rule 505(a) and Chapter 8 hereof.

Any claim for damages or other dispute relating to a delivery failure or default brought by one Participant against another shall be resolved by such Participants pursuant to binding arbitration before the National Futures Association ("NFA"). Failure by a Participant to comply with the NFA's determination may result in the suspension of the Participant's clearing privileges at The Clearing Corporation or such other or additional penalty (including, but not limited to assessment of fines and charges) as The Clearing Corporation may deem appropriate under the circumstances.

**506. Assignment of Exercises of Options.**

Upon receipt of notices of intention to exercise Options cleared through The Clearing Corporation, issued by buyers in accordance with the rules and regulations of the Exchange Market, The Clearing Corporation shall assign such exercises to eligible sellers in accordance with such rules and regulations. The Clearing Corporation shall promptly notify selling Participants as to the exercises assigned to them and shall furnish to buying Participants the names of selling Participants obligated to accept such assignments. Delivery and payment shall be made in the time and manner prescribed by the rules and regulations of the Exchange Market.

Any Option not exercised by the date and time fixed for expiration of the Option in the rules and regulations of the Exchange Market shall not be exercisable.

**507. Exercise Price.**

All Option exercises shall be made at the strike price of the Option. The statement of Trades and positions issued pursuant to Rule 307 will reflect the offsetting of each Option that was exercised and assigned, Trades and positions in Futures Contracts resulting therefrom, and the amount of the final adjustment.

(being the strike price marked to the Settlement Price on the day the Option was exercised).

**508. Deliveries in the Event of Bankruptcy.**

- (a) This Rule shall be applicable to Contracts made on or through the facilities of an Exchange Market as and to the extent such Exchange Market has in effect one or more rules (each, a "Bankruptcy Delivery Rule") adopted in accordance with Commission Regulation 190.05(b).
- (b) If any customer of a Participant that is a debtor shall wish to make or take delivery under a Futures Contract as provided in a Bankruptcy Delivery Rule, such customer shall deliver written notification thereof to The Clearing Corporation not later than noon on the second Business Day, which Business Day must be within the current delivery period, following the date of the entry of the order for relief with respect to such debtor, whereupon such customer shall assume all of the obligations of the debtor to The Clearing Corporation and the opposite Participant with respect to such Futures Contract.
  - (i) If such customer is seeking to make delivery in fulfillment of such Futures Contract, such notification shall be accompanied by:
    - (A) evidence, satisfactory to The Clearing Corporation, that the debtor, on behalf of the customer, or the customer, has presented a notice of delivery to The Clearing Corporation; and
    - (B) evidence verifying to The Clearing Corporation that the customer owns and has in its possession or under its control, such certificates, instruments, warehouse receipts or other documents as are required pursuant to the Rules and the Bankruptcy Delivery Rule to make delivery in fulfillment of such Contract.
  - (ii) If such customer is seeking to take delivery in fulfillment of such futures Contract, such notification shall be accompanied by:
    - (A) the notice of delivery which has been issued by The Clearing Corporation to the debtor and allocated by the debtor to the customer, and

- (B) evidence verifying to The Clearing Corporation that the customer owns and has in its possession or under its control a certified check, drawn on an approved depository bank and made payable to the order of the opposite Participant in the full amount payable on the delivery of the Contract.
- (c) The Clearing Corporation shall provide to the opposite Participant copies of all information provided to The Clearing Corporation pursuant to paragraph (b) above, provided, however, that The Clearing Corporation shall have no responsibility to investigate or otherwise verify the accuracy, genuineness or completeness of any certificate, instrument, warehouse receipt or other document or check delivered to or by The Clearing Corporation pursuant to the Bankruptcy Delivery Rule and this Rule and shall, in no event, have any liability for the quantity or quality of the commodity or other interest delivered.

**509. Cash Settlement.**

After trading ceases on the last day of trading for Futures Contracts without physical delivery, The Clearing Corporation shall consider the maintenance of an open position by a Participant to constitute an offer to sell to or an offer to purchase from The Clearing Corporation the specific quantity of the Futures Contract involved at the Settlement Price determined for such Futures Contract on the last day of trading in such contracts.

The Clearing Corporation shall, once trading in such Futures Contracts has terminated pursuant to the rules and regulations of the Exchange Market, consider the corresponding sales or purchases made hereunder as an adjustment of the respective Participants' positions in Futures Contracts with The Clearing Corporation in the manner prescribed by these Rules.

## 6. MISCELLANEOUS

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### 601. Emergencies.

- (a) The Board, upon the affirmative vote of the Directors voting at a meeting where a quorum is deemed present, may adopt an emergency resolution which shall supersede and supplant all contrary or inconsistent resolutions or Rules. Absent extraordinary circumstances, a Director who has a substantial financial interest in the outcome of such a vote shall abstain from deliberating and voting on the matter in question.
- (b) An emergency resolution shall expire upon the happening of either of the following events: (i) the Board shall have voted to rescind the emergency resolution; or (ii) 90 days shall have elapsed since the emergency resolution was adopted.
- (c) All Trades, all accounts and positions with The Clearing Corporation, and all Participants shall be subject to the exercise of these emergency powers by the Board.
- (d) As used herein, the term "emergency" shall include without limitation all emergency circumstances now or hereafter referenced in the Commodity Exchange Act and the Regulations of the Commission, and all other circumstances in which an emergency may lawfully be declared by the Board.
- (e) Except as otherwise stated in an emergency resolution adopted hereunder, the powers exercised by the Board under this Rule shall be in addition to and not in derogation of authority granted by the Certificate of Incorporation and Bylaws to a committee or officer of The Clearing Corporation to take action as specified therein.

### 602. Physical Emergencies.

In the event the physical functions of The Clearing Corporation are, or are threatened to be, severely and adversely affected by a physical emergency such as, but not limited to, fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns or transportation breakdowns, the Chairman, a Vice Chairman or the President of The Clearing Corporation or, in their absence, another officer of The Clearing Corporation, is authorized to take such action as he or she shall deem necessary or appropriate to deal with such emergency.

**603. Force Majeure.**

Notwithstanding any other provision of these Rules, The Clearing Corporation shall not be obligated to perform its obligations under these Rules or any agreement with a Participant relating to Contracts, or to compensate any person for losses occasioned by any delay or failure of performance, to the extent such delay or failure is the result of acts of God, lightning, earthquake, fire, epidemic, landslide, drought, hurricane, tornado, storm, explosion, flood, nuclear radiation, act of a public enemy or blockade, insurrection, riot or civil disturbance, strike or labor disturbance, or any other cause beyond The Clearing Corporation's reasonable control (whether or not similar to any of the foregoing).

If The Clearing Corporation shall, as a result of any of the above-described events, fail to perform any of its obligations, such failure shall be excused for a period equal to the period of delay caused by such event. In such an event, The Clearing Corporation shall give written notice thereof to the affected Market or such Participant, as the case may be, as soon as it is reasonably practicable and attempt diligently to remove such condition.

**604. Suspension of Rules.**

The time frames fixed by these Rules, interpretations or policies of The Clearing Corporation for the doing of any act or acts may be extended, or the doing of any act or acts required by these Rules or any interpretations or policies of The Clearing Corporation may be waived, and any provision of these Rules or any interpretations or policies of The Clearing Corporation may be suspended by the Board or by any officer of The Clearing Corporation having a rank of Vice President or higher whenever, in the judgment of the Board or such officer, such extension, waiver or suspension is necessary or expedient. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than thirty calendar days after the date thereof unless it shall be approved by The Clearing Corporation within such period of thirty calendar days.

**605. Defaults.**

- (a) A Participant is in Default (i) who fails to meet any of the Participant's obligations upon the Participant's Contracts with The Clearing Corporation, (ii) who fails to deposit Margin (whether original, special or variation) or premiums within one hour after demand by The Clearing Corporation, or (iii) who is suspended or expelled by a Market, Linked Exchange, Linked Clearinghouse or by The Clearing Corporation. Upon such Default, The Clearing Corporation may cause all Trades of such Participant (whether or not carried in a separate account as provided in Rule 312) to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation and any debit balance owing to The Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the Trades of a Participant as provided in paragraph (a) of this Rule, The Clearing Corporation shall have the right:
  - (i) With respect to Trades in a separate account of such Participant provided for in Rule 312, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such Trades and any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such account against (B) any amounts paid by The Clearing Corporation in the disposition of such Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account and any other amounts owed to The Clearing Corporation as a result of transactions in the account or otherwise lawfully chargeable against the account;



- (ii) With respect to the Trades in any other account of such Participant, to set off (A) any proceeds by The Clearing Corporation from the disposition of such Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts, and any other property of the Participant within the possession or control of The Clearing Corporation other than property which has been identified by such Participant as required to be segregated as provided for in Rule 312, against (B) any amounts paid by The Clearing Corporation in the disposition of such Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such accounts, and any other obligations of the Participant to The Clearing Corporation, including obligations of the Participant to The Clearing Corporation remaining after the setoffs referred to in paragraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Participant with The Clearing Corporation;
  - (iii) To cause Trades and positions held in accounts of the Participant that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Participants;
  - (iv) To cause Trades and positions in Contracts held in accounts of the Participant that is in Default and of other Participants to be settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances; and
  - (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Participant's Trades or Contracts would not be in the best interests of Clearing Corporation or other Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Clearing Corporation, and such other circumstances as it deems relevant.
- (c) Notwithstanding the foregoing, the liquidation and disposition of positions, Margin and other property subject to a cross-margin, cross-netting or common banking and settlement arrangement between The Clearing Corporation and another clearing organization shall be subject to the terms of the agreement between The Clearing Corporation and such other clearing organization.

- (d) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of these Rules shall be subject to all the terms of the Rules, including the setoff and other rights set forth herein. The rights of The Clearing Corporation set forth herein shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Rules, additional agreements with the Participant or any other source.

**606. Fees; Fines and Charges.**

- (a) Clearing fees and other charges for Clearing Corporation services shall be as fixed from time to time by The Clearing Corporation.
- (b) The President or his authorized representative may assess, in compliance with the policies and procedures of The Clearing Corporation, fines and charges against Participants, for the failure to comply with these Rules or any other requirement of The Clearing Corporation.

**607. Trading by Employees Prohibited.**

- (a) No employee of The Clearing Corporation shall:
  - (i) trade or participate directly or indirectly in any transaction in any commodity interest, except to the extent necessary to carry out the provisions of Rule 605 or as otherwise permitted pursuant to an exemption granted in accordance with this Rule; or
  - (ii) disclose any material, non-public information obtained as a result of such Person's employment with The Clearing Corporation where the employee has or should have a reasonable expectation that the information disclosed may assist another Person in trading any commodity interest; provided, that an employee is not prohibited from making disclosures in the course of the employee's duties, or to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.
- (b) From time to time, The Clearing Corporation may adopt additional Rules which set forth circumstances under which exemptions from the trading prohibition contained in paragraph (a)(i) will be granted. The effectiveness of such rules and the procedures for administration of such rules shall be governed by applicable regulations of the Commission.

- (c) All terms used in this Rule shall be construed consistently with the definitions appearing in Commission Regulation 1.59.

**608. Forms; Transmission of Data to The Clearing Corporation.**

- (a) In connection with any transaction or matter handled through, with or by The Clearing Corporation under or pursuant to the Rules, the form of any required list, notice or other document shall be as from time to time prescribed by The Clearing Corporation, and additions to, changes in and elimination of any such forms may be made by The Clearing Corporation at any time in its discretion.
- (b) A Participant may execute any document to be delivered to The Clearing Corporation or to any other Participant pursuant to these Rules by means of a mechanically or electronically reproduced facsimile signature of a representative of the Participant; provided, that the Participant shall have complied with such requirements as may be prescribed by The Clearing Corporation in connection with the use of such facsimile signatures.

**609. Just and Equitable Principles of Trade; Acts Detrimental to the Interest or Welfare of The Clearing Corporation.**

- (a) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Participants for engaging in conduct inconsistent with just and equitable principles of trade.
- (b) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Participants for engaging in acts detrimental to the interest or welfare of The Clearing Corporation.

**610. Death, Disappearance or Incapacity of Individual Participant.**

- (a) Upon the death, disappearance or incapacity (all as reasonably determined by The Clearing Corporation) of an Individual Participant, The Clearing Corporation may cause all open Trades of such Participant to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation and any debit balance owing to The Clearing Corporation shall be immediately due and payable.

- (b) In closing, transferring or otherwise resolving the open Trades of an Individual Participant as provided in paragraph (a), The Clearing Corporation shall have the right, with respect to any account of such Participant, to set off (A) any proceeds received by The Clearing Corporation from the disposition of open Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such account, and any other property of the Participant within the possession or control of The Clearing Corporation, against (B) (i) any amounts paid by The Clearing Corporation in connection with the disposition of such open Trades, including any losses, commissions or other expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account, and (ii) any other obligations of the Participant to The Clearing Corporation.
  
- (c) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of these Rules shall be subject to all the terms of these Rules, including the setoff and other rights set forth herein. The rights of The Clearing Corporation set forth in this Rule shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Rules, additional agreements with the Participant or any other source. The Clearing Corporation shall be authorized to take all such actions under this Rule as The Clearing Corporation in its sole discretion determines is appropriate or necessary under the circumstances.

**611. Construction in Accordance with Illinois Law.**

The Rules of The Clearing Corporation, and all rights and obligations thereunder, shall be construed in accordance with the internal laws of the State of Illinois, without giving effect to the conflict of law provisions thereof.

7. [RESERVED]

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## 8. GUARANTY FUND

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### 801. General Guaranty Fund.

- (a) *Collateral Requirements.* Each Participant shall make, and maintain so long as it is a Participant, a deposit or deposits of Collateral to the General Guaranty Fund in the form and in such amounts as may be determined by The Clearing Corporation from time to time in its sole discretion ("Required Contribution"). The Clearing Corporation shall cause appropriate entries to be made in its books and records to reflect the deposit of Collateral into the General Guaranty Fund. The Clearing Corporation shall have the sole right to withdraw cash, securities or other property from, and to authorize the sale or other disposition of any securities or other property held in, the General Guaranty Fund.
- (b) *Participant Default; Application of Proceeds.* If a Participant is in Default and, as a result thereof, The Clearing Corporation or a Special Clearing Member suffers any loss or expense upon any liquidation or other disposition of a Participant's open Contracts, or a Participant shall fail to make any other payment or render any other performance required under these Rules, then The Clearing Corporation shall (after appropriate application of Margin posted by such Participant and other funds in or payable to the accounts of the Participant) apply the Participant's contributions to the General Guaranty Fund, in the manner and in the order of priority set forth below:
- (i) FIRST: To the payment of the costs and expenses of any sale, collection or other realization of such Margin or Collateral, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by The Clearing Corporation in connection therewith;
  - (ii) SECOND: To the satisfaction of any deficiencies in the customer segregated fund account (if any) maintained by such Participant pursuant to rules of the Commission resulting, caused by or arising, directly or indirectly, from such Default;
  - (iii) THIRD: To the payment of any other obligations of The Clearing Corporation arising out of or in any way relating to such Participant's Default, including obligations to a Special Clearing Member, as provided in Chapter 9 of these Rules (such other obligations, together with the costs, expenses, and deficiencies described in paragraphs (i) and (ii), the "Reimbursement Obligations");

- (iv) **FOURTH:** To the payment of any other Obligations; and
  - (v) **FIFTH:** To or upon the order of the Participant that is in Default, to The Clearing Corporation or to whomsoever may be lawfully entitled to receive the same (including, without limitation, any insurer, surety or guarantor of the obligations of The Clearing Corporation) or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds.
- (c) *Application of General Guaranty Fund; Other Funding.* If the Margin and other funds of a Participant that is in Default and its contributions to the General Guaranty Fund are insufficient to discharge in full the Reimbursement Obligations of such Participant, any remaining deficiency shall be charged against the remaining assets in the General Guaranty Fund, pro rata from each other Participant's contributions.

Any such deficiency shall remain a liability of the Participant to The Clearing Corporation, which it may collect from any other assets of such Participant or by legal process.

- (d) *Linked Clearinghouse Default; Application of Proceeds.* If a Linked Clearinghouse of which The Clearing Corporation is a Special Clearing Member is in default under the terms of the Link Agreement or shall fail to make any payment or render any other performance required under the Link Agreement, The Clearing Corporation may apply the General Guaranty Fund in the manner and in the order of priority set forth below:
- (i) **FIRST:** To the payment of the costs and expenses of any sale, collection or other realization of Collateral in the General Guaranty Fund, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by The Clearing Corporation in connection therewith; and
  - (ii) **SECOND:** To the payment of any other obligations of The Clearing Corporation arising out of or in any way relating to such Linked Clearinghouse's default.

- (e) *Reimbursement of Collateral.* The Clearing Corporation shall notify Participants whenever an amount is paid out of the General Guaranty Fund to meet Obligations to The Clearing Corporation as provided in paragraphs (b), (c) or (d) above. If Collateral is withdrawn from the General Guaranty Fund pursuant to paragraph (c) or (d) and, as a result, the amount of Collateral credited to a Participant is less than the amount it was required to maintain pursuant to paragraph (a) immediately prior to such withdrawal, the Participant shall deposit additional Collateral into the General Guaranty Fund in an amount at least sufficient to restore that Participant's Required Contribution. All such additional Collateral shall be deposited prior to The Clearing Corporation's opening of business on the third Business Day following such notice or such later time as The Clearing Corporation shall determine in its sole discretion. A Participant that fails to deposit the full amount of such additional Collateral shall be in Default, and The Clearing Corporation may, in addition to any other remedies it may have, debit such Participant's house margin account for any or all or such unpaid amount and assess fines and charges against such Participant as provided in Rule 606.
- (f) *Lien.* As security for any and all Obligations of a Participant to The Clearing Corporation, including, but not limited to, the Reimbursement Obligations, each Participant grants The Clearing Corporation a first priority perfected security interest in the Participant's Collateral. In furtherance and not in limitation of the foregoing, all outstanding shares of Class A common stock of The Clearing Corporation shall be Collateral deposited in the General Guaranty Fund and subject to the foregoing grant of security interest until the same shall have been released in accordance with these Rules and the policies and practices of The Clearing Corporation (including, but not limited to, release of such stock upon substitution of acceptable alternative collateral of equivalent value.)
- (g) *Non-Interference.* A Participant shall take no action, including but not limited to attempting to obtain a court order, that could interfere with the ability of The Clearing Corporation to apply its Margin, Collateral or other assets.

... **Interpretations and Policies:**

- .01** As used in this Rule 801, "Participant" includes a Participant that has been suspended or expelled by The Clearing Corporation or whose privileges in respect of Trades and Contracts have been restricted pursuant to Rule 403.



## 802. Special Guaranty Funds.

- (a) *Collateral Requirements.* The Clearing Corporation may from time to time require Participants who desire to clear Contracts traded on Markets other than EurexUS or a Linked Exchange to provide Collateral for deposit into one or more Special Guaranty Funds. All such Collateral shall be in the form and in such amounts as may be determined by The Clearing Corporation from time to time in its sole discretion ("Required Special Contribution"). The Clearing Corporation shall cause appropriate entries to be made in its books and records to reflect the deposit of Collateral into each such Special Guaranty Fund. The Clearing Corporation shall have the sole right to withdraw cash, securities or other property from, and to authorize the sale or other disposition of any securities or other property held in, a Special Guaranty Fund.
- (b) *Participants Default; Application of Proceeds.* If a Participant is in Default and, as a result thereof, The Clearing Corporation suffers any loss or expense upon any liquidation or other disposition of a Participant's open Contracts, or a Participant shall fail to make any other payment or render any other performance required under these Rules, then The Clearing Corporation shall (after appropriate application of Margin posted by such Participant and other funds in or payable to the accounts of the Participant) apply the Participant's contributions to the Special Guaranty Fund established in respect of each Market as to which the Participant is in Default, in the manner and in the order of priority set forth below:
- (i) FIRST: To the payment of the costs and expenses of any sale, collection or other realization of such Margin or Collateral, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by The Clearing Corporation in connection therewith;
  - (ii) SECOND: To the satisfaction of any deficiencies in the customer segregated fund account maintained by Participants pursuant to the rules of the Commission resulting, caused by or arising, directly or indirectly, from such Default;
  - (iii) THIRD: To the payment of any other obligations of such Participant to The Clearing Corporation (such other obligations, together with the costs and expenses, and deficiencies described in paragraphs (i) and (ii), the "Special Reimbursement Obligations");
  - (iv) FOURTH: To the payment of any other Obligations; and

- (v) **FIFTH:** To or upon the order of the Participant that is in Default, to The Clearing Corporation or to whomsoever may be lawfully entitled to receive the same (including, without limitation, any insurer, surety or guarantor of the obligations of The Clearing Corporation) or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds.
- (c) *Application of Special Guaranty Funds; Other Funding.* If the Margin and other funds of a Participant that is in Default and its contributions to a Special Guaranty Fund are insufficient to discharge in full the Special Reimbursement Obligations of such Participant, any remaining deficiency shall be charged against the remaining assets in such Special Guaranty Fund(s), ratably, in proportion to the amount of such Special Reimbursement Obligations that is, in the judgment of The Clearing Corporation, reasonably attributable to the Market(s) that are supported by the Special Guaranty Fund(s).
- Any such deficiency shall remain a liability of the Participant to The Clearing Corporation, which it may collect from any other assets of such Participant or by legal process.
- (d) *Reimbursement of Collateral.* The Clearing Corporation shall notify Participants authorized to clear Contracts for a Market whenever an amount is paid out of the Special Guaranty Fund for such Market to meet Obligations to The Clearing Corporation as provided in paragraphs (b) or (c) above. If Collateral is withdrawn from a Special Guaranty Fund pursuant to paragraph (c) and, as a result, the amount of Collateral credited to a Participant is less than such Participant's Required Special Contribution, the Participant shall deposit additional Collateral into that Special Guaranty Fund in an amount such that the Participant's total Collateral in that Special Guaranty Fund is at least equal to its Required Special Contribution. All such additional Collateral shall be deposited prior to The Clearing Corporation's opening of business on the third Business Day following such assessment or such later time as The Clearing Corporation shall determine in its sole discretion. A Participant that fails to deposit the full amount of such additional Collateral shall be in Default and The Clearing Corporation, in addition to any other remedies that it may have, may assess fines and charges against such Participant as provided in Rule 606.
- (e) *Lien.* As security for any and all Obligations of a Participant to The Clearing Corporation, including but not limited to, the Special Reimbursement Obligations, each Participant grants to The Clearing Corporation a first priority perfected security interest in the Collateral.

- (f) *Non-Interference.* A Participant shall take no action, including but not limited to attempting to obtain a court order, that could interfere with the ability of The Clearing Corporation to apply its Margin, Collateral or other assets.

... **Interpretations and Policies:**

- .01** As used in this Rule 802, "Participant" includes a Participant that has been suspended or expelled by The Clearing Corporation or whose privileges in respect of Trades and Contracts have been restricted pursuant to Rule 403.
- .02** As used in this Rule 802, "Contract" means and includes only those Contracts identified in Interpretations and Policies .01 (b) to the definition of the term "OTC Market."

**9. U.S. FUTURES EXCHANGE, L.L.C. and EUREX DEUTSCHLAND/EUREX ZURICH AG**

**9A. U.S. FUTURES EXCHANGE, L.L.C. – U.S. Dollar Denominated Contracts; Currency Contracts**

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The Rules in this Chapter 9A apply to the settlement and clearance of USD Contracts and Currency Contracts (as defined herein) traded on or subject to the rules of EurexUS.

**9-101A. Definitions.**

**Bank**

A U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and has capital, surplus and undivided earnings in excess of \$100,000,000.

**Commodity**

Any good, article, service, right or interest (including Currency) in which USD Contracts or Currency Contracts are dealt in.

**Currency**

Money denominated in the lawful currency of a country or the European Union.

**Currency Contract**

Those Exchange Contracts involving Currency Pairs and set forth in Interpretations and Policies .01(a) to the definition of "Exchange Markets" in Rule 101 with respect to EurexUS.

**Currency Pair**

The two Currencies that may be exchanged in connection with a Currency Contract.

**Off-Order Book Trade**

A Trade in USD Contracts or Currency Contracts, other than an On-Order Book Trade, that is matched bilaterally for the account of Participants outside the EurexUS central order book or that is generated by EurexUS for the account of Participants other than through the EurexUS central order book, such as exchanges of futures for physicals (basis trades), exchanges of futures for

swaps, block trades, strategy trades, volatility trades, and reverse trades (canceling erroneous trades), but not including a Post-Trade Transaction.

**On-Order Book Trade**

A Trade in USD Contracts or Currency Contracts that is matched in the central order book of EurexUS.

**Post-Trade Transaction**

With respect to a transaction or position in a USD Contract or Currency Contract, the transfer of positions by one or more Participants, a give-up or split-up, and such other trade and position management and similar instructions as may be authorized from time to time by The Clearing Corporation.

**Range**

A range, not greater than the highest trade price or less than the lowest trade price in the relevant USD Contract or Currency Contract traded on EurexUS on the same Trading Day, in either case as increased or decreased by the amount(s) set forth in the rules of EurexUS.

**USD Contract**

Those Exchange Contracts denominated in U.S. Dollars and set forth in Interpretations and Policies .01(a) to the definition of "Exchange Markets" in Rule 101 with respect to EurexUS.

**9-306A. Reserved.**

**9-310A. Acceptance of Trades by Clearing Corporation**

In the case of all On-Order Book Trades, and Off-Order Book Trades falling within the Range, acceptance of the Trade occurs upon trade matching by the EurexUS trading system. In the case of Off-Order Book Trades falling outside the Range and all Post-Trade Transactions, acceptance shall occur upon receipt of all payments and deposits required to be made pursuant to these Rules, by the Participants who are parties to such Trades and Transactions.

**9-510A. Report of Eligibility to Receive Delivery.**

Prior to 8:00 p.m. (or by such other time as may be specified by The Clearing Corporation) of each day on which delivery notices may be delivered to The Clearing Corporation, each Participant shall report to The Clearing Corporation, at such times and in such manner as shall be prescribed by The Clearing Corporation, the amounts of its purchases of Treasury futures Contracts then eligible for delivery which remain open on its books in accordance with these Rules. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the Participant has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports described above shall show the dates on which such purchases were made, as reflected on the ultimate customers' account statements.

**9-511A. Payment for Delivery (U.S. Treasury Securities).**

Payment shall be made in Federal Funds. The buying Participant obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery except as otherwise provided in Rule 9-515A and on banking holidays when delivery must be taken and payment made before 9:30 a.m. on the next banking business day. Adjustments for differences between contract prices and delivery prices established by The Clearing Corporation shall be made with The Clearing Corporation.

**9-512A. Buyer's Banking Notification (U.S. Treasury Securities).**

The buying Participant shall provide the selling Participant with notice, in such form as The Clearing Corporation may prescribe from time to time, setting forth: the identification number and name of the buying Participant; the delivery date; the notification number of the delivery assignment; the identification number and name of the selling Participant making delivery; the quantity of the Commodity being delivered; the buying Participant's bank and account number; and specific Federal Reserve wire instructions for the transfer of securities. Such notice shall be provided by 4:00 p.m. on the Business Day immediately prior to delivery day or by such other time as may be designated by The Clearing Corporation.

**9-513A. Standards (U.S. Treasury securities).**

The contract grade(s) for delivery on Treasury futures Contracts made under these Rules, together with any premiums or discounts applicable thereto, shall be as set forth in the rules of EurexUS.

**9-514A. Deliveries on USD Contracts.**

All deliveries on USD Contracts shall be assigned by The Clearing Corporation. Where a Participant has an interest both long and short for customers on its own books, it must tender to The Clearing Corporation such notices of intention to deliver as it received from its customers who are short.

Deliveries against U.S. Treasury securities underlying USD Contracts shall be by book-entry transfer between accounts of Participants at Banks in accordance with Department of the Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last Business Day of the month. Notice of intention to deliver shall be given to The Clearing Corporation by 8:00 p.m., or by such other time designated by The Clearing Corporation, on the second Business Day preceding delivery day. If the buying Participant does not agree with the terms of the invoice received from the selling Participant, the buying Participant must notify the selling Participant, and the dispute must be settled by 9:30 a.m. on delivery day. The selling Participant must have contract grade U.S. Treasury securities in place at its Bank in a form acceptable to its Bank for delivery no later than 10:00 a.m. on delivery day. The selling Participant must notify its Bank to transfer contract grade U.S. Treasury securities by book-entry to the buying Participant's account at the buying Participant's Bank on a delivery versus payment basis. On delivery day, the buying Participant shall make funds available by 7:30 a.m. and notify its Bank to accept contract grade U.S. Treasury securities and to remit Federal Funds to the selling Participant's account at the selling Participant's Bank in payment for delivery therefor. Contract grade U.S. Treasury securities must be transferred and payment must be made before 1:00 p.m. on delivery day.

**9-515A. Wire Failure (U.S. Treasury Securities).**

If delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the buying Participant's or the selling Participant's Bank to have access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next day on which the Federal Reserve wire or Bank access to it is operable. Interest shall, in such circumstances, accrue to the buyer beginning on the day on which the securities were to be originally delivered and shall be paid to the buyer by the seller. In the event of such failure, both the buyer and seller must provide documented evidence that the instructions were given to their respective Banks in accordance with Rules 9-511A and 9-514A and that all other provisions of Rules 9-511A and 9-514A have been complied with.

**9-516A. Date of Delivery (U.S. Treasury Securities).**

Delivery of U.S. Treasury securities may be made by the selling Participant upon any permissible delivery day of the delivery month that the seller may select. Delivery of U.S. Treasury securities must be made no later than the last business day of the delivery month.

**9-517A. Seller's Invoice to Buyers (U.S. Treasury Securities).**

Upon determining the buyers obligated to accept deliveries of U.S. Treasury securities tendered by issuers of delivery notices, The Clearing Corporation shall promptly furnish each issuer the names of the buyers obligated to accept delivery from such issuer and a description of each security tendered by the issuer that was assigned by The Clearing Corporation to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by The Clearing Corporation, and adjusted for applicable interest payments. Such invoices shall be delivered to The Clearing Corporation by 2:00 p.m., or by such other time designated by The Clearing Corporation, on the Business Day preceding the intended date of delivery, except on the next-to-last Business Day of the month, where such invoices shall be delivered to The Clearing Corporation by 3:00 p.m., or by such other time as may be designated by The Clearing Corporation. Upon receipt of such invoices, The Clearing Corporation shall promptly make them available to buyers in the manner determined by The Clearing Corporation from time to time.

**9-518A. Deliveries on Currency Contracts.**

A Participant's net open position in a Currency Contract that is to be settled by delivery shall be effected by the purchase by such Participant or The Clearing Corporation of an agreed amount of one Currency against the sale by it to the other party of an agreed amount of another Currency, both such amounts being deliverable on the same date. All such deliveries shall be made in and through The Clearing Corporation's Continuous Link Settlement System account(s) or by such other means as The Clearing Corporation may authorize from time to time. Upon receipt of timely instructions from a Clearing Participant, The Clearing Corporation will net delivery settlements for any given Currency Pair separately for the customer and non-customer origins; but in no event will The Clearing Corporation net a Participant's obligation to purchase or sell a particular Currency across Currency Pairs. All deliveries in respect of Currency Contracts shall be made no later than the date required by rules of Eurex US.

**9-519A. Daily Currency Interest Rate Adjustments.**

The Clearing Corporation shall effect a daily cash adjustment for each open spot equivalent currency futures contract to account for the financial difference between the currency future with the lower interest rate and the currency future with the higher interest rate. The Clearing Corporation shall affect such cash adjustments solely based upon the cash adjustment instructions provided by EurexUS. The Clearing Corporation



shall not be liable for any inaccuracies, errors, or miscalculations relating to the adjustment instructions provided by EurexUS.

## **9B. EUREX DEUTSCHLAND/EUREX ZURICH AG – Euro Denominated Contracts**

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The Rules in this Chapter 9B apply to the settlement and clearance of Trades in respect of Euro Contracts (as defined herein) made on or subject to the rules of Eurex.

### **9-101B. Definitions.**

#### **Bank**

A branch of Deutsche Bundesbank or a correspondent bank that holds an account at a branch of Deutsche Bundesbank.

#### **Business days**

The business days within the meaning of Chapter 9B shall be the Exchange days determined by the Boards of Management of Eurex.

#### **CET**

Central European Time, as in effect in Frankfurt am Main, Germany, from time to time.

#### **Clearstream**

Clearstream Banking AG, Frankfurt am Main, a subsidiary of Clearstream International, SA, or a custodian bank or financial services institution that has an account with Clearstream Banking AG.

#### **EUR**

The lawful currency of the participating member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

#### **Euro Contract**

Those Exchange Contracts that are denominated in Euros and set forth in Interpretations and Policies .01(a) to the definition of "Linked Exchange" in Rule 101 with respect to Eurex.

#### **... Interpretations and Policies:**

- .01** Euro Contracts include: Contracts that are subject to the rules of Eurex Clearing and (i) that are (A) matched bilaterally for the account of Participants and or members of Eurex Clearing outside the Eurex central

order books or (B) generated by Eurex Clearing for the account of Participants other than through the central order book, including in either case exchanges of futures for physical (basis trades), exchanges of futures for swaps, block trades, strategy trades, volatility trades, and reverse trades (canceling erroneous trades), but also including a Post-Trade Transaction; or (ii) that have been matched in the central order book of Eurex.

**Exchange days**

The Exchange days within the meaning of Chapter 9B shall be the days determined as such by the Boards of Management of Eurex.

**Exchange**

As used in Appendices 9B-I and 9B-II, "Exchange" means Eurex.

**Link Clearinghouse**

The Clearing Corporation or Eurex Clearing, as the context may require.

**Non-clearing member**

A person, including but not limited to a Participant's customer, that is permitted to enter trades directly into the Eurex trading system. The term "non-clearing member" does not include Participants or members of Eurex Clearing.

**Post-Trade Transaction**

With respect to a transaction or position in a Euro Contract, the transfer of positions in Euro Contracts by one or more Participants (including Transfer Trades such as position transfers and give up Trades as set forth in Appendices 9B-1 and 9B-II), and such other trade and position management and similar instructions as may be authorized from time to time by The Clearing Corporation.

**Settlement Price**

The price, established in accordance with Rule 9-404B, for open Euro Contracts.

**9-102B. Scope and Interpretation.**

The Clearing Corporation and Eurex Clearing have established a Global Clearing Link that permits Euro Contracts traded on Eurex to be cleared through either The Clearing Corporation or Eurex Clearing pursuant to the terms of a Link Clearing Agreement between Eurex Clearing and The Clearing Corporation (as amended from time to time, the "Link Agreement"). With respect to Trades in Euro Contracts executed on Eurex, Eurex Clearing serves as the primary clearinghouse, including with respect to Trades that are cleared at The Clearing Corporation as a Linked Clearinghouse.

Under the Link Agreement, The Clearing Corporation will be a Special Clearing Member of Eurex Clearing, and as such will maintain an omnibus account at Eurex Clearing to clear and settle Trades in Euro Contracts made by Participants of The Clearing Corporation. The rights and duties of The Clearing Corporation as a Special Clearing Member are governed by the Link Agreement. Eurex Clearing will be the counterparty to The Clearing Corporation (as Special Clearing Member) for such Trades and an omnibus account will be maintained for that purpose at The Clearing Corporation. The Clearing Corporation will be the exclusive counterparty to its Participants in respect of all such Trades. The Clearing Corporation will calculate and collect original margin from its Participants for such Trades in accordance with its Rules, policies and procedures, and will apply its Rules and procedures in the event of a Default by its Participants.

Under the Link Agreement, Eurex Clearing will determine settlement prices for all such Trades in Euro Contracts pursuant to its rules and will pay and collect all variation settlement amounts resulting from the daily marking-to-market of all Euro Contracts. When a Euro Contract has been made for the account of a Participant, Eurex Clearing, acting solely as the agent of The Clearing Corporation, will arrange for the payment of Euro (€) variation settlement amounts either to and from an account established by such Participant at a Bank or through an account structure maintained by The Clearing Corporation.

Eurex Clearing will also administer option exercise and assignment processing and maintain the infrastructure for open interest reporting with respect to all Trades in Euro Contracts. Finally, Eurex Clearing will receive and assign delivery notices and instructions in respect of Euro Contracts. Participants who wish to clear Euro Contracts will therefore be required either to open and maintain delivery settlement accounts at Clearstream (in addition to the variation settlement accounts discussed above) and grant Eurex Clearing the authority to debit and credit such accounts on behalf of The Clearing Corporation, or effect deliveries through an account structure maintained by The Clearing Corporation. As agent for The Clearing Corporation, Eurex Clearing will have no legal obligation to any Participant.

This Rule 9-102B is qualified in its entirety by the other Rules of The Clearing Corporation, including the Rules in this Chapter 9B and Appendix 9B-I.

**9-103B. Additional Rules Relating to Euro Contracts.**

The Rules attached hereto as Appendix 9B-I relating to, among other things, (i) the payment and collection of variation settlement amounts provided for in Rule 9-308B, (ii) the exercise and assignment process for Options, (iii) the notification and allocation process for deliveries on Contracts, (iv) physical deliveries (including, but not limited to, provisions in respect of failed deliveries), (v) give-up and take-up processing, (vi) cash payments (including fees and charges for late deliveries), (vii) trade and position management, (viii) position and open interest reporting, and (ix) timelines, holiday calendars, schedules and deadlines, all in respect of Euro Contracts, and the Rules attached hereto as Appendix 9B-II relating to, among other things, entry of certain over-the-counter Euro Contracts into the system of Eurex Clearing, are made applicable to each Participant clearing Trades in Euro Contracts and shall be governed by the laws of the Federal Republic of Germany notwithstanding the provisions of Rule 611. To the extent that a subject addressed in Appendix 9B-I or 9B-II is also the subject of a Rule in Chapters 1 – 8, the provisions of Appendix 9B-I or 9B-II shall control to the extent of any conflict.

**9-209B. Termination of Participant Status.**

Rule 209, as supplemented by Rules 1.7.1 and Rules 1.7.2 in Appendix 9B-I, shall apply to all transactions in Euro Contracts.

**9-301B. Effect of Clearance.**

Trades submitted for clearance by or for the account of a Participant shall be submitted to The Clearing Corporation as required by the Rules and the rules of Eurex and Eurex Clearing, and a buying Participant shall be deemed to have bought such Contract from The Clearing Corporation and a selling Participant shall be deemed to have sold such Contract to The Clearing Corporation. Upon such substitution, such buyers and sellers shall be released from their obligations to each other, and The Clearing Corporation shall be deemed to have succeeded to all the rights, and to have assumed all the obligations, of the original parties to such contracts, to the extent provided in these Rules. In the case of all Trades in Euro Contracts, acceptance of such Trades occurs immediately upon the acceptance of such Trades by Eurex Clearing.

... **Interpretations and Policies;**

.01 The provisions of Rule 9-301B shall be applicable only to Participants that clear their Euro Contracts at The Clearing Corporation.

9-302B. **Reserved.**

9-306B. **Reserved.**

9-308B. **Daily Variation Settlements.**

- (a) Each Participant clearing Trades in Euro Contracts shall either open and maintain an account at a Bank to serve as the variation settlement account for such Participant's positions in Euro Contracts, or shall effect variation settlements through an account structure maintained by The Clearing Corporation.
- (b) If the statement of Trades of Euro Contracts and positions made available to a Participant under Rule 307 shows a net balance in such account in favor of The Clearing Corporation, the Participant shall, at the time and in the manner prescribed by Eurex Clearing (acting as agent for The Clearing Corporation), pay such net balance as directed by Eurex Clearing. Payment will be considered made hereunder only if made in a manner prescribed by Eurex Clearing that will result in immediate credit to the account of The Clearing Corporation. If such statement shows a net balance in such account in favor of the Participant, Eurex Clearing, acting on behalf of The Clearing Corporation, shall promptly cause to be paid, at the time and in the manner prescribed by Eurex Clearing, the amount of such net balance to the Participant. All such payments made or collected by Eurex Clearing as agent for The Clearing Corporation shall be deemed to have been made or collected by The Clearing Corporation.

9-310B. **Reserved.**

9-314B. **Reporting.**

Participants shall make reports of their positions at the time and in the manner prescribed by The Clearing Corporation and Eurex Clearing.

9-315B. **Limitation of Liability**

- (a) The liability of The Clearing Corporation relating to or arising out of Contracts shall be limited to losses resulting from the substitution of The Clearing Corporation upon Contracts in accordance with these Rules, **but in no event shall the amount of such liability exceed the amount on deposit in the General Guaranty Fund.** The Clearing Corporation shall not be liable for obligations of a non-Participant or obligations of a

Participant to a non-Participant (other than, in each case, Eurex Clearing), obligations of a Participant to another Participant who is acting for such other Participant as broker, or obligations of a Participant to a customer, nor shall The Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of a Participant.

- (b) Eurex Clearing has agreed to provide certain systems, services and settlement infrastructure, including (but not limited to) the issuance of instructions for variation settlement and deliveries and the allocation of notices of Option exercise, to Clearing Corporation participants. Eurex Clearing does so solely as agent for The Clearing Corporation, and there are no warranties or representations, express or implied, provided by Eurex Clearing with respect to such systems, services or infrastructure. Eurex Clearing shall not be liable to any person other than The Clearing Corporation for any loss, damage, cost or expense arising out of the performance or non-performance of such services or the provision or non-provision of such systems or infrastructure by Eurex Clearing.

... **Interpretations and Policies:**

- .01 The liability of Eurex Clearing as a Special Clearing Member is governed by the provisions of the Link Agreement.

**9-316B. Non-Acceptance of Trades**

In case of the non-acceptance of the Trades of one or more Participants in accordance with the rules of Eurex or Eurex Clearing, The Clearing Corporation shall be deemed to have incurred no obligations respecting the Trades that are not so accepted. It shall be incumbent upon a Participant that is party to any such Trade to take such steps as the Participant may deem necessary or proper for such Participant's own protection.

**9-403B. Reserved.**

**9-404B. Settlement Price:**

The Settlement Price for Euro Contracts shall be the closing price as determined in accordance with the rules of Eurex Clearing.

**9-407B. Reserved.**

**9-501B –**

**9-508B. Reserved.**

**9-509B. Cash Settlement**

A Euro Contract that remains open through the last trading day shall be settled in the manner specified in the Rules for such Euro Contract in Appendix 9B-I, and, upon such settlement, The Clearing Corporation shall be discharged from its obligations with respect to such Euro Contract.

**9-510B. Physical Delivery.**

Participants shall fulfill their delivery and payment obligations with respect to Euro Contracts in accordance with instructions issued by Eurex Clearing on behalf of The Clearing Corporation.

... **Interpretations and Policies:**

.01 The following is provided for use by Participants and is qualified by, and expressly made subject to, Appendices 9B-1 and 9B-II:

(a) Each Participant clearing Trades in Euro Contracts shall either open and maintain a settlement account at Clearstream to serve as a settlement account for physical deliveries, in which case, each such Participant shall grant Eurex Clearing, as agent for The Clearing Corporation, a power of attorney to directly debit or credit such settlement account as necessary to satisfy such Participant's obligation to make or take delivery, or effect physical deliveries through an account structure maintained by The Clearing Corporation.

(b) Eurex Clearing shall not be a contracting party to the deliveries and payments arising out of the settlement of physical delivery of Euro Contracts and all physical deliveries and payments shall be concurrently performed between Participants and/or members of Eurex Clearing, and Eurex Clearing, as agent for The Clearing Corporation. Participants that are obligated to make delivery in satisfaction of a Euro Contract shall deliver in accordance with the instructions of Eurex Clearing (given on behalf of The Clearing Corporation) to the Participants and/or Clearing Members of Eurex Clearing obligated to take delivery in satisfaction of a Euro Contract, in each case in exchange for payment therefor.

(c) Participants are responsible for ensuring their ability to effect deliveries and payments either through sufficient deposits in their securities account at Clearstream and sufficient credit balances in their corresponding cash accounts at a Bank, or through sufficient funding in the account structure maintained by The Clearing Corporation.



**9-605B. Defaults.**

Rule 605, as supplemented by Rules 1.7.1 and 1.7.2 in Appendix 9B-I, shall apply to all transactions in Euro Contracts.

**9-612B. Non-Performance by a Linked Clearinghouse.**

Upon the default of a Linked Clearinghouse under the terms of a Link Agreement, The Clearing Corporation shall have the right, without prejudice to any other rights it may have against such Linked Clearinghouse, cause all or a portion of the Trades and Contracts held (A) in any omnibus account maintained by The Clearing Corporation for such Linked Clearinghouse and (B) in any omnibus account maintained by such Linked Clearinghouse for The Clearing Corporation (i) to be offset against each other, or closed in the open market, and, to the extent of any remaining imbalance, against the Trades and positions of Participants; or (ii) settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances, all as provided in the Link Agreement. The Clearing Corporation may in such circumstances defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of such Trades or Contracts would not be in the best interests of The Clearing Corporation or Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Clearing Corporation, and such other circumstances as it deems relevant.

**1.2 General**

**1.2.1 Conclusion of Transactions**

- (1) Trades in Euro Contracts shall only be concluded between The Clearing Corporation and its Participants.
- (2) A customer may only effect transactions through a Participant. Whenever an order or quote entered into the system of Eurex by a customer is matched with another order or quote, a transaction takes place between such customer and its Participant, and a corresponding transaction simultaneously takes place between the Participant and The Clearing Corporation.
- (3) Whenever an order or quote entered into the system by a Participant's customer (a non-clearing member) is matched with another order or quote, the following transactions with identical parameters are enacted in addition to the transaction between the customer and such Participant:

A transaction between the Participant and The Clearing Corporation as Special Clearing Member, and

A transaction between The Clearing Corporation as Special Clearing Member and Eurex Clearing, and

A transaction between Eurex Clearing and its general clearing member or direct clearing member, and

Where applicable, a transaction between the general clearing member of Eurex Clearing and its non-clearing member.

**1.2.2. Definitions**

**Agent Position Account**

An internal account carried on the books of both Eurex and The Clearing Corporation that contains Trades in Euro Contracts carried out by a Participant on behalf of customers.

**Boards of Management**

The Boards of Management of Eurex Deutschland and Eurex Zurich AG.

**Clearing Member**

A person who has been issued a general or direct clearing license by Eurex Clearing.

**Conditions of Trading**

The Conditions for Trading at Eurex Deutschland and Eurex Zurich AG as in effect from time to time.

**Contract Specifications**

The Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zurich AG as in effect from time to time.

**Eonia**

The effective overnight rate for euro computed as a weighted average of all overnight unsecured lending transactions in the interbank market, initiated within the euro area by the contributing panel banks.

**Exchange Rules**

The Exchange Rules for Eurex Deutschland and Eurex Zurich AG as in effect from time to time.

**Euribor**

The rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank.

**Euribor ACI**

Financial Markets Association, a Belgian international non-profit association and (with Euribor FBE) co-sponsor of Euribor.

**Euribor FBE**

European Banking Federation, a Belgian international non-profit association and (with Euribor ACI) co-sponsor of Euribor.

**European Central Bank**

The central bank for the euro area nations, established in 1998 and headquartered in Frankfurt am Main, Germany.

**Give-Up Trades**

Transfers of transactions from the Agent Position Account of an Exchange Participant to Agent Position Accounts and Principal Position Accounts of another Exchange Participant.

**M-Position Account**

An internal account carried on the books of both Eurex and The Clearing Corporation that contains transactions resulting from quotes into the Eurex system, including transactions resulting from orders as principal, if appropriately designated.

**Notice Day**

Notice Day shall have the meaning ascribed in Sections 2.1.12.4(1), 2.1.13.4(1), 2.1.14.4(1) and 2.1.19.4(1) hereof.

**Post-Trading Full Period**

That portion of the Post-Trading Period which starts immediately after termination of the Trading Period and during which data requests as well as data input from and to the Eurex system are possible and admissible.

**Post-Trading Period**

Period following the Trading Period during which the Eurex system will remain available for data entry and data request. The Post-Trading Period comprised the Post-Trading Full Period and the Post-Trading Restricted Period.

**Post-Trading Restricted Period**

That portion of the Post-Trading Restricted Period which starts immediately after the Post-Trading Full Period and during which only data requests from the Eurex system are possible and admissible.

**Pre-Trading Period**

That period prior to the commencement or resumption of options and futures trading during which orders and quotes may be entered into the Eurex system.

## **Principal Position Account**

An internal account carried on the books on both Eurex and The Clearing Corporation that contains only Trades in Euro Contracts carried out by a Participant for its own account.

## **Same Day Settlement**

Intra-day settlement run (delivery versus payment) at Clearstream.

## **Accounts of Participants**

### **1.4.1 Position Accounts**

#### **1.4.1.1 Types of Position Accounts**

- (1) The transactions to be cleared for Participants and their non-clearing member shall be recorded in the system of Eurex Clearing, as agent for The Clearing Corporation, in internal Principal Position Accounts, Agent Position Accounts and M-Position Accounts of the Participant and each non-clearing member.
- (2) Two Principal Position Accounts (one of which shall be a separate account maintained in accordance with Rule 312), one Agent Position Account (which shall be a separate account maintained in accordance with Rule 312) and, if necessary, two M-Position Accounts (one of which shall be a separate account maintained in accordance with Rule 312) shall be maintained for each Participant and each non-clearing member.
- (3) For options transactions, a corresponding internal premium account shall be kept for each position account of each Participant and its non-clearing member; the premiums for all options transactions which need to be cleared for such Participant shall be recorded in the premium account for each position account. Premium accounts shall be settled daily.

#### **... Interpretations and Policies:**

- .01** Eurex shall make the balance of any premium account available in the system for the Participant and each non-clearing member.

#### **1.4.1.2 Principal Position Accounts**

- (1) Only transactions carried out by a Participant or a non-clearing member for its own account as a trade participant shall be recorded in the Principal Position Account.

- (2) Adjustments to opening and closing trade adjustments for transactions recorded in a Principal Position Account and closing position adjustments performed to close two opposing positions may be made in accordance with the provisions of subsection 1.4.1.5 paragraph 5.
- (3) If a transaction is specified as a closing transaction, without there being sufficient open positions in the Principal Position Account, a new position will automatically be opened in the Principal Position Account equivalent to the number of contracts that could not be closed.
- (4) Executed transactions may be divided into several transactions in the respective Principal Position Account (trade separation).

#### **1.4.1.3 Agent Position Accounts**

- (1) Only transactions carried out for a Participant's or non-clearing member's customers, shall be recorded in the Agent Position Account of the Participant or the non-clearing member.
- (2) Adjustments to transactions (trade adjustments) made to re-allocate transactions from Agent Position Accounts to Principal Position Accounts or vice versa (trade transfer), as well as the corresponding transfers of positions (position transfer), are permitted only for the purpose of ensuring that transactions are correctly recorded in the Agent Position Accounts in accordance with subsection 1.4.1.5 paragraph 5.
- (3) A short position of a customer or a trade participant must be recorded in the Agent Position Account separately from a long position of another customer in the same option series or in the same futures contract. Participants and non-clearing members may not close one customer position with another customer position. Adjustments to opening and closing transactions in an Agent Position Account are permitted only to the extent required for the proper maintenance of the account or pursuant to instructions of the customer in accordance with the provisions of subsection 1.4.1.5 paragraph 5.
- (4) Closing position adjustments in Agent Position Accounts shall only be permitted for the purpose of closing two opposing positions held by the same customer in accordance with the provisions of subsection 1.4.1.5 paragraph 5.
- (5) If a transaction is specified as a closing transaction, without there being sufficient open positions in the Agent Position Account, a new position will automatically be opened in the Agent Position Account, corresponding to the number of which could not be closed.
- (6) Executed transactions may be divided into several transactions in the Agent Position Account (trade separation).

#### **1.4.1.4 M-Position Accounts**

- (1) The transactions arising from quotes entered in accordance with the Conditions of Trading of the respective trading platform shall be recorded in the M-Position Accounts of a Participant or non-clearing member. Transactions resulting from orders as principal may, if appropriately designated, be recorded in an M-Position Account.
- (2) Adjustments to transactions (trade adjustments) that change the allocation of a transaction from an M-Position Account to an Agent or Principal Position Account (trade transfer), as well as transfers of positions between position accounts (position transfer), are permitted only for purposes of correct recording of transactions in M-Position Accounts in accordance with subsection 1.4.1.5 paragraph 5.

#### **1.4.1.5 Account Management**

- (1) Positions in the Agent Position Accounts and in the Principal Position Accounts of a Participant or non-clearing member shall be gross positions, i.e., positions may be open on both the long and the short sides. Positions in M-position Accounts shall be net positions, i.e., each position may be either long or short.
- (2) Eurex Clearing, as agent for The Clearing Corporation, shall monitor the Position Accounts of each Participant and non-clearing member. Eurex Clearing shall make the balance and transaction details for all position accounts available in its system for the Participants and non-clearing members.
- (3) All open positions in option series shall automatically be cancelled in the position accounts of the Participant and its non-clearing member after the Post-Trading Period on the last trading day for the options contract concerned. All assigned short positions and all exercised long positions shall be cancelled in the position account of a Participant and its non-clearing member after the delivery or payment, as the case may be, has been made in respect of such exercise or assignment, or after the cash settlement has been made in connection with such positions.
- (4) Positions in futures contracts shall be cancelled in the position accounts of the Participants and non-clearing members after the delivery or payment, as the case may be, or the cash settlement in connection with such positions has been made.
- (5) Trade adjustments can be entered before, during or after the trading period of each trading day, depending on the functions of the Eurex trading platform. They are permitted with respect to transactions executed on the respective trading day and the preceding trading day.

Closing position adjustments can be entered before, during or after the trading period of each trading day, depending on the functions of the Eurex trading platform. Position transfers between position accounts of the same Participant or its non-clearing member (and Clearing Members of Eurex Clearing and their respective non-clearing members) may only be entered during the Pre-Trading Period and the Post-Trading Full Period of any business day.

- (6) Position transfers between different Participants or non-clearing members from or into M-Position accounts are not permitted.

Position transfers without cash transfer or position transfers with cash transfer between different Participants or non-clearing members (member position transfer) may only be made by a Participant upon binding confirmation of the entry of the transfer as binding by all Participants and their respective non-clearing members (and Clearing Members of Eurex Clearing and their respective non-clearing members) involved. Position transfers from or onto an Agent Position Account may only be made at the request of the customer concerned.

The function "Position transfer with cash transfer" may only be selected if - by way of a reference which must be entered into the system of the respective trading platform - the amount to be transferred is clearly attributable to one or more transactions entered in a position account of the Participant or a non-clearing member.

The system of Eurex Clearing will transfer the relevant positions after the Post-Trading Full Period. Any cash payments or credit entries to be made in relation to the function "Position transfer with cash transfer" shall always be effected on the Business day following the day on which the function was used. However, with regard to this particular function, the respective amount is only transferred to the Participant entitled to receive payment when the Participant liable to pay the amount has actually made payment. In respect of such cash transfer, Eurex Clearing and the trading platform involved shall not have any performance obligation towards the Participant entitled to receive payment.

- (7) Transfers of transactions from the Agent Position Account of a Participant or a non-clearing member to Agent Position Accounts and Principal Position Accounts of another Participant or a non-clearing member or Clearing Member (Give-Up Trades) can be carried out on the day when the respective transaction is concluded and the following business day if the customer so demands, insofar as

- a non-clearing member has carried out a customer order and
- this order has been matched with another order or quote through the system of Eurex in accordance with the Conditions for Trading at Eurex, and



- the matched transaction is an opening trade, and
- the order entered or the completed transaction matched was indicated as a Give Up Trade, and
- the transfer of the transaction was notified to the Participant, and
- such Participant has confirmed its acceptance of the transaction, and
- the respective Participants or Clearing Members of both such non-clearing members have agreed to the transaction transfer, resulting in the transfer of the transaction to the Agent Position Account or Principal Position Account of the non-clearing member.

#### **1.4.2 Cash Clearing Accounts**

Eurex Clearing, as agent for The Clearing Corporation, shall maintain an internal cash clearing account for each Participant in Euros through which all daily settlement payments, option premiums, fees, fines and other cash payment obligations arising out of the clearing process shall be cleared.

The daily balance of the Euro cash clearing account shall be debited or credited, as the case may be, to the Participant's Bank account to the extent that The Clearing Corporation does not claim any credit balance in such account as margin.

#### **1.7 Default**

##### **1.7.1 Events of Default**

- (1) A Participant will – without notice – be considered to be in default if:
  - a. the Participant fails to pay when due a daily settlement payment, or any net premiums owed, in a timely manner or fails to deliver the securities owed by it on the delivery day or fails to provide the payment owed for such securities, or
  - b. such Participant has failed to fulfill any other obligation to The Clearing Corporation arising under these Rules.
- (2) Participants must notify Eurex Clearing and The Clearing Corporation immediately if they are unable to fulfill any obligation arising out of transactions on Eurex, including, in particular, the provision of any daily settlement payment.

- (3) The Boards of Management of Eurex may exclude any Participant from trading on Eurex pursuant to subsection 3.12.4.1 of the Exchange Rules for Eurex in the event that the Participant fails or is unable to provide a daily settlement payment owed by it or any other payment set forth in paragraph 1 in a timely manner.
- (4) The Clearing Corporation may have recourse to a Participant for damages suffered by it or other Participants due to a default by such Participant. Irrespective of whether The Clearing Corporation has suffered any damage, the defaulting Participant shall be obligated to pay a fine in the amount of 0.025 percent of the outstanding amount, but no less than EUR 2,500 per calendar day; however, in no event more than EUR 25,000. If the amount calculated from the above percentage exceeds EUR 25,000, the amount of the fine shall – notwithstanding the provisions of the preceding sentence – be calculated according to a percentage of the outstanding amount, such percentage having been defined in advance by The Clearing Corporation. Such percentage shall be based on the money-market rates prevailing in the market. The Clearing Corporation has the right to charge a fine even if it accepts a delayed payment without explicitly reserving such right.
- (5) The Clearing Corporation may declare a Participant that is in Default under this Rule 1.7.1 also to be in Default under Rule 605.

#### **1.7.2 Technical Default**

- (1) If a Participant furnishes evidence to The Clearing Corporation that any of the defaults set forth in subsection 1.7.1 paragraph (1)a did not occur as a consequence of insolvency and that the Participant will promptly meet its obligations, The Clearing Corporation may elect that, with respect to such Participant, the provisions pursuant to subsection 1.7.1 paragraphs (3) and (4) and which are applicable in the event of default do not apply. In such a case, The Clearing Corporation will only cause a technical default of such Participant.
- (2) The Participant concerned shall, promptly upon the occurrence of a technical default, deliver to The Clearing Corporation and Eurex Clearing a written statement as to the reasons for its delinquency.
- (3) The Participant concerned must promptly remedy the causes of its technical default.
- (4) The Clearing Corporation may claim compensation from any Participant for any damage suffered by The Clearing Corporation due to a technical default of such Participant. Irrespective of whether The Clearing Corporation has suffered any damage, the Participant which has technically defaulted shall be obligated to pay a fine pursuant to Rule 1.7.1 (4).

## **1.8 Relationship between Eurex Clearing and The Clearing Corporation**

### **1.8.5 Rights and Obligations of The Clearing Corporation as Special Clearing Member**

The legal relationship between Eurex Clearing and The Clearing Corporation as Special Clearing Member of Eurex Clearing is determined by the provisions of the Link Agreement, as well as by these Rules. The Clearing Corporation simultaneously enters into Euro Contracts with its Participants and Eurex Clearing. There is no counterparty clearing relationship between Eurex Clearing and any Participant.

## **Settlement of Euro Contracts**

### **2.1.2 Settlement of Futures Contracts on the Dow Jones Global Titans 50 Index (Dow Jones Global Titans 50 Index Futures)**

#### **2.1.2.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of Dow Jones Global Titans 50 Index futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.2.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.2.1 shall apply *mutatis mutandis*.

#### **2.1.2.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.2.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.2.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones Global Titans 50 Index determined on such day from 04:50 p.m. to 05:00 p.m. CET.

#### **2.1.2.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.3 Settlement of Futures Contracts on the German Stock Index (DAX Futures)**

#### **2.1.3.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of DAX Futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.3.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

### **2.1.3.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

### **2.1.3.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.3.2) on the Exchange day preceding the last trading day.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract based on the value of the DAX on such day, which will be calculated on the basis of the auction prices for the securities included in the DAX in the intra-day auction determined by Eurex Clearing fixed by the electronic trading system of the Frankfurt Stock Exchange (Xetra).

### **2.1.3.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

## **2.1.5 Settlement of Futures Contracts on Dow Jones STOXX 600 Sector Indices (STOXX 600 Sector Index Futures)**

### **2.1.5.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of STOXX 600 Sector Index Futures contracts, which are based on the following index:
  - Dow Jones STOXX 600 Banks Index
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect

payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.5.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.5.1 shall apply *mutatis mutandis*.

#### **2.1.5.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.5.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.5.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.

- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones STOXX 600 Sector Indices determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.5.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

#### **2.1.6 Settlement of Futures Contracts on Dow Jones EURO STOXX Sector Indices (EURO STOXX Sector Index Futures)**

##### **2.1.6.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of EURO STOXX Sector Index Futures contracts, which are based on the following index:
  - Dow Jones EURO STOXX Banks Index
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

##### **2.1.6.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.



- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.6.1 shall apply mutatis mutandis.

#### **2.1.6.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.6.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.6.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones EURO STOXX Sector Indices determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.6.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

## **2.1.9 Settlement of Futures Contracts on the Dow Jones STOXX 50 (STOXX Futures)**

### **2.1.9.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of STOXX futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

### **2.1.9.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.9.1 shall apply *mutatis mutandis*.

### **2.1.9.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.9.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.9.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones STOXX 50 determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.9.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.10 Settlement of Futures Contracts on the Dow Jones EURO STOXX 50 (EURO STOXX Futures)**

#### **2.1.10.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of EURO STOXX futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.10.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.9.1 shall apply *mutatis mutandis*.

#### **2.1.10.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.10.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.10.2) on the Exchange day preceding the last trading day.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones EURO STOXX 50 determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.10.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

#### **2.1.12 Settlement of Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Euro Bund Futures)**

##### **2.1.12.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all deliveries and payments arising out of the settlement of futures contracts.
- (2) Participants must fulfill their delivery and payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for delivery and payment pursuant to paragraph (1):

All physical deliveries and payments shall be concurrently performed between Participants or between Participants and a member of Eurex Clearing, as the case may be on the second Exchange day after the Notice Day (subsection 2.1.12.4); physical deliveries of securities shall be made through Clearstream and payments shall be made through the account specified by Clearstream.

Each Participant and Eurex Clearing must ensure, through appropriate instruction to Clearstream that transactions can be processed on the Exchange day on which the delivery notice is given. All Participants must ensure their ability to effect deliveries and payments thereof through sufficient deposits in the securities account with the Clearstream and credit balances in the Participant's Bank account.

##### **2.1.12.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous

Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.

- (2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period.

If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.

- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.12.1 paragraph (3) shall apply *mutatis mutandis*.

#### **2.1.12.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.12.4 Performance**

- (1) A delivery obligation arising out of a short position in a Euro Bund Futures contract may only be performed by the delivery of debt securities of the Federal Republic of Germany designated by Eurex Clearing with a remaining term of eight and one-half to ten and one-half years. The debt securities shall have a minimum issuance volume of EUR 2 billion. Participants with open short positions must notify Eurex Clearing between the close of trading and the end of the Post-Trading Full Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.12.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.12.5 Default in Delivery or Payment**

- (1) In the event that a Participant which is obligated to deliver is in default and fails to deliver the debt securities notified by it on the delivery day and pursuant to the instructions of Eurex Clearing, Eurex Clearing shall be entitled to take the following measures:
  - Eurex Clearing is entitled to obtain by means of securities lending the notified debt securities and deliver them to the Participant which did not receive delivery in a timely manner.
  - Eurex Clearing is entitled to designate from the basket of deliverable bonds debt securities other than those notified as debt securities to be delivered and to deliver such debt securities to the Participant which did not receive delivery in a timely manner.

In such case, the defaulting Participant must deliver the debt securities so notified by Eurex Clearing.

Eurex Clearing is entitled to obtain the notified debt securities by means of securities lending and to deliver them to the Participant which did not receive delivery in a timely manner.

- In the event that the debt securities to be delivered are not delivered to Eurex Clearing as part of the standard transfer arrangement of Clearstream by the fifth Exchange day after the delivery day, Eurex Clearing shall be entitled to make a replacement purchase with respect to the undelivered debt securities. The replacement purchase may be carried out from the fifth Exchange day after the delivery day. Eurex Clearing will deliver the debt securities acquired through such replacement transaction to the Participant which did not receive delivery in a timely manner.
- (2) Measures set forth in paragraph (1) are binding on the Participant which did not receive delivery in a timely manner.

- (3) Any costs arising from the measures taken in accordance with paragraph (1) must be paid by the defaulting Participant.
- (4) Furthermore, Eurex Clearing will charge the defaulting Participant a contractual penalty. The contractual penalty shall be calculated as follows:  
  
Eurex Clearing is entitled to a contractual penalty from the defaulting Participant until delivery is made by the defaulting Participant or until a replacement purchase is made by Eurex Clearing on the fifth Exchange day in the amount of 40 ticks per contract and calendar day. Should the defaulting Participant deliver the due debt securities in the second Same Day Settlement processing of Clearstream on the delivery day, the above-mentioned contractual penalty will be reduced to 4 ticks per contract. In addition, Eurex Clearing will charge a contractual penalty until delivery is made in an amount representing a specified percentage – to be announced by Eurex Clearing in advance - of the equivalent of the debt securities to be delivered; such percentage shall be based on the money-market rates prevailing in the market.
- (5) In the event that any payment is not made on the payment date, subsection 1.7.1 paragraph (4) and subsection 1.7.2 paragraph (4) shall apply mutatis mutandis.
- (6) The right of Eurex Clearing and the Participant which did not receive delivery in a timely manner to claim further damages shall remain unaffected.

#### **2.1.13 Settlement of Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Euro BOBL Futures)**

##### **2.1.13.1 General Provisions**

The provisions of subsection 2.1.12.1 shall apply mutatis mutandis.

##### **2.1.13.2 Daily Settlement**

The provisions of subsection 2.1.12.2 shall apply mutatis mutandis.

##### **2.1.13.3 Margin Requirements**

The provisions of subsection 2.1.12.3 shall apply mutatis mutandis.

##### **2.1.13.4 Performance**



- (1) A delivery obligation arising out of a short position in a Euro Bobl Futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing.

Delivery may be made with debt securities of the Federal Republic of Germany which have a remaining term of four and one-half to five and one-half years. The debt securities shall have a minimum issuance volume of EUR 2 billion.

Participants with open short positions must notify Eurex Clearing after the close of trading but before the end of the Post-Trading Full Period on the date that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.13.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.13.5 Default in Delivery or Payment**

The provisions of subsection 2.1.12.5 shall apply mutatis mutandis.

### **2.1.14 Settlement of Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Euro SCHATZ Futures)**

#### **2.1.14.1 General Provisions**

The provisions of subsection 2.1.12.1 shall apply mutatis mutandis.

#### **2.1.14.2 Daily Settlement**

The provisions of subsection 2.1.12.2 shall apply mutatis mutandis.

#### **2.1.14.3 Collateral Requirements**

The provisions of subsection 2.1.12.3 shall apply mutatis mutandis.

#### **2.1.14.4 Performance**

- (1) A delivery obligation arising out of a short position in a Euro Schatz Futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing.

Delivery may be made with debt securities of the Federal Republic of Germany which have on the delivery day a remaining term of one and three-quarter to two and one-quarter years. The issuance volume of the obligations shall amount to at least EUR 2 billion.

Participants with open short positions must notify Eurex Clearing between the close of trading and the end of the Post-Trading Full Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.14.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.)
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.14.5 Default in Delivery or Payment**

The provisions of subsection 2.1.12.5 shall apply mutatis mutandis.

#### **2.1.16 Settlement of Futures Contracts on the Interest Rate for Three-Month Cash Deposits in Euro (Three-Month Euribor Future)**

##### **2.1.16.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of Three-Month Euribor Futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payments pursuant to paragraph (1): All payments shall be made between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at a the Bank which has been instructed by the Participant to handle the clearing of the contract.

##### **2.1.16.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the volume-weighted average of the prices of the last five transactions entered into, provided that no more than 15 minutes have passed since these transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.

- (3) Paragraph (1) shall apply to the legal relationship between the Participants and their customers mutatis mutandis.

#### **2.1.16.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.16.4 Performance**

- (1) Open positions from the last trading day of a contract shall be settled by means of a net payment credited to or debited from the internal cash clearing account for the Participant. Such payments shall be determined on the final settlement day as the difference between the final settlement price of a contract and such contract's daily settlement price (subsection 2.1.16.2) on the preceding trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.

The cash settlement pursuant to sentence 1 shall occur only on the settlement day, which is the Exchange day next following the final settlement day.

- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract based on the reference interest rate EURIBOR in Euro which will be calculated by the Euribor FBE and Euribor ACI for three-month cash deposits.

#### **2.1.16.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.17 Settlement of Futures Contracts on the Monthly Average of the Effective Interest Rates for Overnight Inter-Bank Deposits, EONIA (One Month EONIA Future)**

#### **2.1.17.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of One Month EONIA Futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payments pursuant to paragraph (1): All payments shall be made between the Participants through a Bank on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at a Bank or in the account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

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#### **2.1.17.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period. If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.17.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.17.4 Performance**

- (1) Open positions from the last trading day of a contract shall be settled by means of a net payment credited to or debited from the internal cash clearing account for the Participant. Such payments shall be determined on the final settlement day as the difference between the final settlement price of a contract and such contract's daily settlement price (subsection 2.1.17.2) on the preceding trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.

The cash settlement pursuant to sentence 1 shall occur only on the settlement day, which is the Exchange day next following the final settlement day.

- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract based on the compounded monthly average of the reference interest rates for overnight deposits in Euro, EONIA, determined by the European Central Bank for the respective calendar month of the futures contract. The regulation for the determination of the final settlement price pursuant to subsection 1.17.1 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex shall apply mutatis mutandis.

#### **2.1.17.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

#### **2.1.19 Settlement of Futures Contracts on a Notional Particularly Long-Term Bond of the Federal Republic of Germany (Euro BUXL Futures)**

##### **2.1.19.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all deliveries and payments arising out of the settlement of futures contracts.
- (2) Participants must fulfill their delivery and payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for delivery and payment pursuant to paragraph (1):

All physical deliveries and payments shall be concurrently performed between the Participants on the second Exchange day after the Notice Day (subsection 2.1.19.4); physical deliveries of securities shall be made through Clearstream, and payments shall be made through the account specified by Clearstream.

Each Participant and Eurex Clearing must ensure, through appropriate instruction to Clearstream, that transactions can be processed on the Exchange day on which the delivery notice is given. All Participants must ensure their ability to effect deliveries and payments thereof through sufficient deposits in the securities account at Clearstream and credit balances in the Participant's account at the Bank.

#### **2.1.19.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period.

If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.

- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.19.1 paragraph (3) shall apply *mutatis mutandis*.

#### **2.1.19.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.19.4 Performance**

- (1) A delivery obligation arising out of a short position in a Euro BUXL Futures contract may only be performed by the delivery of debt securities of the Federal Republic of Germany designated by Eurex Clearing with a remaining term of twenty to thirty and one-half years. The debt securities shall have a minimum issuance volume of EUR 5 billion. Participants with open short positions must notify Eurex Clearing between the close of trading and the end of the Post-Trading Full Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm pursuant to subsection 2.1.19.1 paragraph (3) to Eurex Clearing in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.19.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.)
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.19.5 Default in Delivery or Payment**

- (1) In the event that a Participant which is obligated to deliver is in default and fails to deliver the debt securities notified by it on the delivery day and pursuant to the instructions of Eurex Clearing, Eurex Clearing shall be entitled to take the following measures:
  - Eurex Clearing is entitled to obtain by means of securities lending the notified debt securities and deliver them to the Participant which did not receive delivery in a timely manner.
  - Eurex Clearing is entitled to designate from the basket of deliverable bonds debt securities other than those notified as debt securities to be



delivered and to deliver such debt securities to the Participant which did not receive delivery in a timely manner.

In such case, the defaulting Participant must deliver the debt securities so notified by Eurex Clearing.

Eurex Clearing is entitled to obtain the notified debt securities by means of securities lending and to deliver them to the Participant which did not receive delivery in a timely manner.

- In the event that the debt securities to be delivered are not delivered to Eurex Clearing as part of the standard transfer arrangement of Clearstream Banking AG by the fifth Exchange day after the delivery day, Eurex Clearing shall be entitled to make a replacement purchase with respect to the undelivered debt securities. The replacement purchase is to be carried out through a replacement transaction on a stock exchange on the fifth Exchange day after the delivery day. Eurex Clearing will deliver the debt securities acquired through such replacement transaction to the Participant which did not receive delivery in a timely manner.
- (2) Measures set forth in paragraph (1) are binding on the Participant which did not receive delivery in a timely manner.
  - (3) Any costs arising from the measures taken in accordance with subsection 2.1.19.5 paragraph (1) must be paid by the defaulting Participant.
  - (4) Furthermore, Eurex Clearing will charge the defaulting Participant a contractual penalty. The contractual penalty shall be calculated as follows:

Eurex Clearing is entitled to a contractual penalty from the defaulting Participant until delivery is made by the defaulting Participant or until a replacement purchase is made by Eurex Clearing on the fifth Exchange day in the amount of 40 ticks per contract and calendar day. In addition, Eurex Clearing will charge a contractual penalty until delivery is made in an amount representing a specified percentage – to be announced by Eurex Clearing in advance - of the equivalent of the debt securities to be delivered; such percentage shall be based on the money-market rates prevailing in the market.
  - (5) In the event that any payment is not made on the payment date, subsection 1.7.1 paragraph (4) and subsection 1.7.2 paragraph (4) shall apply mutatis mutandis.
  - (6) The right of Eurex Clearing and the Participant which did not receive delivery in a timely manner to claim further damages shall remain unaffected.

**2.2.11 Settlement of Options Contracts on Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Options on a Euro Bund Futures)**

**2.2.11.1 General Provisions**

The settlement of options contracts on Euro Bund Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

**2.2.11.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.11.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.11.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

**2.2.11.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an option series is the price of the last transaction entered into in such option series during the final 15 minutes of an Exchange day. If no transactions are entered into in such option series during such period, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.2.11.4 Margin Requirement Prior to Exercise**

Margins are subject to the provisions Chapter 4 of these Rules.

#### **2.2.11.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day, open a corresponding long position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.11.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.12.1 through 2.1.12.5 shall apply for the futures position opened in accordance with subsection 2.2.11.5.
- (2) Notwithstanding subsection 2.1.12.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

**2.2.12 Settlement of Options Contracts on Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Options on a Euro BOBL Futures)**

**2.2.12.1 General Provisions**

The settlement of options contracts on Euro Bobl Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

**2.2.12.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.12.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.12.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

**2.2.12.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an options series is the price of the last transaction entered into in such options series during the final 15 minutes of an Exchange day. If no transactions are entered into in such options series during such period, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.2.12.4 Margin Requirement Prior to Exercise**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.2.12.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of the respective option, open a corresponding long position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.12.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.13.1 through 2.1.13.5 shall apply for the futures position opened in accordance with subsection 2.2.12.5.
- (2) Notwithstanding subsection 2.1.13.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

**2.2.13 Settlement of Options Contracts on Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Options on a Euro SCHATZ Futures)**

**2.2.13.1 General Provisions**

The settlement of options contracts on Euro Schatz Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

**2.2.13.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.13.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.13.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

**2.2.13.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an options series is the price of the last transaction entered into in such options series during the final 15 minutes of an Exchange day. If no transactions are entered into in such options series during such period, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.

#### **2.2.13.4 Margin Requirement Prior to Exercise**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.2.13.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of the respective option, open a corresponding long position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.13.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.14.1 through 2.1.14.5 shall apply for the futures position opened in accordance with subsection 2.2.13.5.
- (2) Notwithstanding subsection 2.1.14.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

**2.2.14 Settlement of Options Contracts on Futures Contracts on the Interest Rate for Three-Month Cash Deposits in Euro (Options on a Three-Month EURIBOR Futures)**

**2.2.14.1 General Provisions**

The settlement of options contracts on Three-Month Euribor Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

**2.2.14.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.14.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.14.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

**2.2.14.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an options series is the price of the last transaction entered into in such options series during the final 15 minutes of an Exchange day. If no transactions are entered into in such options series during such period or if the transactions were entered into more than 15 minutes ago or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.



- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.2.14.4 Margin Requirement Prior to Exercise**

- (1) The basic provisions for margin requirements are set forth in subsections 1.3.1 through 1.3.5. In addition thereto, the following conditions shall apply:
- (2) For all options series, a further margin requirement ("Additional Margin") shall be calculated in an amount sufficient to cover any change to the cost of closing all options positions assuming the least favorable price developments, as determined by Eurex Clearing, until the next calculation of margin.

#### **2.2.14.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of the respective option, open a corresponding long position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.14.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.16.1 through 2.1.16.6 shall apply for the futures position opened in accordance with subsection 2.2.14.5.
- (2) Notwithstanding subsection 2.1.16.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

## 1 Scope

Eurex Clearing, as agent for The Clearing Corporation, provides the following trade entry facilities ("OTC Trade Entry Facilities") to Participants pursuant to the conditions set out below:

- Basis Trade Facility
- Exchange for Swaps Trade Facility ("EFS")
- Block Trade Facility
- Vola Trade Facility

Participants may permit their customers (including affiliates of such Participants) who are eligible to trade on Eurex to enter transactions using the OTC Trade Entry Facilities; however, Participants remain solely liable to The Clearing Corporation for such transactions entered by their respective customers. As used in this Appendix 9B-II, the term "Participant" shall include such customers as the context may require.

## 2 Subject Matter

### 2.1 Basis Trades

2.1.1 Within the scope of transactions concluded off-exchange concerning the simultaneous purchase of a debt security as defined in section 10 below and the sale of futures contracts, or vice versa, the Basis Trade Facility provides Participants, for their own account or on behalf of a customer, the ability to enter, pursuant to the provisions set out below, the futures contracts into the clearing system of Eurex Clearing ("Eurex Clearing System") by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing may include additional contracts in the Basis Trade Facility, or may exclude previously included contracts.

2.1.2 A "Basis Trade" shall have occurred if a Participant, for its own account or on behalf of a customer, has agreed, off-Exchange, with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, on the purchase/sale of futures contracts and, simultaneously, on the sale/purchase of debt securities as defined in section 10, provided that the specifications of such futures contracts are identical to the contract specifications set forth in the Contract Specifications, and provided that Eurex Clearing, as agent for The Clearing Corporation, has admitted these futures contracts to the Basis Trade Facility pursuant to section 9.1 below, and, the contract price of the Basis Trade fulfills the requirements set out in section 5 below.

### 2.2 Exchange for Swaps ("EFS")

2.2.1 The EFS Trade Facility provides Participants the ability to enter, pursuant to the provisions set out below, futures contracts into the Eurex Clearing System concluded off-Exchange for their own account or on behalf of a customer, based upon the simultaneous exchange of a receiver/payer swap (as defined in section 11 below) and the sale/purchase of futures contracts, by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing, as agent for The Clearing Corporation, may include further contracts in the EFS Facility or exclude any contracts included so far.

2.2.2 An "EFS trade" exists if a Participant, for its own account or on behalf of a customer, has agreed, off-Exchange, with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, to purchase/sell a futures contract and to conclude simultaneously a fixed rate payer/fixed rate receiver swap as defined in section 11, provided that the specifications of such futures contract are identical to the contract specifications set forth in the Contract Specifications, and that Eurex Clearing, as agent for The Clearing Corporation, has admitted this futures contract to the EFS Facility pursuant to section 9.1 below, and the contract price of EFS trades fulfills the requirements set out in section 5 below.

### 2.3 Block Trades

2.3.1 The Block Trade Facility provides Participants, for their own account or on behalf of a customer, the ability to enter, pursuant to the provisions set out below, transactions concluded off-Exchange concerning futures and options contracts which are tradable on Eurex and which are admitted to the Block Trade Facility pursuant to section 9.2 below, into the Eurex Clearing System by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing, as agent for The Clearing Corporation, may include additional contracts in the Block Trade Facility, or may exclude previously included contracts.

2.3.2 A "Block Trade" within the meaning of these Conditions shall have occurred if a Participant, for its own account or on behalf of a customer, has agreed, off-Exchange, with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, on the purchase/sale of one or more of the products set out in section 9.2 below, provided (i) that the number of contracts is not less than the minimum number specified in section 9.2 below, and (ii) that the specifications of such contracts correspond to the contract specifications for these products pursuant to the Contract Specifications, and the contract price of Block Trades fulfills the requirements set out in section 5 below.

### 2.4 Vola Trades

2.4.1 After conclusion of an options transaction which exists in the Eurex Clearing System with a transaction number, the Vola Trade Facility provides Participants,

for their own account or on behalf of customers, the ability to enter, pursuant to the provisions set out below, transactions concluded off-Exchange concerning futures contracts pursuant to the combinations defined in section 9.3 below, into the Eurex Clearing System by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing, as agent for The Clearing Corporation, may include additional contracts in the Vola Trade Facility, as well as exclude previously included contracts.

- 2.4.2 A "Vola Trade" within the meaning of these Conditions shall have occurred if, in a first step, a Participant, for its own account or on behalf of a customer, has concluded an on-Exchange or off-Exchange options transaction with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, and such transaction has been entered into the Eurex Clearing System, and if, simultaneously or in a second step, such parties have agreed on the off-Exchange purchase/sale of the futures contract underlying the options transaction pursuant to the combinations defined in section 9.3 below, and the characteristics of such contracts correspond to the relevant contract specifications of the Contract Specifications. Furthermore, the contract price of Vola Trades must fulfil the requirements set out in section 5 below.

### **3 Clearing of OTC Trades**

- 3.1 Provided that the prerequisites of these Rules have been fulfilled, Participants may, to the extent that they or their customers have agreed on one of the OTC Trades defined above, utilize the OTC Trade Entry Facilities of Eurex Clearing for the processing and settlement of the futures or options contracts contained in such OTC Trades.
- 3.2 With the entry of an OTC Trade into the Eurex Clearing System using one of the OTC Trade Entry Facilities defined above, the provisions of these Rules shall apply to the contractual relationships between The Clearing Corporation and the Participants for whom an OTC Trade has been submitted. Consequently, in the case of each OTC Trade, The Clearing Corporation shall be the contractual counterparty to the relevant Participants.
- 3.3 Furthermore, these Rules shall apply accordingly for the clearing of any futures and options contracts set forth in Section 9 below that has been entered using one of the OTC Trade Entry Facilities.
- 3.4 Each OTC trade has to be entered into the Eurex Clearing System immediately after conclusion. A period of up to 30 minutes (period of ratification) is available between the entry of an OTC Trade into the Eurex Clearing System made by the Participant initiating the transaction and the acceptance of such OTC Trade by a Participant.
- 3.5 OTC Trades entered into the Eurex Clearing System may be transferred via the system to another Participant or Clearing Member or its Non-clearing member,

by means of the give-up facility in accordance with the provisions of subsection 1.4.1.5 (7) of Appendix 9B-I of these Rules.

- 3.6 If OTC Trades do not correspond to the specifications and requirements defined in these Rules, or if Participants do not comply with the general conditions for utilization pursuant to section 6 of these Rules, Eurex Clearing, as agent for The Clearing Corporation, can refuse to accept such OTC Trades.

**4 Evidence of Cash Transactions in the Case of Utilization of the Basis Trade Facility and the EFS Trade Facility**

- 4.1 Participants using the Basis Trade Facility or the EFS Trade Facility shall, upon request by The Clearing Corporation, provide that, for futures contracts cleared on their behalf, there is an underlying, offsetting cash transaction in one of the debt securities or swaps set out in section 10 or section 11, respectively.

- 4.2 Concerning the Basis Trade Facility, Participants shall be deemed to have fulfilled their obligation to provide evidence pursuant to Rule 4.1 above, provided that they authorize The Clearing Corporation to gain knowledge of the underlying cash transaction or the completed delivery, as the case may be, by means of respective authorizations. By means of a written declaration, the following institutions can be authorized to provide information to The Clearing Corporation or Eurex Clearing, as agent for The Clearing Corporation, on request, concerning the cash transaction which is the subject of a Basis Trade according to section 2.1 above:

- Clearstream Banking Frankfurt

- 4.3 Regardless of Rule 4.2 above, such proof must be effected on demand of The Clearing Corporation or Eurex Clearing, as agent for The Clearing Corporation, by means of presentation of the corresponding confirmation of delivery within one week of the value date of such cash transaction. The transaction reference number and the transaction date of the futures transaction related to such cash transaction must be evident in such confirmation of delivery.

- 4.4 Concerning the EFS Trade Facility, Participants shall be deemed to have fulfilled their obligation to provide evidence pursuant to Rule 4.1 above, if the buyer of the EFS futures contract provides a trade confirmation for the underlying swap transaction. This confirmation in the form of a transaction ticket (i.e. a snapshot of the front-office or back-office system of the buyer of the EFS futures) shall contain at least:

- nominal value
- date of start and maturity
- fixed coupon
- counterparties of the swap transaction

For better classification, the trade confirmation shall contain the respective EFS Trade reference number (of the Eurex system) and a time stamp which indicates the time of the swap transaction. The trade confirmation must be submitted to

Eurex Market Supervision by fax not later than one hour after the ratification of the EFS trade, but by 7:00 p.m. CET at the latest. Otherwise the EFS trade in the Eurex system will not become effective.

- 4.5 If a transaction in futures contracts is transferred to another Participant or Clearing Member or one of its Non-clearing members pursuant to section 3.4 above, the obligation to provide evidence of the cash transaction shall also be transferred to the other Participant or Clearing Member.

## **5 Contract Price of OTC Trades**

- 5.1 The contract price of OTC Trades entered into the Eurex Clearing System using one of the OTC Trade Entry Facilities must lie within an interval determined by Eurex Clearing, as agent for The Clearing Corporation, as set out below:
- 5.2 As a general rule, the interval for futures contracts is between the daily high and low prices of the respective futures contracts recorded on Eurex on the respective exchange trading day, up to the time of entry of an OTC Trade. When calculating the interval for futures contracts on stock indices, in each case a maximum deviation of up to 0.2 percent of the recorded daily high and low prices recorded on that trading day for the futures contract on a stock index is permitted.
- 5.3 For options contracts, theoretical maximum and minimum values for the option price of a Block Trade are determined during the trading day on the basis of the daily high and low prices of the respective underlying instrument, as recorded up to the time of entry of the Block Trade, and the respective implied volatilities established within the Eurex options market. The interval thus determined is extended at its extreme values by 50 per cent of the maximum Market Maker Quote Spread permissible for the respective product, resulting in the range of permissible option prices for Block Trades.

## **6 General Conditions of Utilization**

- 6.1 The Clearing Corporation may exclude a Participant from the utilization of one or more OTC Trade Facilities if such Participant has not complied with its obligations pursuant to these Rules or if the prerequisites for participation have not been fulfilled initially, or have subsequently ceased to exist. In such event, such Participant shall not be entitled to damages of any kind whatsoever or to the refund of costs or charges.

- 6.2 Participants are permitted to utilize the OTC Trade Entry Facilities for futures and options contracts set forth in Section 9 below which are admitted to the OTC Trade Entry Facilities during the trading periods at Eurex and during the Post-Trading-Full-Period until thirty minutes before the end of the Post-Trading-Full-Period ("OTC Period of Use"). Participants shall be notified by The Clearing Corporation or by Eurex Clearing, as agent for The Clearing Corporation in the event of any exceptions.
- 6.3 Participants must be available by telephone or fax at any time during the OTC Period of Use for the products underlying the applicable OTC Trade Entry Facilities.

## **7. Technical Features**

- 7.1 The entry of Basis, EFS or Block Trades into the Eurex Clearing System is carried out by the buyer of the futures or options contracts in the context of the Basis, EFS and Block Trade Entry Facilities. The seller of the futures or options contracts must confirm the buyer's entry.
- 7.2 The entry of Vola Trades into the Eurex Clearing System in the context of the Vola Trade Entry Facility is carried out by the buyer or seller of the Vola Trade (the "Initiator"). The counterparty must confirm the entries of the Initiator.
- 7.3 OTC Trades may be entered onto Principal, Agent and M-position Accounts.

## **8 Mandatory Data Entries**

### **8.1 Basis Trade Facility (OTC Basis Trade Entry window)**

- 8.1.1 When entering a Basis Trade into the Eurex Clearing System, using the Basis Trade Entry Facility, the buyer must enter the following data:

- ISIN, nominal value, gross basis and settlement date of the debt security traded
- the futures Contract traded (Instrument, delivery month and year)
- the Contract price;
- the number of Contracts;
- the Eurex exchange system user identification code of the trader of the buyer;
- the open/close indicator;
- the position account
- the hedging method (Nominal, Duration or Price Factor)
- the settlement institution
- the seller's Participant ID code for the Eurex exchange system

Depending on the chosen hedging method, the number of Contracts of the Basis Trade Future must be in a defined proportion to the nominal value of the debt security. The relation between the futures and the debt security is defined according to the chosen Nominal, Duration, or Price Factor hedging method.



8.1.2 After the buyer of futures Contracts has entered data into the Eurex Clearing System using the Basis Trade Entry Facility, pursuant to section 8.1.1, the seller of futures Contracts must enter the following data in order to confirm such Basis Trade:

- the OTC transaction reference number;
- the Eurex exchange system user identification code of the trader of the seller
- the open/close indicator; and
- the position account.

8.2 EFS Trade Facility ( EFS Trade Entry window)

8.2.1 When entering an EFS futures Contract into the Eurex Clearing System by means of the Block EFS Trade Facility, the buyer of the EFS futures Contracts (Fixed Rate Payer in the swap transaction) must enter the following data:

- the futures Contract traded (instrument, delivery month and year)
- the Contract price;
- the number of Contracts;
- the Eurex system user identification code of the buyer's trader
- the open/close indicator
- the position account
- the user identification code of the seller for the system of the Eurex exchanges.

The number of traded futures Contracts must be in a defined proportion to the nominal value of the swap transaction. The relation between the futures Contract and the swap transaction is defined according to the Duration method.

8.2.2 After the buyer has entered data into the Eurex Clearing System by means of the Block EFS Trade Facility pursuant to section 8.2.1, the seller of the EFS futures Contracts (Fixed Rate Receiver in the swap transaction) must confirm the EFS Trade by entering the following data:

- the OTC transaction reference number
- the Eurex system user identification code of the seller's trader
- the open/close indicator
- the position account.

8.3 Block Trade Facility (OTC Block Trade Entry window)

8.3.1 When entering a Block Trade into the clearing system of Eurex Clearing, using the Block Trade Facility, the buyer must enter the following data:

- the futures Contract traded (instrument, delivery month and year) or the option contract traded (instrument, expiration month and year, exercise price, C/P-flag and version number)

- the Contract price;
- the number of Contracts;
- the Eurex system user identification code of the trader of the buyer;
- the open/close indicator;
- the position account; and
- the Eurex exchange system Participant ID code of the seller.

The number of futures or options Contracts traded may not be below the minimum number of Contracts to be traded, as provided in section 9.2 below.

8.3.2 After the buyer has entered data into the Eurex Clearing System using the Block Trade Facility, pursuant to section 8.3.1, the seller of a Block Trade must enter the following data in order to confirm such Block Trade:

- the OTC transaction reference number;
- the Eurex exchange system user identification code of the seller's trader;
- the open/close indicator; and
- the position account.

8.4 Vola Trade Facility (OTC Vola Trade Entry window)

8.4.1 When entering a Vola Trade into the Eurex Clearing System using the Vola Trade Facility, the Initiator must enter the following data:

- the transaction number of the referring option trade
- number of the option Contracts of the Vola trade (not exceeding the maximum number of options Contracts of the underlying options transaction)
- details of the future Contract traded (instrument, delivery month and year) as well as the number of Contracts and the Contract price;
- the Eurex exchange system user identification code of the Initiator's;
- the buy/sell flag;
- the open/close indicator;
- the position account; and
- the Eurex exchange system Participant ID code of the counterparty.

The number of futures Contracts traded may not deviate by more than 10% from the number of futures Contracts required to achieve a delta-neutral position in relation to the number of options Contracts entered in the Vola trade, as calculated by the system.

8.4.2 After the Initiator's data entry into the clearing system using the Vola Trade Facility pursuant to section 8.3.1 above, the counterparty to the Vola Trade must enter the following data in order to confirm such Vola Trade:

- the OTC transaction reference number;
- the Eurex exchange system user identification code of the counterparty's trader;
- the open/close indicator; and
- the position account.

## 9 Admitted Products

9.1 The following products have been admitted to the Basis Trade Facility and to the EFS Trade Facility for the Global Clearing Link:

- Futures Contracts on a Notional Extra Long-Term Debt Security of the Federal Republic of Germany ("FGBX Futures")
- Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany ("FGBL Futures")
- Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany ("FGBM Futures")
- Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany ("FGBS Futures")

9.2 The following products have been admitted to the Block Trade Facility for the Global Clearing Link:

<b>Product</b>	<b>Minimum number of tradable contracts</b>
Options Contracts on a Euro BUND Future (OGBL)	50
Options Contracts on a Euro BOBL Future (OGBM)	50
Options Contracts on a Euro SCHATZ Future (OGBS)	50
Futures Contracts on a Notional Extra Long-Term Bond of the Federal Republic of Germany (Euro BUXL Futures; FGBX)	100
Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Euro BUND Futures; FGBL)	2,000
Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Euro BOBL Futures; FGBM)	3,000
Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Euro SCHATZ Futures; FGBS)	4,000

Futures Contracts on the Interest Rate for Three-Month Cash Deposits in Euro (Three-Month Euribor Future; FEU3)	100
Futures Contracts on the Monthly Average of Effective Interest Rates for Overnight Deposits in the Inter-bank Euro Market, EONIA (One-month EONIA Future; FEO1)	100
Futures Contracts on the Dow Jones STOXX 50 <sup>SM</sup> Index (FSTX)	250
Futures Contracts on the Dow Jones EURO STOXX <sup>SM</sup> Market Sector Indices:- Banks (FESB).	1,000
Futures Contracts on the Dow Jones STOXX <sup>SM</sup> 600 Market Sector Indices:- Banks (FESB).	1,000
Futures Contracts on the DAX <sup>®</sup> Index	250
Futures Contracts on the DJ EURO STOXX 50 <sup>SM</sup> Index	1,000
Futures Contracts on the Global Titans 50 <sup>SM</sup> Index	1,000

9.3 The following product combinations have been admitted to the Vola Trade Facility for the Global Clearing Link:

<b>Options Contract</b>	<b>Futures Contract</b>
Options Contracts on a Euro-BUND-Future (OGBL)	Futures contracts on the DAX <sup>®</sup> (FDAX)
Options Contracts on a Euro-BOBL-Future (OGBM)	Futures Contracts on the Dow Jones Euro STOXX 50 <sup>SM</sup> (FESX)
Options Contracts on a Euro-SCHATZ-Future (OGBS)	Futures Contracts on the Dow Jones STOXX 50 <sup>SM</sup> (FSTX)
	Futures Contracts on the Dow Jones EURO STOXX <sup>SM</sup> Market Sector Indices: Banks (FESB).
	Futures Contracts on the Dow Jones STOXX <sup>SM</sup> 600 Market Sector Indices: Banks (FSTB).

Futures Contracts on the Dow Jones Global Titans 50<sup>SM</sup> (FGTI)

Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Euro BUND Futures; FGBL)

Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Euro BOBL Futures; FGBM)

Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Euro SCHATZ Futures; FGBS)

## 10 Cash Transactions for the Basis Trade Facility

Cash transactions in:

- Debt Securities of the Federal Republic of Germany with a remaining term of no less than one year at the maturity date of the future and a term of no more than 30.5 years can be components of a Basis Trade according to section 2.1.2.

Cash transactions in such debt securities can be carried out for the corresponding futures contracts according to the following rule:

	<b>Remaining term in years</b>		<b>Maximum term in years</b>	<b>Futures Contract</b>
>	10.5	<	30.5	FGBL and FGBX
≥	8.5	≤	10.5	FGBL
>	5.5	<	8.5	FGBL and FGBM
≥	4.5	≤	5.5	FGBM
>	2.25	<	4.5	FGBM and FGBS
≥	1	≤	2.25	FGBS

## 11 Cash Transactions for the EFS Trade Facility

Cash transactions in EFS Trades must have the following characteristics:

- Spot or forward-starting plain vanilla OTC Interest Rate Swaps
- Agreement under the terms of an ISDA Master Agreement or any equivalent master agreement
- Regular annual fixed rate payment against regular floating rate payments per year
- All payments must be denominated in the same permitted currency as the respective futures contract (i.e. EUR for Euro Bund, Bobl and Schatz Future).

## **12 Cancellation of OTC Transactions**

### **12.1 Requirements**

Pursuant to these Rules Eurex Clearing, as agent for The Clearing Corporation, shall cancel a Basis Trade, an Exchange for Swaps, a Vola-Trade or a Block-Trade ("OTC Transaction") already completed, if both participants to an already-completed OTC Transaction immediately – but no later than until the end of the Post-Trading-Full-Period of the respective product of the same Exchange day assert vis-à-vis Eurex Clearing, as agent for The Clearing Corporation, that both participants have entered the OTC Transaction by mistake or incorrectly into the Eurex Clearing System and thus wish to cancel such OTC Transaction.

### **12.2 Form Claim**

Participants who request a cancellation pursuant to Rule 12.1 above must submit their request for cancellation by telephone or by telefax to Eurex Clearing, as agent for The Clearing Corporation.

### **12.3 Cancellation**

The cancellation of an OTC Transaction shall be effected by the entry of a respective back-to-back transaction by the requesting Participants in such a way that the positions emerging from such cancellation are in accordance with the one that would have come into being without the transaction that has been cancelled. If it should not be possible for a Participant to enter a respective back-to-back transaction according to sentence 1, such entry of a respective back-to-back transaction shall be made by Eurex Clearing, as agent for The Clearing Corporation.

### **12.4 Costs**

For each erroneous entry a respective cancellation fee in the amount of EUR 500 for EUR denominated products shall be invoiced by Eurex Clearing, as agent for The Clearing Corporation, to each Participant requesting the cancellation. In the case of the cancellation of a self-dealing transaction (In-House Transaction) the cancellation fee shall be invoiced by Eurex Clearing, as agent for The Clearing Corporation.

Corporation, once only. The trading fee, which accrued for the cancelled OTC Transaction shall be reversed by Eurex Clearing, as agent for The Clearing Corporation.

#### 12.5 Miscellaneous

Eurex Clearing, as agent for The Clearing Corporation, shall submit a confirmation to the Participants filing the application pursuant to Rule 12.1 above, which shows that the respective OTC Transaction has been cancelled.

#### 13 **Liability**

13.1 The liability of Eurex Clearing to Participants in respect of OTC Trades shall be as set forth in the rules of Eurex Clearing with respect to its Clearing Members and Non-clearing members.

#### 14 **General Provisions**

14.1 The OTC Trades entered by Participants into the Eurex Clearing System using the OTC Trade Entry Facilities, are not made anonymous for the counterparties involved. Other Participants (third parties) cannot view via the EDP system OTC Trades in which they are not involved.

14.2 After the entry of an OTC Trade, Participants receive a "Trade Confirmation", produced by the Eurex Clearing System. All OTC Trades are expressly shown as "OTC-TRADE" on such Trade Confirmation.

14.3 OTC Trades are shown in the reports CB010 (Position Detail) and TC810 (Daily Trade Confirmation), produced by the Eurex Clearing System on a daily basis, and are marked as off-exchange transactions. In addition, a report recording all OTC transactions (TC545 OTC-Order Maintenance) is provided electronically, in which all OTC Transactions (Add, Change, Ratify) are indicated.

14.4 Eurex Clearing will report all cleared OTC Trades, marked as off-Exchange transactions, to the German Financial Supervisory Authority (*Bundesaufsichtsamt für Finanzdienstleistungsaufsicht "BAFin"*) on a daily basis, pursuant to paragraph 9 of the Securities Trading Act (*Wertpapierhandelsgesetz - "WpHG"*).

14.5 These Rules have been issued by The Clearing Corporation, which has the right to change or extend them from time to time, to the extent that this may appear necessary in the light of market conditions. The Clearing Corporation will, when possible, notify Participants of any changes in the OTC Trade Entry Facility at least ten trading days before they are to take binding effect.

- 15.1 The right of a Participant to use the OTC Trade Entry Facility may, at any time, be terminated by either the Participant or The Clearing Corporation in writing without notice for cause. (i) Cause exists for both parties, in particular, if a Participant is no longer admitted to options and futures trading at Eurex. (ii) Cause exists for The Clearing Corporation, if a Participant is in Default.
- 15.2 The notice period in the event of an extraordinary termination pursuant to section 15.1 (iii) of these Rules shall, in such a case, be five (5) trading days. Furthermore, such termination must be received by Eurex Clearing before the respective change of the Rules becomes effective. In the event of an extraordinary termination pursuant to section 15.1 (i) and (ii), the termination is made without notice.

**16 Saving Clause**

Should individual provisions be invalid in whole or in part, this shall not affect the validity of the remaining provisions.



10. [RESERVED]

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11. [RESERVED].

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## **12. CHEMCONNECT, INC.**

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### **12-101. Definitions.**

#### **ChemConnect**

ChemConnect, Inc.

#### **ChemConnect Contract**

The term "ChemConnect Contract" has the meaning set forth in Rule 101 in relation to the definition of "OTC Market."

#### **Contract Value**

As to any ChemConnect Contract on any day, the product of the current Settlement Price and the contract size per lot (as set forth in Appendix 12-A).

#### **Default**

Any event that would constitute a default under Rule 605 or Rule 12-605.

#### **Delivery Collateral**

All collateral held by Clearing Corporation, as escrow agent, in respect of a ChemConnect Contract following Final Settlement of any ChemConnect Contract that provides for physical delivery. "Original Delivery Collateral" and "Supplementary Delivery Collateral" have the meanings given those terms in Rule 12-501(b).

#### **Final Settlement**

With respect to a Participant that has open trades or positions in ChemConnect Contracts at the close of trading on the Last Trading Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

#### **... Interpretations and Policies:**

- .01 The Clearing Corporation ordinarily will effect Final Settlement of ChemConnect Contracts by 6:40 a.m. on the first Business Day following the Last Trading Day in such ChemConnect Contract.

### **ChemConnect User Agreement**

The agreement between ChemConnect and a Participant or Customer governing the responsibilities of parties to ChemConnect Contracts, including the terms for delivery thereof.

### **ChemConnect System**

The system operated by ChemConnect for the trading of ChemConnect Contracts.

### **Escrow Payment Amount**

The term "Escrow Payment Amount" has the meaning given that term in Rule 12-502(c).

### **Last Trading Day**

As to any ChemConnect Contract, the last day on which a particular delivery month or expiration is available on the ChemConnect System.

### **Non-Defaulting Participant**

The term "non-Defaulting Participant" has the meaning given that term in Rule 12-505(b).

### **Swap Settlement Collateral**

All collateral (including Initial Swap Collateral and Supplementary Swap Collateral) held by The Clearing Corporation, as escrow agent, following Final Settlement, in respect of a ChemConnect Contract that provides for cash settlement. Initial Swap Collateral and Supplementary Swap Collateral have the meanings given those terms in Rule 12-501(e).

### **12-304. Offsets.**

- (a) Where, as the result of substitution under Rule 301, any Participant has bought from The Clearing Corporation any amount of a given ChemConnect Contract for a particular delivery and subsequently, and prior to such delivery, such Participant sells to The Clearing Corporation any amount of the same ChemConnect Contract for the same delivery, the subsequent transaction shall be deemed *pro tanto* a settlement or adjustment of the prior transaction. In like manner, where a Participant sells to The Clearing Corporation any amount of a given ChemConnect Contract for a particular delivery and subsequently, and before delivery, such Participant buys any amount of the same ChemConnect Contract for the same delivery, the second transaction shall be deemed *pro tanto* a settlement or adjustment of the prior transaction. Thereupon, such Participant shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.
- (b) The Clearing Corporation will, upon direction from a Participant, establish one or more sub-accounts within such Participant's account at The Clearing Corporation. The Clearing Corporation will ordinarily offset long and short positions in ChemConnect Contract that are identified by the Participant as having been made for such a sub-account.

... **Interpretations and Policies:**

- .01 A Participant is permitted to establish one or more sub-accounts for itself or for Customers. In the event of a Default, the applicable Guaranty Funds will be applied only to the combined (net) position in those sub-accounts.

**12-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted by or on behalf of a Participant.
- (b) A Trade (other than a Transfer Trade or a Block Trade) in a ChemConnect Contract shall not be deemed to be accepted by The Clearing Corporation until thirty minutes after The Clearing Corporation's receipt thereof from ChemConnect. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants and ChemConnect.

- (c) A Transfer Trade shall not be accepted until The Clearing Corporation has received from the Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) A Block Trade shall be submitted to The Clearing Corporation, together with such additional information as may be required and, if not rejected by The Clearing Corporation within one hour of the submission thereof by ChemConnect, shall be deemed accepted by The Clearing Corporation. In the event that The Clearing Corporation rejects a Block Trade, it will promptly notify the affected Participants and ChemConnect.
- (e) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (f) As used herein, (i) the term "Block Trade" shall mean a privately negotiated transaction in a ChemConnect Contract that is submitted to The Clearing Corporation by ChemConnect but not executed through the ChemConnect System.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. on Business Days. In the event that a Trade (other than a Block Trade) is received between 3:30 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 7:30 a.m. on the next Business Day. In the event that a Block Trade is submitted to The Clearing Corporation between 3:00 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. on the next Business Day. On Business Days on which normal business hours do not apply, the time frames referenced above will be adjusted accordingly.

**12-312. Reserved.**

**12-402. Original Margins.**

- (a) Margin, other than variation settlements, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be called to protect The Clearing Corporation on Trades in ChemConnect Contracts. On the Last Trading Day, original Margin for any ChemConnect Contract that settles by physical delivery shall be equal to at least 30% of the Contract Value. On the Last Trading Day, original Margin for any ChemConnect Contract that cash settles shall be equal to at least 10% of the Contract Value.
- (b) When the amount callable shall have been fixed, such Margin shall be called by The Clearing Corporation. Normally, Margin calls will be uniform, but where particular risks are deemed hazardous, The Clearing Corporation may depart from the rule of uniformity and call for additional Margin. Upon performance or closing out of Contracts thus secured, original Margin deposits may be withdrawn by the Participant upon the authorization of The Clearing Corporation except as otherwise provided in Rules 12-501 and 12-502.
- (c) Original Margin may be required of Participants on a gross basis, without reduction for opposite positions in the same ChemConnect Contract, and shall be deposited in the manner prescribed by The Clearing Corporation.

**12-404. Settlement Prices.**

- (a) The Settlement Price for a ChemConnect Contract means the price for such ChemConnect Contract established in accordance with this Rule at the close of each day's trading.
- (b) The Settlement Price for each open ChemConnect Contract shall be determined by The Clearing Corporation based upon the recommendation of ChemConnect. The Clearing Corporation may consult, as appropriate, any committee of The Clearing Corporation, and may consider all relevant market information, including (but not limited to) price data from spot, forward, and derivative markets for both physical and financial products.
- (c) The Settlement Price for Final Settlement of a ChemConnect Contract shall be the price established pursuant to the terms and conditions of the ChemConnect Contract User Agreement.

- (d) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any ChemConnect Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (e) In carrying out the responsibilities under this Rule, The Clearing Corporation may consult, as appropriate, any committees of The Clearing Corporation or ChemConnect, and may consider all relevant market information.

**12-501. Assignment of Deliveries and Swap Settlements.**

- (a) By 3:00 p.m. on the first Business Day following the Last Trading Day, The Clearing Corporation shall assign buyers by account and sellers by account for delivery purposes. The Clearing Corporation shall thereupon notify Participants of the account-to-account assignments. Such notification shall be given by no later than 5:00 p.m. on the first Business Day following the Last Trading Day. The Clearing Corporation shall also notify ChemConnect of the account-to-account assignments. ChemConnect shall identify the names of and the contact information for the respective assigned accounts and provide such information to the Participants and The Clearing Corporation.
- (b) Provided that a Participant is not in Default, The Clearing Corporation shall instruct the Participant to deposit for credit to an escrow account maintained by The Clearing Corporation an amount equivalent to the original Margin requirement that is on deposit with The Clearing Corporation as of Final Settlement. Such amount shall be held in escrow by The Clearing Corporation as Original Delivery Collateral. During the delivery month (from the second business day after Last Trading Day until delivery), the buying Participant and selling Participant will be required to deliver to The Clearing Corporation, for credit to an escrow account maintained by The Clearing Corporation, such amounts (Supplementary Delivery Collateral) as required pursuant to the terms of the ChemConnect User Agreement. Such Supplementary Delivery Collateral will be transferred by wire transfer of immediately available funds of the United States of America to the escrow account designated by The Clearing Corporation. The Clearing Corporation shall release Supplementary Delivery Collateral pursuant to the terms of the ChemConnect User Agreement.



- (c) In the event that The Clearing Corporation is notified by both Participants that assigned accounts have agreed to the terms of an alternative delivery process, Delivery Collateral held by The Clearing Corporation in respect of such assigned accounts shall be returned or released to the Participants as provided in Rule 12-502(d)(iii).
- (d) By 3:00 p.m. on the first Business Day following the Last Trading Day, The Clearing Corporation shall assign buyers by account and sellers by account for swap settlement purposes. The Clearing Corporation shall thereupon notify Participants of the account-to-account assignments. Such notification shall be given by no later than 5:00 p.m. on the first Business Day following the Last Trading Day. The Clearing Corporation shall also notify ChemConnect of the account-to-account assignments. ChemConnect shall identify the names of and the contact information for the respective assigned accounts and provide such information to the Participants and The Clearing Corporation.
- (e) Provided that a Participant is not in Default, The Clearing Corporation shall instruct the Participant to deposit for credit to an escrow account maintained by The Clearing Corporation an amount equivalent to the original Margin requirement that is on deposit with The Clearing Corporation as of Final Settlement. Such amount shall be held in escrow by The Clearing Corporation as Initial Swap Collateral. During the settlement month (from the second business day after Last Trading Day until swap settlement), the buying Participant and selling Participant shall deliver to The Clearing Corporation, for credit to an escrow account maintained by The Clearing Corporation, such amounts ("Supplementary Swap Collateral") as required pursuant to the terms of the ChemConnect User Agreement. Such Supplementary Swap Collateral will be transferred by wire transfer of immediately available funds of the United States of America to the escrow account designated by The Clearing Corporation. The Clearing Corporation shall release Supplementary Swap Collateral pursuant to the terms of the ChemConnect User Agreement.
- (f) In the event that The Clearing Corporation is notified by both Participants that assigned accounts have agreed to the terms of an alternative swap process, Swap Settlement Collateral held by The Clearing Corporation in respect of such assigned accounts shall be returned or released to the Participants as provided in Rule 12-502(d)(iii).

**12-502. Purchases and Sales for Physical Delivery; Application of Delivery Collateral; Application of Swap Settlement Collateral.**

- (a) A ChemConnect Contract that has not been liquidated or offset prior to the termination of trading on the Last Trading Day shall be settled by delivery or swap settlement in the manner established by the ChemConnect User Agreement unless otherwise settled pursuant to the terms of an alternative delivery process (as provided in Rule 12-501(c)) or alternative swap settlement as provided for in Rule 12-501(f).
- (b) Following The Clearing Corporation's issuance of notices regarding delivery assignments (as provided in Rule 12-501(a)) or swap settlement (as provided in Rule 12-501(d)), The Clearing Corporation shall assign Participant buyers receiving such notices to Participant sellers receiving such notices and the Participant buyers and sellers shall be substituted in lieu of The Clearing Corporation as the buyer and seller in such ChemConnect Contracts, and the ChemConnect Contracts between Participant buyers and sellers, on the one hand, and The Clearing Corporation, on the other hand, will be deemed discharged and terminated, in each case effective from and after Final Settlement. The buyer and seller Participants shall continue to be subject to the requirements of Rule 12-501 notwithstanding such substitution.
- (c) Pursuant to the terms of the ChemConnect User Agreement, with respect to delivery contracts, Participant buyers will be required to provide an amount that represents full payment to be held in escrow by The Clearing Corporation (the "Escrow Payment Amount"). The Escrow Payment Amount shall not be deemed to be an Obligation of the Participant buyer to The Clearing Corporation, and, a failure of a Participant buyer to post the Escrow Payment Amount with The Clearing Corporation shall not, by itself, constitute a default under Rule 12-605. The Clearing Corporation shall release any Escrow Payment Amount held by it as escrow agent at such time as is provided therefor in the ChemConnect User Agreement.
- (d) Provided that a Participant has not timely notified The Clearing Corporation of a delivery default or swap settlement default, The Clearing Corporation will release Delivery Collateral or Swap Settlement Collateral to the Participant that has posted the same as provided herein.

- (i) The Clearing Corporation will return Delivery Collateral deposited by a selling Participant on the tenth Business Day after the scheduled delivery day unless the assigned buying Participant has provided timely written notice to The Clearing Corporation, as escrow agent, that delivery was not made timely and in full.
  - (ii) The Clearing Corporation will return any Delivery Collateral and Escrow Payment Amount deposited by a buying Participant on the tenth Business Day after the scheduled payment date established by ChemConnect unless the assigned selling Participant has provided timely written notice to The Clearing Corporation, as escrow agent, that such payment was not made timely and in full.
  - (iii) The Clearing Corporation will return Swap Settlement Collateral deposited by a Participant on the second Business Day after the last day of the swap settlement month.
  - (iv) Provided that a Participant has not notified The Clearing Corporation of a delivery default or swap settlement default, as provided herein, The Clearing Corporation, as escrow agent, will release any Delivery Collateral and Escrow Payment Amount or Swap Settlement Collateral, as applicable, to selling and buying Participants that have entered into an alternative delivery process (as provided in Rule 12-501(c)) or alternative swap settlement (as provided in Rule 12-501(f)) on the second Business Day following notice of the alternative delivery process or alternative swap settlement. In the event that only one such Participant is in Default, The Clearing Corporation will, as escrow agent, release Delivery Collateral solely to the non-Defaulting Participant.
- (e) Notwithstanding the foregoing, if The Clearing Corporation, as escrow agent, receives written instructions signed by ChemConnect or an order of a court of competent jurisdiction to the effect that a Participant is entitled to receive an amount of Delivery Collateral, Escrow Payment Amount, or Swap Settlement Collateral identified in such written instructions or order, The Clearing Corporation shall disburse such amount of such collateral to such Participant.

- (f) Beyond the exercise of reasonable care in the custody and preservation thereof, The Clearing Corporation will have no duty as to any Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Clearing Corporation will be deemed to have exercised reasonable care in the custody and preservation of Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount in its possession or control if such Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by The Clearing Corporation in good faith or by reason of any act or omission by The Clearing Corporation pursuant to instructions from a Participant, except to the extent that such liability arises from The Clearing Corporation's gross negligence or willful misconduct. THE CLEARING CORPORATION SHALL NOT BE LIABLE FOR ANY LOSS, COST, OR EXPENSE ARISING FROM THE FAILURE OF A PARTICIPANT OR CUSTOMER OR OTHER NON-PARTICIPANT TO PERFORM ANY OF ITS DELIVERY OR SWAP SETTLEMENT OBLIGATIONS, INCLUDING THE POSTING OF DELIVERY COLLATERAL, SWAP SETTLEMENT COLLATERAL OR ESCROW PAYMENT AMOUNT.

**12-503. Delivery Price; Swap Settlement Price.**

- (a) All deliveries on ChemConnect Contracts shall be made at the Settlement Price for such ChemConnect Contract on the Last Trading Day.
- (b) Pursuant to the terms of the ChemConnect User Agreement, the final swap settlement amount payable by either the seller or buyer, as appropriate, for a applicable ChemConnect Contract shall be the difference between the Settlement Price on the Last Trading Day and the arithmetic average of the daily market values of the underlying physical product as such values are determined in accordance with ChemConnect's policies.

**12-505. Settlements on Defaulted Deliveries.**

- (a) The Clearing Corporation, as escrow agent, shall not under any circumstance be obligated to make or accept deliveries or to make swap settlement payments in satisfaction of ChemConnect Contracts, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery obligation or make a swap settlement payment following The Clearing Corporation's assignment of delivery instructions and swap settlements as provided in Rule 12-501.
- (b) In the event that a Participant (a "Defaulting party") shall fail to fulfill its delivery obligations (including payment therefor) or its swap settlement obligations and the opposite Participant (the "non-Defaulting Participant") shall have given timely notice thereof as provided in Rule 12-502(c), The Clearing Corporation's sole obligation, as escrow agent, shall be to release to the non-Defaulting Participant any Delivery Collateral or Swap Settlement Collateral, as applicable, held by The Clearing Corporation in respect of the Defaulting party's positions, pursuant to the instructions of ChemConnect or a court of competent jurisdiction. In the event that more than one non-Defaulting Participant is entitled thereto, The Clearing Corporation shall allocate such Delivery Collateral or Swap Settlement Collateral, as applicable, ratably among the non-Defaulting Participants pursuant to the instructions of ChemConnect or a court of competent jurisdiction. In the event that there is a conflict or inconsistency in respect of any such instructions, The Clearing Corporation shall be entitled to determine, in its sole discretion, the controlling instructions.
- (c) Notwithstanding anything to the contrary in these Rules (including, without limitation, Rule 12-605), The Clearing Corporation, as escrow agent, holds Delivery Collateral, any Escrow Payment Amount, and Swap Settlement Collateral to secure the obligations of a Participant arising under ChemConnect Contracts and will not retain or apply Delivery Collateral, any Escrow Payment Amount, or Swap Settlement Collateral in satisfaction of a Participant's obligations to The Clearing Corporation.

**12-605. Defaults.**

- (a) A Participant is in Default if such Participant (i) is in default under Rule 605, (ii) fails to meet any of its Obligations upon its Contracts with The Clearing Corporation, (iii) fails to deposit Margin within one hour after demand by The Clearing Corporation, (iv) fails to satisfy any of its obligations under Rule 802 or (v) is suspended, expelled or prohibited from trading by a Market or by The Clearing Corporation. Upon such Default, The Clearing Corporation may impose limitations, conditions and restrictions upon such Participant or terminate the status of the Participant, and may cause all open Trades of such Participant to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation, and any debit balance owing to The Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the open Trades of a Participant as provided in paragraph (a) of this Rule, The Clearing Corporation shall have the right:
- (i) With respect to open Trades in Contracts, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades and any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such accounts and any other amounts owed to The Clearing Corporation as a result of transactions in the accounts or otherwise lawfully chargeable against the accounts;

- (ii) With respect to all other open Trades (in ChemConnect Contracts or otherwise) held in any other account of such Participant, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts, and any other property of the Participant within the possession or control of The Clearing Corporation against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin in such account, and any other obligations of the Participant to The Clearing Corporation, including obligations of the Participant to The Clearing Corporation remaining after the setoffs referred to in subparagraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Participant with The Clearing Corporation;
- (iii) To cause Trades and positions held in accounts of the Participant that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Participants;
- (iv) To cause Trades and positions in Contracts held in accounts of the Participant that is in Default and of other Participants to be settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances; and
- (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Participant's Trades or Contracts would not be in the best interests of The Clearing Corporation or other Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by The Clearing Corporation, and such other circumstances as it deems relevant.

- (c) If the Board of Directors or the President shall (i) determine that The Clearing Corporation is unable, for any reason, to close out any Contracts in a prompt and orderly fashion, or to convert to cash any Margin of a suspended Participant, or (ii) elects pursuant to paragraph (b)(v) not to close out any such Trades or Contracts, The Clearing Corporation may, solely for the purpose of reducing the risk to The Clearing Corporation resulting from the continued maintenance of such positions or the continued holding of such Margin, authorize the execution of hedging transactions, including, without limitation, the purchase or sale of underlying commodities or commodities deemed similar thereto or Contracts on any such underlying or similar interests. Any authorization of hedging transactions shall be reported promptly to the Board, and any such Trades that are executed shall be reported to the Board on a daily basis. Any costs or expenses, including losses, sustained by The Clearing Corporation in connection with transactions effected for its account as authorized hereby shall be charged to the account of the suspended Participant, and any gains realized on such transactions shall be credited to such account.
- (d) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of the Rules shall be subject to all the terms of the Rules, including the setoff and other rights set forth in this Rule. The rights of The Clearing Corporation set forth in this Rule shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of these Rules, additional agreements with the Participant or any other source.

... **Interpretations and Policies:**

- .01 The Clearing Corporation may declare a Participant that is in Default under this Rule 12-605 also to be in Default under Rule 605.



**Product Specification Ethane**

<b>Item</b>	<b>Specification</b>
Contract Description	Ethane Forward – Enterprise – Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the delivery month
Contract Series	Monthly until March 31, 2007.
Delivery	F.O.B. at Enterprise Products Partners L.P. facility in Mt. Belvieu, Texas. Product shall conform to industry standards for fungible liquefied ethane gas as determined by the Gas Processors Association.

<b>Item</b>	<b>Specification</b>
Contract Description	Ethane Swap – Enterprise - Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007..
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily market values for the underlying product as determined each Business Day during the swap settlement month in accordance with ChemConnect's policies.

<b>Item</b>	<b>Specification</b>
Contract Description	Ethane Swap – Enterprise - Mt. Belvieu - OPIS
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily averages of the high and low prices for "any" Mt. Belvieu, non-TET ethane as published by the Oil Price Information Service (OPIS) in its LP Gas Fax for each business day during the settlement month.

**Product Specification Propane**

Item	Specification
Contract Description	Propane Forward – TET - Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the delivery month.
Contract Series	Monthly until March 31, 2007..
Delivery	F.O.B. at Texas Eastern Products Pipeline Company (TEPPCO) facility in Mt. Belvieu, Texas. Product shall conform to industry standards for fungible liquefied propane gas as determined by the Gas Processors Association (GPA-HD-5).

Item	Specification
Contract Description	Propane Swap – TET - Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007..
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily market values for the underlying product as determined each Business Day during the swap settlement month in accordance with ChemConnect's policies.

Item	Specification
Contract Description	Propane Swap – TET - Mt. Belvieu - OPIS
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily averages of the high and low prices for Mt. Belvieu for "any" TET propane published by the Oil Pricing Information Service (OPIS) in its LP Gas Fax for each business day during the settlement month.

Item	Specification
Contract Description	Propane Forward – Conway - Williams
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the delivery month.
Contract Series	Monthly until March 31, 2007.
Delivery	F.O.B. at Williams Storage Facility in Conway, Kansas. Product shall conform to industry standards for fungible liquefied propane gas as determined by the Gas Processors Association (GPA-HD-5).

Item	Specification
Contract Description	Propane Swap – Conway - Williams
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily market values for the underlying product as determined each Business Day during the swap settlement month in accordance with ChemConnect's policies.

Item	Specification
Contract Description	Propane Swap – Conway - Williams - OPIS
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily averages of the high and low prices for "any" Conway In-Well propane as published by the Oil Pricing Information Service (OPIS) in its LP Gas Fax for each business day during the settlement month.

### 13. INTERCONTINENTALEXCHANGE, INC.

**NOTE:** Contracts subject to this Chapter are not currently being submitted to The Clearing Corporation for clearance.

**13-101. Definitions.**

**Contract Value**

As to any ICE Contract on any day, the product of the current Settlement Price and the Contract size per lot (as set forth in Appendix 13-A).

**Customer**

A party, other than a Participant, that is obligated to make or receive physical delivery in settlement of an ICE Contract.

**Daily Limit**

"Daily Limit" shall have the meaning set forth in Rule 13-310(g).

**Default**

Any event that would constitute a default under Rule 605 or Rule 13-605.

**Delivery Collateral**

Original Delivery Collateral and Supplementary Delivery Collateral held by The Clearing Corporation as escrow agent in respect of an ICE Contract following Final Settlement of such ICE Contract. "Original Delivery Collateral" and "Supplementary Delivery Collateral" have the meanings set forth in Rule 13-501(c).

**EEl Agreement**

The form of Edison Electric Institute ("EEI") Master Power Purchase & Sale Agreement (including the completed Cover Sheet thereto, plus the Collateral Annex and completed Paragraph 10) incorporated by reference into Annex F of the ICE Participant Agreement, as amended from time to time.

**Final Settlement**

With respect to a Participant that has open Trades or positions in ICE Contracts at the close of trading on the Last Trading Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

... **Interpretations and Policies:**

.01 The Clearing Corporation ordinarily will effect Final Settlement of a physically settled ICE Contract by 6:40 a.m. on the first Business Day following the Last Trading Day in such ICE Contract.

**ICE**

IntercontinentalExchange, Inc.

**ICE Contract**

The term "ICE Contract" has the meaning set forth in Rule 101 in relation to the definition of "OTC Market."

**ICE Participant Agreement**

The agreement between ICE and a Participant or Customer governing the responsibilities of parties to ICE Contracts, including the terms for delivery thereof.

**ICE Trading System**

The electronic Trade matching system operated by ICE for the trading of ICE Contracts.

**Last Trading Day**

As to any ICE Contract, the last day on which a particular delivery month or expiration is listed for trading on the ICE Trading System.

**Non-Defaulting Participant**

The term "non-Defaulting Participant" has the meaning given that term in Rule 13-505(b).

**13-304. Offsets.**

- (a) Where, as the result of substitution under Rule 301, any Participant has bought from The Clearing Corporation any amount of a given ICE Contract for a particular delivery and subsequently, and prior to such delivery, such Participant sells to The Clearing Corporation any amount of the same ICE Contract for the same delivery, the subsequent transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction. In like manner, where a Participant sells to The Clearing Corporation any amount of a given ICE Contract for a particular delivery and subsequently, and before delivery, such Participant buys any amount of the same ICE Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction. Thereupon, such Participant shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.
- (b) The Clearing Corporation will, upon direction from a Participant, establish one or more sub-accounts within such Participant's account at The Clearing Corporation. The Clearing Corporation will ordinarily offset long and short positions in an ICE Contract that are identified by the Participant as having been made for such a sub-account.

**13-307. Statement of Trades and Positions.**

The Clearing Corporation shall make available to Participants a statement of Trades and positions for each Business Day on which such Participant has Trades to be cleared or a position open with The Clearing Corporation.

... **Interpretations and Policies:**

- .01 Each ICE Contract represents either 400 MWhs of Western power or 800 MWhs of Eastern and Mid Continent power. One month of power will be represented by a number of Contracts equal to the number of NERC peak days in that month.

**13-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant.

- (b) A Trade (other than a Transfer Trade or a Block Trade) in an ICE Contract shall not be deemed to be accepted by The Clearing Corporation until thirty minutes after The Clearing Corporation's receipt of a matched Trade submitted to it by ICE. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants and ICE.
- (c) A Transfer Trade shall not be accepted until The Clearing Corporation has received from the Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) A Block Trade shall be submitted to The Clearing Corporation, together with such additional information as may be required and, if not rejected by The Clearing Corporation within one hour of the submission thereof, shall be deemed accepted by The Clearing Corporation. In the event that The Clearing Corporation rejects a Block Trade, it will promptly notify the affected Participants and ICE.
- (e) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (f) The Clearing Corporation may from time to time establish Daily Limits and may in such circumstances decline to accept for clearance Trades in ICE Contracts that exceed any such Daily Limit. Except as otherwise provided in a resolution adopted pursuant to Rule 601 or 602, Daily Limits shall not apply on the last two trading days for any ICE Contract. Notwithstanding the foregoing, The Clearing Corporation may in its discretion accept such a Trade if doing so will reduce The Clearing Corporation's net exposure to a Participant. The Clearing Corporation will give Participants prompt notice of the adoption of Daily Limits.
- (g) As used herein, (i) the term "Block Trade" shall mean a privately negotiated transaction in an ICE Contract that is submitted to The Clearing Corporation by ICE but not executed through the ICE Trading System, and (ii) the term "Daily Limit" shall mean a price that is above or below the preceding day's Settlement Price by more than a specified increment.

... **Interpretations and Policies:**

.01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. on Business Days. In the event that a Trade (other than a Block Trade) is received or matched between 3:30 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 7:30 a.m. on the next Business Day. In the event that a Block Trade is submitted to The Clearing Corporation between 3:00 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. on the next Business Day. On Business Days on which normal business hours do not apply, the time frames referenced above will be adjusted accordingly.

**13-311. Trades for Customers.**

Where a Participant clears a Trade for a Customer, the Participant for whose account such Trade has been cleared becomes liable to The Clearing Corporation and The Clearing Corporation liable to such Participant on such Trade as if the Trade were for the account of the Participant, subject in all cases to the provisions of Rule 13-304.

**13-312. Reserved.**

**13-315. Limitation of Liability.**

The liability of The Clearing Corporation relating or arising out of ICE Contracts shall be limited to losses resulting from the substitution of The Clearing Corporation upon such contracts between Participants in accordance with these Rules, but in no event shall the amount of such liability hereunder or under any other provision of these Rules exceed the total amount on deposit in the Emerging Markets Guaranty Fund. The Clearing Corporation shall not be liable for obligations of a non-Participant, obligations of a Participant to a non-Participant, obligations of a Participant to another Participant of The Clearing Corporation who is acting for such other Participant as broker, or obligations of a Participant to a customer, not shall The Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of its Participants.

**13-402. Original Margin.**

- (a) Margin, other than variation settlements, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be called to protect The Clearing Corporation on Trades in ICE Contracts. On the Last Trading Day, original Margin for any ICE Contract that settles by physical delivery shall be equal to 50% of the Contract Value.



- (b) When the amount callable shall have been fixed, such Margin shall be called by The Clearing Corporation. Normally, Margin calls will be uniform, but where particular risks are deemed hazardous, The Clearing Corporation may depart from the rule of uniformity and call for additional Margin. Upon performance or closing out of Contracts thus secured, original Margin deposits may be withdrawn by the Participant upon the authorization of The Clearing Corporation except as otherwise provided in Rules 13-501 and 13-502.
- (c) Original Margin may be required of Participants on a gross basis, without reduction for opposite positions in the same ICE Contract, and shall be deposited in the manner prescribed by The Clearing Corporation.

**13-404. Settlement Prices.**

- (a) The Settlement Price for an ICE Contract means the price for such ICE Contract established in accordance with this Rule at the close of each day's trading.
- (b) The Settlement Price for each open ICE Contract shall be determined by The Clearing Corporation based upon the recommendation of ICE. The Clearing Corporation may consult, as appropriate, any committee of The Clearing Corporation, and may consider all relevant market information, including (but not limited to) price data from spot, forward, and derivative markets for both physical and financial products.
- (c) The Settlement Price for Final Settlement of an ICE Contract shall be the price required by the ICE Contract terms and conditions.
- (d) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any ICE Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (e) In carrying out the responsibilities under this Rule, The Clearing Corporation may consult, as appropriate, any committees of The Clearing Corporation or the Exchange, and may consider all relevant market information.

... **Interpretations and Policies:**

- .01 The Clearing Corporation may establish Daily Limits as provided in Rule 13-310. In such an event, the Settlement Price ordinarily will be established at a price that does not exceed such Daily Limit.

**13-501. Assignment of Deliveries.**

- (a) By 8:00 a.m. on the first Business Day following the Last Trading Day, Participant buyers and Participant sellers shall report their gross long and short positions, respectively, and shall identify the holders (whether Participants or Customers) of each long and short position in an ICE Contract reflected on the books of such Participant.
- (b) By 10:00 a.m. on the first Business Day following the Last Trading Day, The Clearing Corporation will provide ICE with a report of the long and short delivery positions held by Participants and Customers for delivery, as reported to The Clearing Corporation as provided in paragraph (a). ICE will provide The Clearing Corporation with instructions regarding the delivery assignment of all such open positions, including the names of the parties that are to make and take delivery and their Participants (if the Participant is not itself the party that is to make or take delivery), by no later than 4:00 p.m. on the first Business Day following the Last Trading Day. The Clearing Corporation shall thereupon notify Participants of the assignments made by ICE. Such notification shall be given by no later than 6:00 p.m. on the first Business Day following the Last Trading Day.
- (c) Provided that a Participant is not in Default, original Margin deposited by that Participant in respect of ICE Contracts that remain open after Final Settlement shall be retained by The Clearing Corporation as Original Delivery Collateral. Thereafter, such a Participant shall deposit with The Clearing Corporation Supplementary Delivery Collateral in a form and manner acceptable to The Clearing Corporation and in an amount sufficient to cause the Delivery Collateral for each such ICE Contract to be equivalent to the Contract Value. Such Supplementary Delivery Collateral shall be deposited by no later than 5:00 p.m. on the third Business Day following the Last Trading Day. Failure to do so shall constitute a Default pursuant to Rule 13-605 and shall subject the Participant to discipline by The Clearing Corporation.

- (d) Notwithstanding the provisions of paragraph (c), assigned Participants shall not be required to deposit Supplementary Delivery Collateral if they have notified The Clearing Corporation that they have agreed to the terms of an alternative delivery arrangement. Any such notice shall be given by 3:30 p.m. on the second Business Day following the Last Trading Day or such later time and in such form as may be specified by The Clearing Corporation. In such an event, Original Delivery Collateral held by The Clearing Corporation in respect of such deliveries shall be returned or released to the Participants as provided in Rule 13-502(c)(iii).

**13-502. Purchases and Sales for Physical Delivery; Application of Delivery Collateral.**

- (a) An ICE Contract that has not been liquidated or offset prior to the termination of trading on the Last Trading Day shall be settled by delivery in the manner established by the ICE Participant Agreement unless otherwise settled pursuant to the terms of an alternative delivery arrangement as provided in Rule 13-501(d).
- (b) Following The Clearing Corporation's issuance of notices regarding delivery assignments as provided in Rule 13-501(b), The Clearing Corporation shall assign Participant buyers to Participant sellers in accordance with the delivery assignments made by ICE, and the Participants shall be substituted in lieu of The Clearing Corporation as buyers and sellers in the ICE Contracts between The Clearing Corporation and Participant sellers and buyers, respectively, and the ICE Contracts between such Participants and The Clearing Corporation will be deemed discharged and terminated, in each case effective from and after Final Settlement. The buyer and seller Participants shall continue to be subject to the requirements of Rule 13-501 notwithstanding such substitution. Following satisfaction of the obligations of the buyer and seller Participants as to Delivery Collateral under Rule 13-501(c), the contract between the Participants will be novated and replaced, as applicable, by a contract between the Customers making and receiving delivery with respect to such contract in accordance with the ICE Participant Agreement.
- (c) Acting solely in its capacity as escrow agent, The Clearing Corporation will release Delivery Collateral to the Participant that has posted the same as provided herein.
  - (i) The Clearing Corporation will return Delivery Collateral deposited by a selling Participant on the third Business Day after the last delivery day unless the buying Participant has provided timely written notice to The Clearing Corporation that delivery was not made timely and in full.

- (ii) The Clearing Corporation will return Delivery Collateral deposited by a buying Participant on the second Business Day after the scheduled payment date established by ICE unless the selling Participant has provided timely written notice to The Clearing Corporation that such payment was not made timely and in full.
- (iii) Provided that a Participant is not in Default, The Clearing Corporation will release Original Delivery Collateral to selling and buying Participants that have entered into an alternative delivery arrangement (as provided in Rule 13-501(d)) on the third Business Day following the Last Trading Day. In the event that only one such Participant is in Default, The Clearing Corporation will release Original Delivery Collateral solely to the non-Defaulting Participant.
- (d) Notwithstanding the foregoing, if The Clearing Corporation receives written instructions signed by ICE or an order of a court of competent jurisdiction to the effect that a Participant is entitled to receive an amount of Delivery Collateral identified in such written instructions or order, The Clearing Corporation will disburse such amount of Delivery Collateral to such Participant.
- (e) Beyond the exercise of reasonable care in the custody and preservation thereof, The Clearing Corporation will have no duty as to any Margin or Delivery Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Clearing Corporation will be deemed to have exercised reasonable care in the custody and preservation of Margin or Delivery Collateral in its possession or control if such Margin or Delivery Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Margin or Delivery Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by The Clearing Corporation in good faith or by reason of any act or omission by The Clearing Corporation pursuant to instructions from a Participant, except to the extent that such liability arises from The Clearing Corporation's gross negligence or willful misconduct. THE CLEARING CORPORATION SHALL NOT BE LIABLE FOR ANY LOSS, COST, OR EXPENSE ARISING FROM THE FAILURE OF A PARTICIPANT OR CUSTOMER OR OTHER NON-PARTICIPANT TO PERFORM ANY OF ITS DELIVERY OBLIGATIONS, INCLUDING THE POSTING OF DELIVERY COLLATERAL.

**13-503. Delivery Price.**

All deliveries on ICE Contracts shall be made at the Settlement Price for such ICE Contract on the Last Trading Day.

**13-505. Settlements on Defaulted Deliveries.**

- (a) The Clearing Corporation shall not under any circumstance be obligated to make or accept deliveries in satisfaction of ICE Contracts, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery obligation following The Clearing Corporation's assignment of delivery instructions as provided in Rule 13-501.
- (b) In the event that a Participant or Customer (a "Defaulting party") shall fail to fulfill its delivery obligations (including payment therefor) and the opposite Participant (the "non-Defaulting Participant") shall have given timely notice thereof as provided in Rule 13-502(c), The Clearing Corporation's sole obligation shall be to release to the non-Defaulting Participant or its Customer, as appropriate, any Delivery Collateral held by The Clearing Corporation in respect of the Defaulting party's positions, pursuant to the instructions of ICE or a court of competent jurisdiction. In the event that more than one non-Defaulting Participant is entitled thereto, The Clearing Corporation shall allocate such Delivery Collateral ratably among the non-Defaulting Participants pursuant to the instructions of ICE or a court of competent jurisdiction. In the event that there is a conflict or inconsistency in respect of any such instructions, The Clearing Corporation shall be entitled to determine, in its sole discretion, the controlling instructions.
- (c) Notwithstanding anything to the contrary in these Rules (including, without limitation, Rule 13-605), The Clearing Corporation holds Delivery Collateral solely as escrow agent to secure the obligations of a Participant or a Customer arising under ICE Contracts and will not retain or apply Delivery Collateral in satisfaction of a Participant's obligations to The Clearing Corporation.

**13-510. Customer Deliveries.**

At least five Business Days prior to the Last Trading Day, a Participant shall confirm that each Customer holding a position in the expiring month is qualified (in the manner determined by ICE) to effect delivery. A Participant may not clear a Trade for the account of a Customer at any time during the five Business Days preceding and including the Last Trading Day unless such Trade liquidates or offsets an existing position in the Customer's account at the Participant or the Participant has confirmed or confirms promptly that the Customer is prepared (in a manner deemed satisfactory by ICE) to effect delivery. In the event that the

Participant is unable timely to obtain such confirmation, it shall liquidate the Customer's positions in the expiring ICE Contract prior to the close of trading on the Last Trading Day.

... **Interpretations and Policies:**

- .01 ICE has established the following requirements for Customers who wish to maintain open positions on and after five Business Days prior to the Last Trading Day in an ICE Contract:

**PJM:**

The Customer must be a member of PJM.

**Into Cinergy:**

The seller must (a) own generation (greater than the short position) within the Cinergy grid, (b) have a source (greater than the short position) outside the Cinergy grid, together with sufficient firm transmission from the source to the Cinergy grid, or (c) have entered into a valid and binding bilateral transaction that offsets the ICE Contract.

The buyer must (a) have load (greater than the long position) within the Cinergy grid or (b) have load (greater than the long position) outside the Cinergy grid, together with sufficient firm transmission from the Cinergy grid to the load, or (c) have entered into a valid and binding bilateral transaction that offsets the ICE Contract.

**13-605. Defaults.**

- (a) A Participant is in Default if such Participant (i) is in default under Rule 605, (ii) fails to meet any of its obligations upon its Contracts with The Clearing Corporation, (iii) fails to deposit Margin within one hour after demand by The Clearing Corporation, or (iv) is suspended, expelled or prohibited from trading by a Market or by The Clearing Corporation. Upon such Default, The Clearing Corporation may impose limitations, conditions and restrictions upon such Participant or terminate the status of the Participant, and may cause all open Trades of such Participant to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation, and any debit balance owing to The Clearing Corporation shall be immediately due and payable.

- (b) In closing, transferring or otherwise resolving the open Trades of a Participant as provided in paragraph (a) of this Rule, The Clearing Corporation shall have the right:
- (i) With respect to open Trades in Contracts, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades and any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such accounts and any other amounts owed to The Clearing Corporation as a result of transactions in the accounts or otherwise lawfully chargeable against the accounts;
  - (ii) With respect to all other open Trades (in ICE Contracts or otherwise) held in any other account of such Participant, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts, and any other property of the Participant within the possession or control of The Clearing Corporation against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin in such account, and any other obligations of the Participant to The Clearing Corporation, including obligations of the Participant to The Clearing Corporation remaining after the setoffs referred to in subparagraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Participant with The Clearing Corporation;
  - (iii) To cause Trades and positions held in accounts of the Participant that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Participants;
  - (iv) To cause Trades and positions in Contracts held in accounts of the Participant that is in Default and of other Participants to be settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances; and

- (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Participant's Trades or Contracts would not be in the best interests of The Clearing Corporation or other Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by The Clearing Corporation, and such other circumstances as it deems relevant.
- (c) If the Board of Directors or the President shall (i) determine that The Clearing Corporation is unable, for any reason, to close out any Contracts in a prompt and orderly fashion, or to convert to cash any Margin of a suspended Participant, or (ii) elects pursuant to paragraph (b)(v) not to close out any such Trades or Contracts, The Clearing Corporation may, solely for the purpose of reducing the risk to The Clearing Corporation resulting from the continued maintenance of such positions or the continued holding of such Margin, authorize the execution of hedging transactions, including, without limitation, the purchase or sale of underlying commodities or commodities deemed similar thereto or Contracts on any such underlying or similar interests. Any authorization of hedging transactions shall be reported promptly to the Board, and any such Trades that are executed shall be reported to the Board on a daily basis. Any costs or expenses, including losses, sustained by The Clearing Corporation in connection with transactions effected for its account as authorized hereby shall be charged to the account of the suspended Participant, and any gains realized on such transactions shall be credited to such account.
- (d) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of the Rules shall be subject to all the terms of the Rules, including the setoff and other rights set forth in this Rule. The rights of The Clearing Corporation set forth in this Rule shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of these Rules, additional agreements with the Participant or any other source.

**. . Interpretations and Policies:**

- .01 The Clearing Corporation may declare a Participant that is in Default under this Rule 13-605 also to be in Default under Rule 605.



## Product Specification - PJM-West

Item	Specification
Contract Description	Physically settled US Power, Electricity Firm - LD Peak Physical, Fixed Price – PJM West Hub
Rate	50 MWh
Contract Size per lot	800 MWh
Unit of Trading	Trading takes place in multiples of 50 MWhs for a 16-hour peak day. 1 lot equals 800 peak MWhs per day. For example, a 5 lot position in a monthly contract for May 03 has a value of 5 (lots) x 21 peak days (22 minus 1 NERC holiday) x 50 (MWhs) x 16 (peak hours) = 84,000 MWhs. NOTE: For each ICE Contract, ICE will report to The Clearing Corporation a quantity equal to the number of peak days in that delivery month. [For example, one 50MWhs ICE Contract for a month will be reported to The Clearing Corporation as 21 "units," each representing 800 MWhs (50 MWhs x 16 peak hours per day).] The Clearing Corporation's records, therefore, will reflect the number of units associated with ICE Contracts, and transactions reported by or to The Clearing Corporation shall be effected in "units" (multiples of the number of peak days in the delivery month).
Delivery Schedule	Monday – Friday HE 08:00 HE 23:00 EPT excluding NERC Holidays
Currency	US Dollars and cents per MWh
Minimum Settlement Price Fluctuation	One US cent (\$0.01) per MWh
Last Trading Day	No Trades deliverable in the current month shall be made during the last three Business Days prior to the first calendar day of the delivery month.
Contract Series	Up to 72 consecutive calendar months commencing with the next calendar month.
Delivery	Physical delivery is effected pursuant to the terms of Annex F of the ICE Participant Agreement and the terms of the EEI Agreement incorporated by reference therein.

**Product Specification - Into Cinergy, Sellers Daily Choice**

<b>Item</b>	<b>Specification</b>
Contract Description	Physically settled US Power, Electricity Into Peak Physical, Fixed Price – Into Cinergy, Sellers Daily Choice
Rate	50 MWh
Contract Size per lot	800 MWh
Unit of Trading	Trading takes place in multiples of 50 MWhs for a 16-hour peak day. 1 lot equals 800 peak MWhs per day. For example, a 5 lot position in a monthly contract for May 03 has a value of 5 (lots) x 21 peak days (22 minus 1 NERC holiday) x 50 (MWhs) x 16 (peak hours) = 84,000 MWhs. NOTE: For each ICE Contract, ICE will report to The Clearing Corporation a quantity equal to the number of peak days in that delivery month. [For example, one 50MWhs ICE Contract for a month will be reported to The Clearing Corporation as 21 "units," each representing 800 MWhs (50 MWhs x 16 peak hours per day).] The Clearing Corporation's records, therefore, will reflect the number of units associated with ICE Contracts, and transactions reported by or to The Clearing Corporation shall be effected in "units" (multiples of the number of peak days in the delivery month).
Currency	US Dollars and cents per MWh
Minimum Settlement Price Fluctuation	One US cent (\$0.01) per MWh
Last Trading Day	No Trades deliverable in the current month shall be made during the last three Business Days prior to the first calendar day of the delivery month.
Contract Series	Up to 72 consecutive calendar months commencing with the next calendar month.
Delivery	Physical delivery is effected pursuant to the terms of Annex F of the ICE Participant Agreement and the terms of the EEI Agreement incorporated by reference therein.

## **14. Chicago Climate Futures Exchange, LLC**

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### **14-101. Definitions.**

#### **Exchange**

Chicago Climate Futures Exchange, LLC

#### **CCFE Contract**

The term "CCFE Contract" has the meaning set forth in Rule 101 in relation to the definition of "Exchange Market."

### **14-505. Delivery Default.**

The Clearing Corporation shall under no circumstances be obligated to make or accept deliveries in satisfaction of CCFE Contracts made on or through the facilities of the Exchange, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery Obligation following The Clearing Corporation's assignment of Participant buyers to selling Participant as provided herein.

Following The Clearing Corporation's issuance of notices regarding delivery assignments, the Participants shall be substituted in lieu of The Clearing Corporation as buyers and sellers in the CCFE Contracts between The Clearing Corporation and Participant sellers and buyers, respectively, and the CCFE Contracts between such Participants and The Clearing Corporation will be deemed discharged and terminated, in each case effective from and after Final Settlement.

## **15. OTC Benchmark Treasury Futures Contracts.**

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### **15-101. Definitions.**

#### **Contract Value**

As to any OTC Benchmark Treasury Futures Contract on any day, the product of the current Settlement Price and the Contract size per lot (as set forth in Appendix 15A).

#### **Default**

Any event that would constitute a default under Rule 605.

#### **Delivery Collateral**

Collateral held by The Clearing Corporation as escrow agent in respect of an OTC Benchmark Treasury Futures Contract following Final Settlement of such a contract.

#### **Final Settlement**

With respect to a Participant that has open Trades or positions in OTC Benchmark Treasury Futures Contracts at the close of clearing on the Last Clearing Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

#### **... Interpretations and Policies:**

- .01 The Clearing Corporation ordinarily will effect Final Settlement by 6:40 a.m. (Chicago Time) on the first Business Day following the Last Clearing Day in such OTC Benchmark Treasury Futures Contract.

#### **First Off-The-Run**

The U.S. Treasury Bond or Note of a particular maturity that was most recently issued prior to the current On-The-Run issue.

#### **OTC Benchmark Treasury Futures Contract**

The term "OTC Benchmark Treasury Futures Contract" has the meaning set forth in Rule 101.

#### **Last Clearing Day**

As to any OTC Benchmark Treasury Futures Contract, the last day on which the particular OTC Benchmark Treasury Futures Contract is listed for clearing.

#### **On-The-Run**

The most recently issued U.S. Treasury Bond or Note of a given maturity.

#### **15-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant. Participants will be responsible for ensuring that all submitted Trades are for the account of an Eligible Contract Participant or Eligible Commercial Entity as those terms are defined by Sections 1a(12) and 1a(11) of the Commodity Exchange Act.
- (b) A Trade in an OTC Benchmark Treasury Futures Contract shall not be deemed to be accepted by The Clearing Corporation until sixty minutes after The Clearing Corporation's receipt of a matched Trade or until sixty minutes after The Clearing Corporation matches the buying Participant and the selling Participant of a particular Trade. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants.
- (c) Any Trade in excess of \$100,000,000 shall not be accepted until The Clearing Corporation has received from both Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (e) All Trades must be submitted to The Clearing Corporation by 2:15 p.m. (Chicago Time) on the Last Clearing Day.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. (Chicago Time) on Business Days. In the event that a matched Trade is received or the buying Participant and selling Participant to a Trade are matched between 4:00: p.m. and 7:00 a.m. (Chicago Time), The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. (Chicago Time) on the next Business Day.

**15-404. Settlement Prices.**

- (a) The Settlement Price for an OTC Benchmark Treasury Futures Contract means the price for such OTC Benchmark Treasury Futures Contract established in accordance with this Rule at approximately 2:00 p.m. (Chicago Time) except on early close days for the underlying cash markets. On such days The Clearing Corporation shall use its discretion to decide the time used for determining settlement prices.
- (b) The Settlement Price for each open OTC Benchmark Treasury Futures Contract shall be determined by The Clearing Corporation. In determining the Settlement Price, The Clearing Corporation may consider all relevant market information including (but not limited to) price data from spot, forward, and derivative markets for both physical and financial products.
- (c) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any OTC Benchmark Treasury Futures Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.

**15-501. Assignment of Deliveries.**

By 3:15 p.m. (Chicago Time) on the Last Clearing Day, The Clearing Corporation will provide Participants with a report of the long or short delivery position held by Participants and instructions regarding the delivery assignment of all such open

positions, including the names of the Participants that are to make and take delivery.

**15-502. Purchases and Sales for Physical Delivery; Delivery Collateral**

- (a) Following The Clearing Corporation's issuance of notices regarding delivery assignments as provided in Rule 15-501, the Participants shall be substituted in lieu of The Clearing Corporation as buyers and sellers in the OTC Benchmark Treasury Futures Contracts between The Clearing Corporation and Participant sellers and buyers, respectively, and the OTC Benchmark Treasury Futures Contracts between such Participants and The Clearing Corporation will be deemed discharged and terminated, in each case effective from and after Final Settlement.
- (b) An OTC Benchmark Treasury Futures Contract that has not been liquidated or offset prior to the termination of trading on the Last Clearing Day shall be settled by delivery through the Fixed Income Clearing Corporation ("FICC"). Accordingly, Participants must have a relationship with a member or be an affiliate of a member of FICC that permits the Participant to satisfy its delivery obligations through FICC.
- (c) Participants must submit instructions to FICC to deliver or receive delivery of Treasuries by 7:00 p.m. (Chicago Time) on the Last Clearing Day. Instructions must be submitted in a form and manner acceptable to FICC.
- (d) The Clearing Corporation shall, from time to time, fix the amount of Delivery Collateral which Participants shall be required to post with The Clearing Corporation. At the time of The Clearing Corporation's morning settlement on the first Business Day following Last Clearing Day, Participants making or taking delivery shall be required to post Delivery Collateral with The Clearing Corporation in an amount that is at least equivalent to the amount that would be required as original Margin for the same position in OTC Benchmark Treasury Futures Contracts. Failure to do so shall constitute a Default pursuant to Rule 605 and shall subject the Participant to discipline by The Clearing Corporation.
- (e) Provided that a Participant has excess original Margin on the first Business Day following Last Clearing Day and is not in default, The Clearing Corporation shall retain any excess original Margin in an amount necessary to satisfy the Participant's Delivery Collateral requirement.

- (f) Acting solely in its capacity as escrow agent, The Clearing Corporation will, upon a Participant's request, release excess Delivery Collateral to the Participant that has posted the same on the second Business Day after Last Clearing Day unless the Participant's delivery counterparty has provided timely written notice to The Clearing Corporation that delivery was not made timely and in full.
- (g) Notwithstanding the foregoing, the Clearing Corporation, acting solely as an escrow agent, shall allow a Clearing Participant to obtain an early release of Delivery Collateral provided the Clearing Participant and the counterparty Clearing Participant to which it has been assigned for delivery both notify the Clearing Corporation that each Clearing Participant releases the Clearing Corporation from holding Delivery Collateral from the counterparty Clearing Participant. If the Clearing Corporation receives such notifications prior to the posting of Delivery Collateral for a specific delivery it will not require the posting of such Delivery Collateral for such delivery.
- (h) In the event that a Participant (a "Defaulting party") shall fail to fulfill its delivery obligations (including payment therefor) and the opposite Participant (the "non-Defaulting Participant") shall have given timely notice thereof, The Clearing Corporation's sole obligation shall be to release to the non-Defaulting Participant any Delivery Collateral held by The Clearing Corporation in respect of the Defaulting party's positions. In the event that more than one non-Defaulting Participant is entitled thereto, The Clearing Corporation shall allocate such Delivery Collateral ratably among the non-Defaulting Participants. Notwithstanding the foregoing, if The Clearing Corporation receives an order of a court of competent jurisdiction to the effect that a Participant is entitled to receive an amount of Delivery Collateral identified in such written instructions or order, The Clearing Corporation will disburse such amount of Delivery Collateral to such Participant.



- (i) Beyond the exercise of reasonable care in the custody and preservation thereof, The Clearing Corporation will have no duty as to any Margin or Delivery Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Clearing Corporation will be deemed to have exercised reasonable care in the custody and preservation of Margin or Delivery Collateral in its possession or control if such Margin or Delivery Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Margin or Delivery Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by The Clearing Corporation in good faith or by reason of any act or omission by The Clearing Corporation pursuant to instructions from a Participant, except to the extent that such liability arises from The Clearing Corporation's gross negligence or willful misconduct. **THE CLEARING CORPORATION SHALL NOT BE LIABLE FOR ANY LOSS, COST, OR EXPENSE ARISING FROM THE FAILURE OF A PARTICIPANT OR CUSTOMER OR OTHER NON-PARTICIPANT TO PERFORM ANY OF ITS DELIVERY OBLIGATIONS, INCLUDING THE POSTING OF DELIVERY COLLATERAL.**
  
- (j) Notwithstanding anything to the contrary in these Rules, The Clearing Corporation holds Delivery Collateral solely as escrow agent to secure the obligations of a Participant arising under OTC Benchmark Treasury Futures Contracts and will not retain or apply Delivery Collateral in satisfaction of a Participant's obligations to The Clearing Corporation.

**15-503. Delivery Price.**

All deliveries on OTC Benchmark Treasury Futures Contracts shall be made at the Settlement Price for such OTC Benchmark Treasury Futures Contract on the Last Clearing Day. (Accrued interest shall be determined in accordance with Department of the Treasury Circular 300, Subpart E.)

**15-505. Settlements on Defaulted Deliveries.**

The Clearing Corporation shall not under any circumstance be obligated to make or accept deliveries in satisfaction of OTC Benchmark Treasury Futures Contracts, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery obligation following The Clearing Corporation's assignment of delivery instructions as provided in Rule 15-501.

**APPENDIX 15-A**

**Product Specification – OTC Benchmark Treasury Futures Contracts**

Item	Specification
Contract Description	On-The-Run and First-Off-The-Run issues of the 2-year, 3-year, 5-year, 10-year, and 30-year U.S. Treasuries
First Listing Day	One Business Day after the auction of the On-The-Run issue
Contract Size per lot	2-year = \$100,000 face value; 3-year = \$100,000 face value; 5-year = \$100,000 face value; 10-year = \$100,000 face value; 30-year = \$100,000 face value.
Currency	US Dollars and cents
Minimum Price Fluctuation	2-year = 1/8 of 1/32 <sup>nd</sup> of a point; 3-year = 1/8 of 1/32 <sup>nd</sup> of a point; 5-year = 1/8 of 1/32 <sup>nd</sup> of a point; 10-year = 1/8 of 1/32 <sup>nd</sup> of a point; 30-year = 1/8 of 1/32 <sup>nd</sup> of a point.
Truncation	<p>1/8 of 1/32 0.0039062                  2/8 of 1/32 0.0078125                  3/8 of 1/32 0.0117187                  4/8 of 1/32 0.0156250                  5/8 of 1/32 0.0195312                  6/8 of 1/32 0.0234375                  7/8 of 1/32 0.0273437</p> <p>The Contract Value is rounded to the nearest cent per contract.</p>

Last Clearing Day	<p>2-year = If the last day of the expiring month is a business day, then the Last Clearing Day is the second last business day of the expiring month; otherwise, the Last Clearing Day is the last business day of the expiring month. <u>Provided, however, for the third (3<sup>rd</sup>) successive month listed for the Issues associated with the Quarterly Auctions, the Last Clearing Day shall be One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month.</u></p> <p>3-year = One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month;</p> <p>5-year = If the last day of the expiring month is a business day, then the Last Clearing Day is the second last business day of the expiring month; otherwise, the Last Clearing Day is the last business day of the expiring month. <u>Provided, however, for the third (3<sup>rd</sup>) successive month listed for the Issues associated with the Quarterly Auctions, the Last Clearing Day shall be One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month.</u></p> <p>10-year = One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month;</p> <p>30-year = One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month.</p>
Contract Series	See Table A-1 below
Delivery Schedule	Participants must submit instructions to FICC to deliver or receive delivery of Treasuries by 7:00 p.m. (Chicago Time) on the Last Clearing Day. Instructions must be submitted in a form and manner acceptable to the FICC.
Delivery Instrument	The specific issue of the associated OTC Benchmark Treasury Futures Contract.

**Table A-1**

Maturity	Current Auction Cycle	Auction Groupings for Listing of Months	Number of Months Listed for each Issue	First Listing Day
2 YR	Monthly	<p>Monthly Auctions are divided into two (2) groups:</p> <ol style="list-style-type: none"> <li>1. Non-quarterly Auctions: those 2 YR auctions held in January, March, April, June, July, September, October and December.</li> <li>2. Quarterly Auctions: Quarterly Auctions are those 2 YR Auctions held in February, May, August and November.</li> </ol>	<p>For the Non-quarterly Auctions, 2 successive calendar months.</p> <p>For the Quarterly Auctions, 3 successive calendar months.</p>	One Business Day After Auction of the On-The-Run Issue
3 YR	Quarterly		6 successive calendar months	One Business Day After Auction of the On-The-Run issue
5 YR	Monthly	<p>Monthly Auctions are divided into two (2) groups:</p> <ol style="list-style-type: none"> <li>1. Non-quarterly</li> </ol>	2 successive calendar months	One Business Day After Auction of the On-The-Run issue

		<p>Auctions: those 5 YR auctions held in January, March, April, June, July, September, October and December.</p> <p>2. Quarterly Auctions: those 5 YR Auctions held in February, May, August and November.</p>		
10 YR	Quarterly with a scheduled reopen one month after Quarterly Auction.		6 successive calendar months	One Business Day After Auction of the On-The-Run issue
30 YR	Semi Annually in February and August with a scheduled reopening of the February issue in May and a scheduled reopening of the August issue in November.		12 successive calendar months	One Business Day After Auction of the On-The-Run issue

If the Treasury announces that it will not auction a new On-The-Run or that it will reopen the existing On-The-Run issue, then additional months may be listed for the existing On-The-Run Treasury issue

## **16. OTC Forward-Starting Interest Rate Swap Futures and Swaptions.**

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### **16-101. Definitions.**

#### **Last Clearing Day**

As to any OTC Swap or Swaption Futures Contract, the last day on which the particular OTC Contract is listed for clearing.

#### **OTC Forward-Starting Swap Futures Contract (Swap Contract)**

An interest rate futures contract based upon the forward-starting interest rate swap with a notional principal of ten million (\$10,000,000 U.S. Dollars), and that exchanges semiannual interest payments at the fixed coupon rate per annum (measured according to a 30/360 daycount convention) for floating interest rate payments (based on the 3-month London interbank offered rate (LIBOR) and measured according to an actual/360 daycount convention). The following notional terms to maturity will be listed.

- 1 Year
- 2 Year
- 5 Year
- 10 Year

The underlying swaps must otherwise conform to the terms prescribed by the International Swap and Derivatives Association, Inc. (hereafter, ISDA) for the purposes of computing the daily fixing ISDA Benchmark Rates for U.S. dollar interest rate swaps.

The buying clearing participant is responsible for paying the fixed rate and receiving the floating rate.

#### **Start Date**

**The date upon which the underlying swap is set to begin.**

#### **Strike Price**

**The Strike Price is always Par (100).**

#### **Strike Rate**

**The Strike Rate is the coupon rate of the underlying swap (i.e., the fixed rate that will be swapped versus the floating rate).**

## **Swaption**

A Swaption is an option on a forward-starting swap. It gives the holder the right, not the obligation, to enter into a forward starting swap futures contract.

### **Receiver Swaptions**

A Receiver Swaption is the right but not the obligation to enter into an forward starting Interest Rate Swap futures contract where the buyer receives the fixed rate and pays floating on the expiration date of the option

### **Payer Swaptions**

A Payer Swaption is the right but not the obligation to enter into a forward starting interest rate swap futures contract where the buyer pays the fixed rate and receives the floating rate on the expiration date of the option.

## **16-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant. Participants will be responsible for ensuring that all submitted Trades are for the account of an Eligible Contract Participant or Eligible Commercial Entity as those terms are defined by Sections 1a(12) and 1a(11) of the Commodity Exchange Act.
- (b) A Trade in an OTC Swap or Swaption Futures Contract shall not be deemed to be accepted by The Clearing Corporation until sixty minutes after The Clearing Corporation's receipt of a matched Trade or until sixty minutes after The Clearing Corporation matches the buying Participant and the selling Participant of a particular Trade. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants.
- (c) Any Trade in excess of \$100,000,000 shall not be accepted until The Clearing Corporation has received from both Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (e) All Trades must be submitted to The Clearing Corporation by 10 a.m. (Chicago Time) on the Last Clearing Day.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. (Chicago Time) on Business Days. In the event that a matched Trade is received or the buying Participant and selling Participant to a Trade are matched between 4:00: p.m. and 7:00 a.m. (Chicago Time), The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. (Chicago Time) on the next Business Day.

**16-404. Settlement Prices.**

- (a) The daily Settlement Price for an OTC Swap and Swaption Futures Contract means the price for such Contract established in accordance with this Rule at the close of each Business Day. The close of clearing shall be 4:00 p.m. (Chicago Time) except for certain Holidays and the Last Clearing Day. The close of clearing on the Last Clearing Day shall be 10:00 a.m. (Chicago Time).
- (b) The daily Settlement Price for each open OTC Swap and Swaption Futures Contracts shall be determined by The Clearing Corporation. In determining the Settlement Price, The Clearing Corporation may consider price data from spot, forward, and derivative markets for both physical and financial products.
- (c) On the Last Clearing Day, the final Settlement Price will be calculated from the ISDA Benchmark Rate published by ISDA in the morning for the appropriate term of interest rate swap. The Clearing Corporation will utilize the ISDA Benchmark Rate to calculate the final Settlement Price in the following manner:

$$10,000,000 * [\text{Coupon}/r + (1-\text{coupon}/r) * (1 + .01*r/2)^{-2n}]$$

r = market yield  
n = term to maturity (in years)

The result shall be rounded to the nearest cent per contract.



- (d) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any OTC Swap and Swaptions Futures Contracts at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.

**16-506. Exercises; Expiration; Assignment of Exercises of Swaptions.**

The buying Participant of a Swaption Contract may exercise the Swaption Contract only on the Last Clearing Day and will have until 7:00 p.m. (Chicago Time) to make such an exercise. Open Swaption Contracts that are in-the-money on the close of clearing on Last Clearing Day, will be automatically exercised unless the buying Participant has notified The Clearing Corporation, in writing, by 7:00 p.m. (Chicago Time) that it does not want to exercise certain in-the-money Swaption Contracts.

Upon receipt of notices of intention to exercise Swaptions Contracts or upon automatic exercise, The Clearing Corporation shall assign exercises to eligible selling Participants. The Clearing Corporation shall promptly notify selling Participants as to the exercises assigned to them.

**16-509. Cash Settlement Swap Contracts.**

After trading ceases on the Last Day of Clearing for Swap Contracts, The Clearing Corporation shall consider the maintenance of an open position by a Participant to constitute an offer to sell to or an offer to purchase from The Clearing Corporation the specific quantity of the Swap Contracts involved at the final Settlement Price determined for such Swap Contract.

The Clearing Corporation shall, once clearing in such Swap Contracts has terminated, consider the corresponding sales or purchases made hereunder as an adjustment of the respective Participants' positions in Swap Contracts with The Clearing Corporation in the manner prescribed by these Rules.

**Listing OTC Forward Starting Swap Futures Products**

Item	Specification										
Contract Description	<p>There is a family of OTC Forward Starting Swap Futures contracts.</p> <p>Each futures product has the following distinguishing features:</p> <ul style="list-style-type: none"> <li>• A Coupon, which represents the fixed rate of the underlying swap</li> <li>• A Start Date for the underlying swap</li> <li>• A Term for the underlying swap</li> </ul>										
Notional Terms to Maturity of Underlying Swap	<ul style="list-style-type: none"> <li>• 1 Year</li> <li>• 2 Year</li> <li>• 5 Year</li> <li>• 10 Year</li> </ul>										
Start Date of the Underlying Swap	Third Wednesday of the Contract Month										
Coupon Rates	<p>Futures products may be listed with the coupon multiples:</p> <table border="1" data-bbox="310 999 818 1146"> <thead> <tr> <th>Term to Maturity</th> <th>Multiple</th> </tr> </thead> <tbody> <tr> <td>1 Year</td> <td>0.5%</td> </tr> <tr> <td>2 Year</td> <td>0.5%</td> </tr> <tr> <td>5 Year</td> <td>0.25 %</td> </tr> <tr> <td>10 Year</td> <td>0.1%</td> </tr> </tbody> </table> <p>Coupon Rates must be greater than zero.</p>	Term to Maturity	Multiple	1 Year	0.5%	2 Year	0.5%	5 Year	0.25 %	10 Year	0.1%
Term to Maturity	Multiple										
1 Year	0.5%										
2 Year	0.5%										
5 Year	0.25 %										
10 Year	0.1%										

<p>Initial Listing of Futures with Various Coupons:</p>	<p>At the commencement of trading for such futures contracts, the following coupons shall be listed for each tenor:</p> <ul style="list-style-type: none"> <li>(a) One futures product with a coupon closest to the market swap rate for an interest rate swap with that tenor. If the market swap rate is midway between two coupons, the coupon shall set to equal the greater of the two swap rates.</li> <li>(b) Futures products with the next ten consecutive higher coupon rates and the next ten consecutive lower coupon rates. However, if the rate is less than zero, it shall not be listed.</li> </ul> <p>For each tenor, the ISDA Daily Benchmark Rate will be considered the appropriate market rate for listing new futures product.</p>
<p>On-going listing</p>	<p>Over time, futures with new coupons will be added to ensure that at least ten coupons always exist above and below the ISDA Daily Benchmark rate for that tenor.</p> <p>All new coupons will be added prior to the opening of trading on the following business day.</p> <p>The Clearing Corp may modify the procedure for the introduction of coupons as it deems appropriate in order to respond to market conditions.</p>

**APPENDIX 16-B**

**Product Specification – OTC Forward Starting Swap Futures Contracts**

<b>Item</b>	<b>Specification</b>		
Contract Description	Forward Starting Swap futures represent the swap rate as the price of a specific notional coupon bond.		
Underlying Swap	<b>Item</b>	<b>Fixed Leg</b>	<b>Floating Leg</b>
	Notional Amount	\$10 MM	\$10 MM
	Day Count	30/360	Actual/360
	Payment Frequency	Semiannual	Quarterly
	Payment Date Roll	Following	Following
	Financial Center (Holidays) for Payments	London and New York, NY	London and New York, NY
	Reference Index	NA	3 Month LIBOR
	Fixing Date Roll	NA	Modified Following
	Financial Center (Holiday) for Rate Set	NA	London, UK
	Currency	US Dollars and cents	
Price Quotation	Swaps shall be quoted in terms of points and ten-thousandths of a point.		
Minimum Price Fluctuation	The minimum price fluctuation is .0001 of a point.		

<p><b>Last Day</b></p>	<p><b>Clearing</b></p> <p>The Last Clearing Day is second business day prior to the Start date of the Interest Rate Swap.</p> <p>On the Last Clearing Day of the expiring futures contract, trades will not be accepted after 10:00 a.m. (Chicago time)</p>
<p><b>Contract Series</b></p>	<p>The Start Date of the Interest Rate Swap shall be the third Wednesday of the contract month.</p> <p>Clearing shall be conducted for Start Dates of twelve successive calendar months.</p>
<p><b>First Listing Day</b></p>	<p>Clearing in a new start date (contract month) shall commence on the first business day following the last clearing day of an expiring Start Date.</p>
<p><b>Delivery</b></p>	<p>By Cash Settlement.</p>

**APPENDIX 16-C**

**Product Specification – OTC Options on Forward Starting Swaps (Swaptions)**

<b>Item</b>	<b>Specification</b>
Contract Description	Payer and Receiver options on a forward-starting interest rate swap futures.
Trading Unit	One future on a forward-starting interest rate swap with a coupon equivalent to the strike rate of the option.
Style	European Exercise on Last Clearing day.
Strikes	Trading shall be conducted for Payer and Receiver options with a Strike Rate. The Strike Rate is the coupon rate of the underlying swap (i.e., the fixed rate that will be swapped versus the floating rate). For clearing purposes, the Strike Rate will be converted to a Strike Price of 100 points.
Swaption Premium Basis & Minimum Premium Fluctuation	The premium for options on Swap Contracts shall be in multiples of .0001 of one percent (1%) of the \$10 million Swap Contract. This will equal one hundred dollars (\$100) per .0001 and one hundred thousand dollars (\$100,000) per full point.  The premium is paid upfront and is not structured into the swap rate.
Expiration	7:00 p.m. (Chicago time) on the Last Clearing Day.
First Listing Day	Strikes shall be listed at the same time as the underlying futures.
Currency	US Dollars and cents.
Last Clearing Day	Clearing in an expiring option contract shall terminate at the same time as the underlying futures contract.
Contract Months	Same as the underlying futures.

## **17. OTC SO2 Options**

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### **17-101. Definitions.**

#### **EPA SO2 Allowance**

The underlying deliverable instrument with respect to an exercised OTC SO2 Option Contract. An EPA SO2 Allowance is the instrument issued and maintained by the Environmental Protection Agency (EPA) that authorizes a utility or industrial source to emit a specific quantity of SO<sub>2</sub> during a given year or any year thereafter:

#### **Last Clearing Day**

As to any OTC SO2 Option Contract, the last day on which the particular OTC SO2 Option Contract is listed for clearing.

#### **OTC SO2 Option Contract**

The term "OTC SO2 Option Contract" has the meaning set forth in Rule 101 in relation to the definition of "OTC Contract."

### **17-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant. Participants will be responsible for ensuring that all submitted Trades are for the account of an Eligible Contract Participant or Eligible Commercial Entity as those terms are defined by Sections 1a(12) and 1a(11) of the Commodity Exchange Act.
- (b) A Trade in an OTC SO2 Option Contract shall not be deemed to be accepted by The Clearing Corporation until sixty minutes after The Clearing Corporation's receipt of a matched Trade or until sixty minutes after The Clearing Corporation matches the buying Participant and the selling Participant of a particular Trade. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants.
- (c) Any Trade with an underlying quantity in excess of 20,000 tons of SO2 shall not be accepted until The Clearing Corporation has received from both Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.

- (d) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (e) All Trades must be submitted to The Clearing Corporation by 1:00 p.m. (Chicago Time) on the Last Clearing Day.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. (Chicago Time) on Business Days. In the event that a matched Trade is received or the buying Participant and selling Participant to a Trade are matched between 4:00 p.m. and 7:00 a.m. (Chicago Time), The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. (Chicago Time) on the next Business Day.

**17-404. Settlement Prices.**

- (a) The daily Settlement Price for an OTC SO2 Option Contract means the price for such Contract established in accordance with this Rule at approximately 4:00 p.m. (Chicago Time) except on early close days for the underlying cash markets. On such days The Clearing Corporation shall use its discretion to decide the time used for determining settlement prices.
- (b) The daily Settlement Price for each open OTC Option Contract shall be determined by The Clearing Corporation. In determining the Settlement Price, The Clearing Corporation may consider price data from spot, forward, and derivative markets for both physical and financial products.

**501. Delivery Notices.**

The Clearing Corporation shall assign deliveries to Participants obligated to take delivery. The Clearing Corporation shall inform such Participants of the identity of the Participant(s) responsible for making delivery. The Clearing Corporation shall furnish to the Participant obligated to make delivery the name of the Participant obligated to accept delivery and the corresponding number of contracts.

**17-505. Settlements on Defaulted Deliveries.**



- (a) If a Participant fails to fulfill its delivery obligations as prescribed in these Rules, The Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall The Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific EPA SO2 Allowance and the reasonable market price of such EPA SO2 Allowance at the time delivery is required to be made in accordance with and the Rules of The Clearing Corporation; (ii) make or accept delivery of the EPA SO2 Allowance; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.
- (b) Notwithstanding any other provision of these Rules, The Clearing Corporation has no obligation or liability to any Participant or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Participant of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the Rules of The Clearing Corporation.
- (c) For Clearing Participants who are obligated to take delivery, The Clearing Corporation will incorporate the delivery payment(s) into the end of day settlement process on the Last Clearing Day. If The Clearing Corporation determines, in its sole discretion, that a failure to pay by such Clearing Participant constitutes a delivery default, The Clearing Corporation will instruct the selling Participant to sell the invoiced EPA SO2 Allowances as soon as reasonably practicable.

The defaulting Participant will be liable to the non-defaulting Participant to the extent of any reasonable damages (including costs) associated with the sale of the EPA SO2 Allowance(s).

- (d) If a Participant obligated to make delivery fails to deliver by 4:00 p.m. on the date scheduled for delivery, the Participant obligated to take delivery shall immediately notify The Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether such failure to make delivery is technical in nature and is likely to be remedied or whether such failure to make delivery constitutes a delivery default. If The Clearing Corporation determines that such failure was technical in nature, the selling Participant will be allowed to make delivery subsequent to 4:00 p.m. (but in no event later than the time, if any, specified by The Clearing Corporation). If The Clearing Corporation determines that the failure constitutes a delivery default, The Clearing Corporation will instruct the Participant obligated to take delivery to purchase substitute deliverable EPA SO2 Allowances as soon as reasonably practicable. The defaulting Participant will in such circumstances be liable for the reasonable damages (including costs) incurred by the non-defaulting Participant associated the purchase of the substitute EPA SO2 Allowances.
- (e) Delivery obligations of a Participant to another Participant that are not discharged timely (as provided in paragraphs (c) and (d)) and in full by the Participant shall thereupon be deemed an obligation of such Participant to The Clearing Corporation. The defaulting Participant's obligations to The Clearing Corporation must be discharged by (i) not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Participant, or (ii) such later time as may be established by The Clearing Corporation pursuant to paragraphs (c) and (d).
- (f) Notwithstanding any other provision of these Rules to the contrary, The Clearing Corporation's delivery obligations to a non-defaulting Participant obligated to take delivery or Participant obligated to make delivery shall in all cases be subject to the provisions of Chapter 8 hereof.

**17-506. Exercises; Expiration; Assignment of Exercises of OTC SO2 Options.**

The buying Participant of an OTC SO2 Option Contract may exercise the OTC SO2 Option Contract only on the Last Clearing Day and will have until 1:00 p.m. (Chicago Time) to make such an exercise. A Buying Participant may only exercise an amount of OTC SO2 Option Contracts that represents its net long position by option strike. There will be no automatic exercise of any OTC SO2 Option Contract(s). If the buying Participant fails to exercise, the associated SO2 Option Contract(s) will expire worthless, at zero.

Upon receipt of notices of intention to exercise OTC SO2 Option Contracts, The Clearing Corporation shall assign exercises to eligible selling Participants. The Clearing Corporation shall promptly notify selling Participants of the quantity of exercises assigned to them.

**Product Specification – OTC SO2 Options**

<b>Item</b>	<b>Specification</b>
Contract Description	OTC Call and Put Options on EPA SO2 Allowances for the designated vintage year or earlier
Underlying	EPA SO2 Allowances representing 500 tons for the named Vintage year or earlier
Option Style	European (no early exercise) a long Participant may only exercise on the Last Clearing Day (prior to 1:00 p.m.).
Premium Price	US Dollars and cents per ton
Minimum Price Fluctuation	\$0.10 per ton
Strike Prices	Increments of \$25 per EPA SO2 Allowance starting at \$400 to \$550. More strike prices may be added by The Clearing Corporation from time to time..
Last Clearing Day	The 15 <sup>th</sup> day of the expiration month. If the 15 <sup>th</sup> is not a business day the Last Clearing Day shall be the following business day.
Expiration	1:00 p.m. Chicago Time on Last Clearing Day

Contract Months	Monthly, January of the named vintage year through February of the year following the named Vintage year. At most 12 months from current month.
Assignment	<p>Each Clearing Participant holding a net open Long Position (by option strike) with respect to an OTC SO2 Option Contract may notify The Clearing Corporation of its desire to exercise its net open position on Last Clearing Day (prior to 1:00 p.m. Chicago Time). <b>There will be no automatic exercise of any OTC SO2 Option Contract(s). If the buying Participant fails to exercise, the associated SO2 Option Contract(s) will expire worthless, at zero.</b> The Clearing Corporation shall assign such exercises to Participants holding net short open positions (by strike) on a random basis. In order to facilitate bookkeeping, exercised and assigned positions will result in bookkeeping futures contracts at the specific strike prices. The Clearing Corporation will thereafter assign deliveries between Participants based on their net long or net short bookkeeping futures position(s). The Clearing Corporation will inform Participants required to make delivery and those required to take delivery of the identity of their delivery-related counterparty and the number of EPA SO2 Allowances to be delivered between them. Delivery of allowances will be made at a price determined by The Clearing Corporation (based on the underlying cash market.)<sup>1</sup></p>

<sup>1</sup> As part of the final clearing process on the Last Clearing Day CCorp will create bookkeeping futures contracts to offset the net bookkeeping positions. Such offsetting bookkeeping futures contracts will be at a price determined by CCorp (based on the underlying cash market).

Delivery	<p>The Clearing Corporation shall calculate the delivery payment amount for each Participant obligated to take delivery of Allowances as part of its OTC SO2 option exercise/assignment cycle beginning at approximately 1:00 p.m. on the Last Clearing Day. For Participants obligated to take delivery such amounts will be incorporated into the end of day settlement process. Each Participant obligated to deliver allowances shall submit, electronically, the allowance transfer instructions via the EPA's Clean Air Market's Division Business System by no later than 10 a.m. on the first business day following Last Clearing Day. As soon as practicable, the Participant obligated to take delivery shall provide The Clearing Corporation with confirmation that it or its designated client(s) have received delivery of EPA SO2 Allowances. Upon receipt of such confirmation, The Clearing Corporation shall transfer payment to the Participant who made delivery in The Clearing Corporation's next payment cycle.</p>
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# Rules of The Clearing Corporation

## 1. INTERPRETATION

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### 101. Definitions.

#### **Board; Board of Directors**

The Board of Directors of The Clearing Corporation.

#### **Business Day**

Any day (other than Saturdays, Sundays and holidays observed by The Clearing Corporation) on which The Clearing Corporation is open for business. References in these Rules to a "day" or "Business Day" shall, unless the context otherwise requires, mean the "Business Day" corresponding to the trading day declared by the relevant Market.

#### **Bylaws**

The Bylaws of The Clearing Corporation, as in effect from time to time.

#### **Certificate of Incorporation**

The Restated Certificate of Incorporation of The Clearing Corporation, as amended from time to time.

#### **Collateral**

At any time, such property, other than Margin, as may be delivered, or in which a security interest may be granted, by a Participant to The Clearing Corporation or its custodian, as collateral for the Obligations, and all proceeds of the foregoing.

#### **Commission**

The U.S. Commodity Futures Trading Commission.

**Commodities**

All goods, articles, services, rights and interests in which Exchange Contracts are dealt in.

**Contracts**

Exchange Contracts and OTC Contracts.

**Default**

Any event that would constitute a default under Rule 605.

**Eurex**

The exchanges operating as Eurex Deutschland and Eurex Zurich AG.

**Eurex Clearing**

Eurex Clearing AG, Frankfurt, a German corporation.

**EurexUS**

U.S. Futures Exchange, L.L.C., a Delaware limited liability company.

**Exchange Contract**

A Futures Contract, Option on a Futures Contract or Option on a Commodity that is dealt in on or subject to the rules of an Exchange Market or a Linked Exchange and submitted to The Clearing Corporation for clearance in accordance with these Rules.

**Exchange Market**

An exchange or market that has been designated by or registered with the Commodity Futures Trading Commission as a contract market or derivatives transaction execution facility, is party to an agreement with The Clearing Corporation for the provision of clearing services, and is specifically identified in these Rules as an Exchange Market.

**... Interpretations and Policies:**

- .01 The following exchanges and markets are Exchange Markets in respect of the following Exchange Contracts:



(a) EurexUS, with respect to (i) 30-year Treasury Bond Futures, (ii) 10-year Treasury Note Futures, (iii) 5-year Treasury Note Futures, (iv) 2-year Treasury Note Futures (\$200,000 notional amount), (v) Options on 30-year Treasury Bond Futures, (vi) Options on 10-year Treasury Note Futures, (vii) Options on 5-year Treasury Note Futures, (viii) Options on 2-year Treasury Note Futures (\$200,000 notional amount), (ix) 2-year Treasury Note Futures (\$1,000,000 notional amount), (x) 3-year Treasury Note Futures, (xi) Options on 2-year Treasury Note Futures (\$1,000,000 notional amount), (xii) Options on 3-year Treasury Note Futures, (xiii) Russell 1000<sup>®</sup> Stock Price Index Futures, (xiv) Russell 2000<sup>®</sup> Stock Price Index Futures, (xv) the following currency futures contracts: EUR/USD, AUD/USD, GBP/USD, USD/JPY, USD/CHF, USD/CAD EUR/JPY, GBP/JPY, EUR/CHF, EUR/GBP, GBP/CHF, EUR/CAD, NZD/USD, AUD/CAD, AUD/JPY, NZD/JPY, CAD/JPY, CHF/JPY, (xvi) the following wind index futures: NORDIX Wind Index – NY Region 1, NORDIX Wind Index – NY Region 2, NORDIX Wind Index – Texas Region 1, NORDIX Wind Index – Texas Region 2, NORDIX Wind Index – Texas Region 3, NORDIX Wind Index – Texas Region 4, NORDIX Wind Index – Texas Region 5, (xvii) futures on the following ISE Stock Price Indices: Homebuilders Stock Price Index, SINDEX Stock Price Index, Revere Natural Gas Stock Price Index, and Water Stock Price Index, (xviii) the following spot equivalent currency futures contracts: EUR/USD, GBP/USD, USD/JPY, USD/CHF, USD/CAD, and AUD/USD, and (xix) the following Morningstar Stock Price Futures Indexes: Morningstar Large Cap Core Index Futures, Morningstar Large Cap Growth Index Futures, Morningstar Large Cap Value Index Futures, Morningstar Medium Cap Core Index Futures, Morningstar Medium Cap Growth Index Futures, Morningstar Medium Cap Value Index Futures, Morningstar Small Cap Core Index Futures, Morningstar Small Cap Growth Index Futures, Morningstar Small Cap Value Index Futures, all as set forth more fully in Chapter 9A.

(b) Chicago Climate Futures Exchange, LLC, with respect to (i) Sulfur Financial Instrument Futures and futures options, (ii) Sulfur Financial Instrument Futures Current Vintage Delivery and futures options, (iii) Nitrogen Financial Instrument Futures and futures options, (iv) ECO-Clean Energy index Futures, (v) Certified Emission Reduction Futures and futures options, (vi) Nitrogen Financial Instrument (Annual) Futures, (vii) European Carbon Financial Instrument Futures, and (viii) IFEX U.S. Wind Binary Futures Contracts.

## **Final Settlement**

With respect to a Participant that has open Trades or positions in Contracts at the close of trading on the Last Trading Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

## **Futures Contracts**

Contracts for the purchase or sale of a Commodity for future delivery dealt in pursuant to the rules of an Exchange Market.

## **General Guaranty Fund**

At any time, funds or other property of The Clearing Corporation, set aside and recorded on the books of The Clearing Corporation in support of the Obligations of Participants in respect of all Contracts except for those expressly subject to a Special Guaranty Fund.

## **Guaranty Funds**

The General Guaranty Fund and such Special Guaranty Funds as are in existence from time to time.

## **Last Trading Day**

The final day of trading in a Contract, as set forth in the rules of the relevant Market or in these Rules.

## **Link Agreement**

"Link Agreement" has the meaning given that term in Rule 9-102B.

## **Linked Clearinghouse**

The clearinghouse for a Linked Exchange, whether a separate entity or a division of such linked exchange.

### **... Interpretations and Policies:**

.01 The following clearinghouses are Linked Clearinghouses in respect of the following Linked Exchanges:

- (a) Eurex Clearing in respect of Eurex.

## **Linked Exchange**

An Exchange Market whose Contracts are submitted to The Clearing Corporation for clearing in accordance with these Rules pursuant to an agreement between The Clearing Corporation and the primary clearinghouse for such Exchange Market.

### **... Interpretations and Policies:**

.01 The following Exchange Markets are Linked Exchanges in respect of the following Exchange Contracts:

- (a) Eurex, with respect to (i) DAX Futures, (ii) Dow Jones EURO STOXX 50 Futures, (iii) Euro Schatz Futures, (iv) Options on Euro Schatz Futures, (v) Euro Bobl Futures, (vi) Options on Euro Bobl Futures, (vii) Euro Bund Futures, (viii) Options on Euro Bund Futures, (ix) Dow Jones Global Titans Index 50 Futures, (x) Dow Jones STOXX 50 Futures, (xi) Dow Jones STOXX 600 Banks Futures, (xii) Dow Jones EURO STOXX Banks Index Futures, (xiii) One-Month EONIA Futures, (xiv) Three-Month EURIBOR Futures, (xv) Options on Three-Month EURIBOR Futures, and (xvi) Euro Buxl Futures, as set forth more fully in Chapter 9B.

## **Margin**

Original Margin (including super and special margin), Option premiums and variation settlements paid or payable by or to a Participant to or by The Clearing Corporation.

## **Markets**

Exchange Markets and OTC Markets.

## **Obligations**

All financial obligations of a Participant arising under these Rules in respect of or arising out of Contracts, in either case however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

## **Option**

An Option on a Futures Contract or Option on a Commodity, dealt in pursuant to the rules of an Exchange Market.

## **OTC Contract**

An agreement, contract, or transaction that is specifically identified in these Rules as an OTC Contract and submitted to The Clearing Corporation in accordance with these Rules and that is: (i) (A) an interest rate swap, option, or forward agreement, including a rate floor, rate cap, rate collar, cross-currency rate swap, basis swap, or forward rate agreement; (B) a same day-tomorrow, tomorrow-next, forward, or other foreign exchange or precious metals agreement; a currency swap, option, or forward agreement; (C) an equity index or equity swap; (D) a debt index or debt swap; (E) a credit spread or credit swap, option, or forward agreement; (F) a commodity index or commodity swap, option, or forward agreement; or (G) a weather swap, weather derivative, or weather option; (ii) similar to any other agreement, contract, or transaction referred to above that is a forward, swap, or option on one or more occurrences of any event, rates, currencies, commodities, economic or other indices or measures of economic or other risk or value; (iii) excluded from the Commodity Exchange Act under section 2(c), 2(d), 2(f), or 2(g) of such Act, or exempted under section 2(h) or 4(c) of such Act; or (iv) an option to enter into any, or any combination of, agreements, contracts or transactions referred to herein.

... Interpretations and Policies:

.01 The following are OTC Contracts:

- (a) "OTC Benchmark Treasury Futures Contract", as set more fully in Chapter 15 and Appendix 15-A.
- (b) "OTC Forward-Starting Swap and Swaption Futures", as set more fully in Chapter 16 and Appendix 16-A.
- (c) OTC SO2 Options, as set forth more fully in Chapter 17 and Appendix 17-A.

## **OTC Market**

A market that is party to an agreement with The Clearing Corporation for the provision of clearing services and that is specifically identified in these Rules as an OTC Market.

... Interpretations and Policies:

.01 The following exchanges and markets are OTC Markets in respect of the following OTC Contracts:

- (a) ChemConnect, Inc. with respect to (i) Ethane Forward (F.O.B. at Enterprise Product Partners L.P. facility at Mt. Belvieu, Texas), (ii) Ethane Swap (Mt. Belvieu/Enterprise), (iii) Ethane Swap (Mt.

Belvieu/Enterprise – OPIS Index Settlement) (iv) Options on Ethane Forward, (v) Propane Forward (F.O.B. at Texas Eastern Pipeline Company facility at Mt. Belvieu, Texas), (vi) Propane Swap (Mt. Belvieu/TET), (vii) Propane Swap (Belvieu/TET – OPIS Index Settlement) (viii) Options on Propane Forward (ix) Propane Forward (F.O.B. at Williams facility in Conway); (x) Propane Swap (Conway/Williams); (xi) Propane Swap (Conway/Williams – OPIS Index Settlement (each, a “ChemConnect Contract,” and collectively, “ChemConnect Contracts”), as set more fully in Chapter 12 and Appendix 12-A.

- (b) IntercontinentalExchange, Inc., with respect to (i) PJM West Peak Power Contracts, and (ii) Into Cinergy, Sellers Daily Choice Peak Power Contracts (each, an “ICE Contract,” and collectively, “ICE Contracts”), as set forth more fully in Chapter 13 and Appendix 13-A.

### **Participant**

A person (other than Eurex Clearing ) as Special Clearing Member) that has been approved by The Clearing Corporation for the submission of Contracts and that is party to an agreement with The Clearing Corporation specifically relating to transactions in Contracts.

### **Person**

An individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

### **President**

The President of The Clearing Corporation.

### **Rule**

References to a “Rule” or “Rules” are references to the Rules of The Clearing Corporation.

### **Settlement Price**

The price, established in accordance with Rule 404, for open Contracts.

### **Special Clearing Member**

A Linked Clearinghouse that acts on behalf of its own members or Participants as a clearing member of another Linked Clearinghouse pursuant to an agreement between The Clearing Corporation and such Linked Clearinghouse.

... **Interpretations and Policies:**

.01 The following Linked Clearinghouses are Special Clearing Members:

- (a) The Clearing Corporation is a Special Clearing Member of Eurex Clearing, as set forth more fully in Chapter 9.
- (b) Eurex Clearing is a Special Clearing Member of The Clearing Corporation, as set forth more fully in Chapter 9.

**Special Guaranty Fund**

One or more Guaranty Funds established by The Clearing Corporation in support of the Obligations of Participants in respect of Contracts made on or subject to the rules of the Markets specified herein.

... **Interpretations and Policies:**

.01 The following Guaranty Fund is a Special Guaranty Fund in respect of the following Markets:

- (a) Emerging Markets Guaranty Fund, with respect to IntercontinentalExchange, Inc.

**Trades**

Transactions in Contracts.

**Transfer Trades**

With respect to Exchange Contracts, transactions commonly referred to as give-ups, office transfers, exchanges of futures for physicals or exchanges of futures for swaps, as well as such other transactions in Exchange Contracts as may be defined as Transfer Trades by The Clearing Corporation. With respect to OTC Contracts, transactions in OTC Contracts that are defined as Transfer Trades by The Clearing Corporation.

**102. Scope and Interpretation.**

- (a) The Rules set forth herein are applicable only to Trades and related obligations arising out of Exchange Contracts and OTC Contracts. In the event of a conflict between these Rules and the Bylaws of The Clearing Corporation, these Rules will prevail. In the event of a conflict between these Rules generally and Rules adopted by The Clearing Corporation specifically governing Trades and related obligations made on a

particular Market or particular types of transactions, the Rules specifically governing such Trades, obligations or transactions will prevail. More particularly:

- (i) The Rules in Chapters 1 - 8 are supplemented for specific Markets and Contracts by the Rules in Chapters 9 *et seq.* (Thus, for example, the definitions in Rule 101 are supplemented, for purposes of Chapter 9A, by the additional definitions in Rule 9-101A.) The Rules in Chapters 9 *et seq.* shall apply only to the Market or Contracts specified in the caption to such Chapter.
  - (ii) Where the numbering of a Rule in Chapters 9 *et seq.* corresponds to that of a Rule in Chapters 1 - 8, the Rule in Chapters 1 - 8 is superseded to the extent applicable by the correspondingly numbered Rule in Chapter 9 *et seq.* (Thus, for example, references in Chapter 10 to the term "Settlement Price" mean the Settlement Price established in accordance with Rule 10-404.)
  - (iii) Where a Rule in Chapter 9 *et seq.* is "[Reserved]," the correspondingly numbered Rule in Chapters 1 - 8 is made expressly inapplicable to the Market and Contracts that are the subject of the Rules in that Chapter.
- (b) In these Rules, unless a clear contrary intention appears, (i) the singular number includes the plural number and vice versa, (ii) reference to the masculine, feminine or neuter gender includes each other gender, (iii) any reference to a number of days shall mean calendar days unless Business Days, or, for purposes of Chapter 9B, Exchange days, are specified, and (iv) any reference to times shall mean the time in Chicago, Illinois. Except as otherwise specifically provided in these Rules, an act that otherwise would be required or permitted by these Rules to be performed on a date that is not a Business Day may be performed on the next day that is a Business Day.

## 2. MEMBERSHIP

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### 201. Qualifications of Participants.

- (a) The Clearing Corporation shall have the sole power to determine whether any applicant for status of Participant, or any existing Participant, satisfies the qualifications established by The Clearing Corporation. Only persons found by the Corporation to be so qualified shall be permitted to be Participants. For the purpose of determining whether any applicant or Participant is thus qualified, The Clearing Corporation may establish minimum capital and other financial requirements for Participants, examine the books and records of any applicant or Participant, and may take such other steps as it may deem necessary to ascertain the facts bearing upon the question of qualification.
- (b) In order to justify The Clearing Corporation assuming the risk of clearing their Trades, Participants must meet and maintain such standards of business integrity, financial capacity, creditworthiness, operational capability, experience and competence as may be established by The Clearing Corporation from time to time. Without limitation of the foregoing, no applicant shall be admitted as a Participant unless:
  - (i) It meets, at the time of admission and maintains thereafter, such minimum capital requirements as may be established from time to time by The Clearing Corporation;
  - (ii) It makes and maintains, so long as it is a Participant, a deposit or deposits of Collateral in one or more Guaranty Funds as required by these Rules;
  - (iii) It has established satisfactory relationships with, and has designated to The Clearing Corporation, an approved settlement bank for confirmation and payment of all Margins and settlements with The Clearing Corporation;
  - (iv) It maintains back-office facilities staffed with experienced and competent personnel or has entered into a facilities management agreement in form and substance acceptable to The Clearing Corporation; and
  - (v) It files in a timely manner all reports and information relating to the Participant, Persons controlling the Participant, and related or affiliated organizations as required by these Rules or otherwise required by The Clearing Corporation.



## **202. Application for Participant Status.**

- (a) Persons desiring to clear Trades through The Clearing Corporation shall make application in such form as shall be prescribed by The Clearing Corporation. Each applicant must agree to abide by the Rules, interpretations and policies of The Clearing Corporation as in effect from time to time. Further, each person desiring to clear Trades in USD Contracts (as defined in Chapter 9A of these Rules) must be a member of EurexUS and must abide by the applicable rules of Eurex US; each person desiring to clear Trades in Euro Contracts (as defined in Chapter 9B) must abide by the rules of Eurex and Eurex Clearing to the extent applicable. An applicant for Participant status shall be conclusively deemed to have agreed to have no recourse against The Clearing Corporation in the event that its application to become a Participant is rejected.
- (b) Notwithstanding the termination of Participant status, a Person qualified as a Participant agrees to be responsible for any violation of the Rules, interpretations and policies of The Clearing Corporation committed by such Person while a Participant and agrees to have any disputes which arise while a Participant which relate to or arise out of any transaction with The Clearing Corporation or status of a Participant in The Clearing Corporation resolved in accordance with the Rules.

## **203. Restriction on Activity.**

The failure to continue to comply with the conditions of the Rules may subject a Participant to a suspension or revocation of clearing privileges. In addition, or in the alternative, and in either case in its sole discretion, The Clearing Corporation shall be authorized: (a) to impose such additional capital, Margin or other requirements as it shall deem appropriate for the protection of The Clearing Corporation and its Participants; (b) to allow such Participant to submit Trades solely for the Participant's own account; (c) to allow such Participant to submit Trades for liquidation only; (d) to limit or restrict the type of Contracts that may be cleared by such Participant in any of its accounts with The Clearing Corporation; or (e) to limit or restrict the number of Contracts that are permitted to be maintained by such Participant in any of its accounts with The Clearing Corporation.

## **204. Financial Statements of Participants.**

Each Participant shall submit statements of its financial condition at such times and in such manner as shall be prescribed from time to time.

## **205. Parent Guarantee.**

- (a) A Participant that is organized as a corporation, the majority of whose outstanding capital stock is owned or controlled by another corporation or by a partnership or limited liability company, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the Participant's obligations relating to Contracts. For purposes of this paragraph, stock of a corporate applicant or Participant which is owned or controlled by an officer, stockholder, or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.
- (b) A partnership whose partners include one or more other partnerships, corporations or limited liability companies shall be approved for the clearing of Contracts only if all of its partners are general partners. The Clearing Corporation may, for good cause shown, waive this provision.
- (c) A limited liability company, the majority of whose membership interests are owned or controlled by another limited liability company or by a corporation or partnership, shall be approved for the clearing of Contracts only if its controlling parent organization or individuals with a significant ownership interest guarantee the Participant's obligations relating to Contracts. For purposes of this paragraph, membership interests which are owned or controlled by a manager, managing Participant, an officer, shareholder or partner of another organization will be considered owned or controlled by such other organization. The Clearing Corporation may, for good cause shown, waive this provision.

### **... Interpretations and Policies:**

- .01 The guarantee of a Participant's obligations required by this Rule shall, unless otherwise provided in particular cases, be applicable only to Trades made for a proprietary account (as such term is defined in Commission Regulation 1.3(y)) or other non-customer accounts of the Participant.

## **206. Common Owner Guarantee.**

- (a) No more than one Participant shall be owned or controlled, directly or indirectly, by the same Person unless:

- (i) Each such Participant consents to the use by The Clearing Corporation of any and all assets of the Participant in the possession of The Clearing Corporation or under its control to satisfy the obligations of all such commonly owned or controlled Participant to The Clearing Corporation;
  - (ii) Each such Participant guarantees to The Clearing Corporation all obligations of all such commonly owned or controlled Participants, including, without limitation, obligations arising out of house and customer account positions maintained by The Clearing Corporation; and
  - (iii) Each such Participant irrevocably consents to its immediate suspension or expulsion from its status as a Participant should it fail timely and fully to honor its guarantee of the obligations of such commonly owned or controlled Participants or should such a commonly owned or controlled Participant fail to honor its guarantee of such Participant.
- (b) The Clearing Corporation may grant exemptions from the requirements of this Rule 206 for good cause shown if it determines that such exemptions will not jeopardize the financial integrity of The Clearing Corporation.

**207. Notices Required of Participants.**

- (a) Each Participant shall immediately notify The Clearing Corporation, orally and in writing, of:
  - (i) Any material adverse change in the Participant's financial condition including, but not limited to, a decline in net capital or, with respect to Participants that are not registered with the Commission as futures commission merchants, net worth equal of 20% or more, or if such Participant knows or has reason to believe that its adjusted net capital has fallen below The Clearing Corporation's minimum capital requirements;
  - (ii) Any proposed material reduction (and, in all cases, if the reduction is 30% or more) in the Participant's operating capital, including the incurrence of a contingent liability which would materially affect the Participant's capital or other representations contained in the latest financial statement submitted to The Clearing Corporation should such liability become fixed; provided, that any such reduction in operating capital shall not be effected by the Participant if The Clearing Corporation specifically objects thereto, in writing, within thirty days after receipt of written notice thereof;

- (iii) Any refusal of admission to, withdrawal of any application for membership in, any suspension, expulsion, bar, fine, censure, denial of membership, registration or license, withdrawal of any application for registration, cease and desist order, temporary or permanent injunction, denial of trading privileges, or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, by the Commission, the Securities and Exchange Commission, any commodity or securities exchange, clearing organization, the National Futures Association, the National Association of Securities Dealers, any self-regulatory organization or other business or professional association;
- (iv) The imposition of any restriction or limitation on the business conducted by the Participant on or with any securities or futures clearing organization or exchange (including, without limitation, any contract market, derivatives transaction facility, exempt board of trade, Linked Exchange, other trading facility, or Linked Clearinghouse, other than restrictions or limitations imposed generally on all Participants of or participants in such clearing organization or exchange;
- (v) Any failure by such Participant, or any guarantor or commonly owned or controlled Participant (as provided in Rules 205 and 206) to perform any of its material contracts, obligations or agreements;
- (vi) Any determination that it, or any guarantor or commonly owned or controlled Participant (as provided in Rules 205 and 206), will be unable to perform any of its material contracts, obligations or agreements;
- (vii) The insolvency of such Participant, or of any guarantor or commonly owned or controlled Participant (as provided in Rules 205 and 206);

- (viii) The institution of any proceeding by or against the Participant, any affiliate of the Participant, or any Person with an ownership interest of greater than 5% in the Participant, under any provision of the bankruptcy laws of the United States, or under the Securities Investor Protection Act of 1970, any other statute or equitable power of a court of like nature or purpose, in which such Participant or Person is designated as the bankrupt, debtor or equivalent, or a receiver is appointed or if a receiver, trustee or similar official is appointed for the Participant, such Person, or its or their property;
  - (ix) The receipt by such Participant, or the filing by such Participant with a self-regulatory organization, of a notice of material inadequacy;
  - (x) The receipt by such Participant from its independent auditors of an audit opinion that is not unqualified;
  - (xi) The cessation by such Participant of its clearing of Trades for a trading member of an Exchange; and
  - (xii) The failure by such Participant to make or take delivery of a Commodity relating to a Euro Contract in accordance with Chapter 9 of these Rules.
- (b) Each Participant shall promptly provide written notice to The Clearing Corporation of:
- (i) Any changes in its name, business address, its telephone or facsimile number, electronic mail address, or any number or access code for any electronic communication device used by it to communicate with The Clearing Corporation;
  - (ii) Any proposed change in the organizational or ownership structure or management of a Participant; and
  - (iii) Any transfer, offer to transfer, or termination of an Exchange Market membership, where such membership has been designated under the rules of such Exchange Market for the benefit of the Participant.

... **Interpretations and Policies:**

- .01 As used in paragraph (a)(i), the term "net capital" means the greatest of: (a) the minimum net capital requirement established by The Clearing Corporation for such Participant; (b) with respect to a Participant that is a registered futures commission merchant, adjusted net capital as provided in Commission Regulation 1.17; and, (c) with respect to a Participant that is a registered broker-dealer, excess adjusted net capital as provided in Securities and Exchange Commission Regulation 15c3-1.

**208. Exchange Membership.**

The Clearing Corporation may decline or restrict the ability of a Participant to clear Trades made on any Exchange where such Participant is not admitted to the privileges of membership or is not approved by such Exchange Market to clear Trades made on or subject to the rules of such Exchange Market.

**209. Termination of Participant Status.**

- (a) Upon the occurrence of a Termination Event (as defined herein), The Clearing Corporation may, in its sole discretion, impose limitations, conditions and restrictions upon a Participant or terminate the status of the Participant. In such circumstances, The Clearing Corporation may, in its sole discretion, (i) decline to accept new Trades, (ii) cause open Contracts to be transferred to another clearing organization designated by the Market, with such security against claims and liabilities as The Clearing Corporation shall deem necessary for its protection, (iii) permit Trades to be tendered for liquidation only, (iv) cause open Contracts to be settled in cash or liquidated in the open market, and (v) otherwise take or omit to take such actions, or any combination thereof, as it deems necessary or appropriate in the circumstances.
- (b) As used herein, "Termination Event" shall mean the occurrence of any of the following:
- (i) The expiration or termination of the agreement for clearing services between The Clearing Corporation and the relevant Market;
  - (ii) The expiration or termination of the agreement between the Participant and The Clearing Corporation;
  - (iii) A representation or warranty made by the Participant to The Clearing Corporation under or in connection with any agreement between The Clearing Corporation and the Participant shall be false or misleading in any material respect as of the date on which made;

- (iv) The breach by the Participant of the Rules or any of the terms or provisions of any agreement between The Clearing Corporation and the Participant which is not remedied promptly after notice from The Clearing Corporation; or
- (v) The Participant is in Default.

### **3. CLEARING OF CONTRACTS**

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#### **301. Effect of Clearance.**

Trades submitted for clearance by or for the account of a Participant shall be submitted to The Clearing Corporation as required by the Rules and the rules of the Market, and if The Clearing Corporation accepts the same, as provided in Rule 310, the buying Participant shall be deemed to have bought such Contract from The Clearing Corporation and the selling Participant shall be deemed to have sold such Contract to The Clearing Corporation. Upon such substitution, such buyers and sellers shall be released from their obligations to each other, and The Clearing Corporation shall be deemed to have succeeded to all the rights, and to have assumed all the obligations, of the original parties to such contracts, to the extent provided in these Rules.

#### **302. Tender of Trades.**

The filing of a Trade confirmation by or on behalf of a Participant, as hereinafter provided, shall be deemed a tender to The Clearing Corporation for clearance of the Trade listed on such confirmation. These Rules shall constitute part of the terms of each Contract tendered to The Clearing Corporation.

#### **303. Adjustments.**

- (a) Where a Contract is cleared and the contract price is less than the Settlement Price of the day, the selling Participant shall pay to The Clearing Corporation and the buying Participant shall receive from The Clearing Corporation the difference between the value of the Contract based upon the Settlement Price of the day and the contract price, in accordance with the policies and procedures of The Clearing Corporation. In like manner, if the contract price of a Contract is more than the Settlement Price of the day, the buying Participant shall pay to The Clearing Corporation, and the selling Participant shall receive from The Clearing Corporation, the difference between the value of the Contract based upon the Settlement Price of the day and the Contract price, in accordance with the policies and procedures of The Clearing Corporation.



- (b) Such payments shall be at the time and in the manner prescribed by The Clearing Corporation. Thereupon, the selling Participant shall be deemed to have sold such Contract to The Clearing Corporation, and the buying Participant shall be deemed to have bought such Contract from The Clearing Corporation, in each case at the Settlement Price of the day. Thereafter, from day to day, to the extent such transaction remains open, similar payments shall be made to bring the Trade to the Settlement Price of that day, and after such payments have been made, the buying Participant shall be deemed to have bought, and the selling Participant shall be deemed to have sold, such Contract to The Clearing Corporation at the Settlement Price of such day.

#### **304. Offsets.**

Where, as the result of substitution under Rule 301, a Participant has bought from The Clearing Corporation any amount of a given Contract for a particular delivery, and subsequently, and prior to such delivery, such Participant sells to The Clearing Corporation any amount of the same Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. In like manner, where a Participant sells to The Clearing Corporation any amount of a given Contract for a particular delivery, and subsequently, and before delivery, such Participant buys any amount of the same Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction, except as provided in Rule 311, and except with respect to Options. Thereupon, such Participant shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions, and shall be under no further liability to receive or make delivery with respect thereto. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.

#### **305. Trade Confirmations.**

Each Business Day, the exact hours as from time to time fixed by The Clearing Corporation, Participants shall file with The Clearing Corporation confirmations, in the manner prescribed by The Clearing Corporation (which, in the case of electronic trading systems that submit matched trades to The Clearing Corporation, shall be satisfied by confirming reports automatically generated by such system that contain the information set forth herein), covering Trades made during the day (including scratch Trades) showing for each Trade (a) the identity of both Participants, (b) whether bought or sold, (c) the quantity involved, (d) the delivery month, (e) the Contract expiration and series involved, (f) the price and/or premium, (g) whether for house, customer, non-customer or floor trader account, and (h) such other information as may be required by The Clearing Corporation to effect the matching of Trades between the buyer and the seller.

**306. Disagreement in Trade Confirmations.**

If a Trade confirmation of any Participant shall not correspond in all material respects with the confirmation of the other party to such Trade, The Clearing Corporation may reject such Trade and notify both Participants, setting forth the basis of such objection.

**307. Statement of Trades and Positions.**

The Clearing Corporation shall make available to a Participant a statement of Trades and positions for each Business Day on which such Participant has Trades to be cleared or a position open with The Clearing Corporation. Such statement shall show the amounts the Participant shall pay to or receive from The Clearing Corporation under Rule 303 and the amount of premium the Participant shall pay to or receive from The Clearing Corporation, in all cases at the time and in the manner prescribed by The Clearing Corporation.

**308. Daily Variation Settlements.**

If the statement of Trades and positions made available to a Participant under Rule 307 shows a net balance in favor of The Clearing Corporation, the Participant shall, at the time and in the manner prescribed by The Clearing Corporation, pay such net balance to The Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by The Clearing Corporation and results in immediate credit to the account of The Clearing Corporation. If such statement shows a net balance in favor of the Participant, The Clearing Corporation shall promptly pay, at the time and in the manner prescribed by The Clearing Corporation, the amount of such net balance to the Participant.

**309. Statement of Original Margins and Premiums.**

At the time a statement of the Participant's Trades and positions is made available pursuant to Rule 307, The Clearing Corporation shall also make available a statement showing original Margins and Option premiums deposited by the Participant, the amount of such Margins and premiums required by The Clearing Corporation, and the Participant's net surplus of, or deficit in, such Margins and premiums.

**310. Acceptance of Trades by Clearing Corporation.**

The Clearing Corporation shall accept no Trades for clearance except for the account of its Participants. A Trade, except a Transfer Trade, is accepted upon either The Clearing Corporation's receipt and acknowledgment of a matched Trade or matching of Trade confirmations. A Transfer Trade is accepted upon receipt of all payments and deposits required to be made pursuant to these

Rules by the Participants who are parties to the Transfer Trade. Issuance by The Clearing Corporation, to a Participant, of a statement of Trades and positions as provided in Rule 307 shall constitute confirmation that the Trades listed on such statement, except Transfer Trades, have been accepted by The Clearing Corporation.

**311. Trades for Customers.**

Where a Participant clears a Trade for a customer, whether a member or non-member of an Exchange Market, the Participant becomes liable to The Clearing Corporation and The Clearing Corporation liable to the Participant on such Trade in the same manner and to the same extent as if the Trade were for the account of the Participant; provided, however, that Trades made on or subject to the rules of an Exchange Market and designated by the Participant as for the Participant's customer shall not be offset under Rule 304 against Trades designated by the Participant as for the Participant's own account.

**312. Separate Accounts.**

A Participant required by law to segregate a particular class of transactions with The Clearing Corporation shall maintain a separate account for that purpose (the "separate account"). When appropriately so designated by the Participant, the separate account shall be treated as to Margins, Option premiums, daily variation settlements, deliveries and all other operations as though it were the account of a different Participant except that, (a) excess funds in any other account of the Participant may be allocated by The Clearing Corporation to the separate account to the extent necessary to meet applicable Margin and variation deposit requirements of these Rules, and (b) if the Participant is in Default under Rule 605 as to any account maintained by the Participant with The Clearing Corporation or for any reason ceases to be a Participant, the open Trades in all such accounts may be closed in the open market, transferred to any other Participant, or otherwise resolved and the deficit, if any, in the separate account applied against the balance in any other account of the Participant. The Clearing Corporation shall maintain all funds held in the separate accounts in accordance with relevant provisions of the Commodity Exchange Act and Commission regulations.

**313. Records.**

Participants shall keep permanent records showing, with respect to each purchase or sale, the names of both Participants, the Futures Contract, Option series, quantity, date, price, delivery or expiration month, the name or account identifier of the customer for whom the Trade was made and such other information as may be required by law, regulation, or by The Clearing Corporation. Such permanent records shall be retained for at least five years, either in original form or in such other form as The Clearing Corporation may

from time to time authorize, and shall be deemed the joint property of The Clearing Corporation and the Participant keeping such records. The Clearing Corporation shall be entitled to inspect or take temporary possession of such records at any time upon demand.

**314. Reporting.**

Participants shall make reports of their positions at the time and in the manner prescribed by The Clearing Corporation.

**315. Limitation of Liability.**

The liability of The Clearing Corporation relating to or arising out of Contracts shall be limited to losses resulting from the substitution of The Clearing Corporation upon Contracts in accordance with these Rules, **but in no event shall the amount of such liability exceed the amount on deposit in the General Guaranty Fund.** The Clearing Corporation shall not be liable for obligations of a non-Participant or obligations of a Participant to a non-Participant (other than, in each case, Eurex Clearing), obligations of a Participant to another Participant who is acting for such other Participant as broker, or obligations of a Participant to a customer, nor shall The Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of a Participant.

**... Interpretations and Policies:**

- .01** The liability of Eurex Clearing as a Special Clearing Member is governed by the provisions of the Link Agreement.

**316. Non-Acceptance of Trades.**

In case of the non-acceptance of the Trades of any Participant, The Clearing Corporation shall be deemed to have incurred no obligations respecting the Trades that are not so accepted. It shall be incumbent upon the Participants who are parties to any such Trades to take such steps as the Participants may deem necessary or proper for such Participants' own protection.

**317. Authority of President.**

Without limitation of any authority conferred by the Certificate of Incorporation, the Bylaws, other provisions of these Rules, or resolutions of the Board or any committee of the Board, the President is authorized, should he deem it necessary or advisable, to take such action as he deems necessary or appropriate for the protection of The Clearing Corporation. The President may take such action pending a meeting of the Board or committee of the Board, but shall modify or rescind such action if so instructed by the Board or such committee.

## **4. MARGIN AND SETTLEMENTS**

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### **401. Clearing Corporation Lien.**

Each Participant agrees that The Clearing Corporation shall have a first lien and security interest on all Margin, Option premiums, Trades, positions and other property held in or for the accounts of such Participant as security for all obligations of such Participant to The Clearing Corporation.

### **402. Original Margin.**

- (a) Margin deposits, other than variation deposits, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be deposited by Participants to protect The Clearing Corporation on Trades in Contracts.
- (b) Original Margin shall be deposited in the manner prescribed in Rules 405 and 406. Upon performance or closing out of contracts thus secured, the original Margin deposits may be withdrawn by the Participant upon the authorization of The Clearing Corporation. Margin calls shall ordinarily be uniform, but where particular risks are deemed hazardous, The Clearing Corporation may, in its sole discretion, depart from the rule of uniformity and call for additional Margin.

### **403. Variation Deposits.**

Margin called by reason of market fluctuations shall be known as variation deposits and shall be paid by Participants to The Clearing Corporation on demand in the manner prescribed by Rule 308. Variation deposits shall be deemed payments on account of Trades and positions for that Business Day and shall be reflected on statements of Trades and positions for that day. The Clearing Corporation may require Participants to make additional variation deposits at any time to the extent of market fluctuations.

### **404. Settlement Price.**

- (a) The Settlement Price for each open Exchange Contract shall be the price recommended for such Contract by the relevant Exchange Market as determined pursuant to the rules of such Exchange Market.

- (b) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of this paragraph, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.

**405. Cash Margin Deposits.**

If the statement of original Margins furnished to a Participant under Rule 309 shows a deficit in original Margins, such Participant shall, at the time and in the manner prescribed by The Clearing Corporation, pay an amount in U.S. Dollars, or foreign currency acceptable to The Clearing Corporation, sufficient to cover such deficit to The Clearing Corporation. Payment will be considered made hereunder only if made in a manner prescribed by The Clearing Corporation and if such payment results in immediate credit to the account of The Clearing Corporation.

**406. Non-Cash Margin Deposits.**

In lieu of maintaining original Margins in cash, as provided for in Rule 405, Participants may deposit such types of collateral as may be approved by The Clearing Corporation.

When a Participant is in default, all non-cash Margins may be converted to cash or otherwise transferred by The Clearing Corporation for the account of the Participant or its customers.

**407. Option Premiums.**

Participants shall deposit Option premiums with The Clearing Corporation at the time and in the manner prescribed by The Clearing Corporation.

## **5. DELIVERIES**

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### **501. Delivery Notices.**

A selling Participant obligated or desiring to make delivery of a Commodity shall issue and deliver to The Clearing Corporation a delivery notice containing the name and business address of the issuer of such notice; the date of issue; the date of delivery; the name of such Commodity; the total contracted quantity in satisfaction of which the delivery is being tendered; and such other information as The Clearing Corporation shall require. Delivery notices shall be furnished to The Clearing Corporation electronically in such form as may be specified by The Clearing Corporation.

The Clearing Corporation shall assign deliveries to Participants having Contracts to take delivery, for their own account or for one or more customers, of the same or lesser amount of the same Commodity. The Clearing Corporation shall notify such Participants of the deliveries that have been assigned to them and shall furnish to the Participant issuer of a delivery notice the name of the Participant obligated to accept delivery and the number of contracts for which such buying Participant is obligated. Participants receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day.

### **502. Purchases and Sales for Physical Delivery.**

Issuance of a notice of intention to deliver by a Participant to The Clearing Corporation shall constitute an offer by such Participant to sell to The Clearing Corporation the specified quantity of the Commodity involved, at the delivery price, and to purchase from The Clearing Corporation the same quantity of the same Commodity at the same price. Acceptance of such notice by The Clearing Corporation shall constitute its acceptance of the Participant's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made according to the Rules of The Clearing Corporation, and, to the extent not specified herein, to the rules and regulations of the relevant Exchange Market.

Assignment of delivery to a Participant by The Clearing Corporation shall constitute an offer of The Clearing Corporation to sell to such Participant the specified quantity of the Commodity involved, at the delivery price, and to purchase from such Participant the same quantity of the same Commodity at the same price. Acceptance of such assignment of delivery by such Participant shall constitute his acceptance of The Clearing Corporation's offer to sell and repurchase. Such acceptance is effective at the time delivery is required to be made pursuant to these Rules, and, to the extent not specified herein, to the rules and regulations of the relevant Exchange Market.



The Clearing Corporation shall, at the time delivery is required to be made, consider the corresponding sales to such assigned buyers made hereunder as having been settled and shall apply the opposing repurchase made hereunder as an adjustment of the respective Participants' futures positions with The Clearing Corporation in the manner prescribed by these Rules.

**503. Delivery Price.**

All deliveries on Futures Contracts shall be made at the Settlement Price of the day preceding the day of issuance of notice of intention to deliver, or at the price required in the contract terms and conditions, if such terms and conditions require a different price. The statement of Trades and positions specified in Rule 307 will reflect futures positions closed by delivery and the amount of final adjustment bringing delivery prices to Settlement Prices of the day of notice.

**504. Posting of Deliveries.**

During each delivery month, The Clearing Corporation shall cause to be posted, not later than the Business Day following the filing of notices of intention to deliver, the name of each Participant issuing notices of intention to deliver on Futures Contracts and the total amount of each Commodity tendered by such Participant for delivery, together with the name of each Participant to which such deliveries have been assigned and the total amount of each Commodity assigned to such Participant.

**505. Settlements on Defaulted Deliveries.**

- (a) If a Participant fails to fulfill its delivery obligations as prescribed in these Rules, The Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall The Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific Commodity and the reasonable market price of such Commodity at the time delivery is required to be made in accordance with and the Rules of The Clearing Corporation and, to the extent not specified herein, the rules and regulations of the relevant Exchange Market; (ii) make or accept delivery of the Commodity; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.

- (b) Notwithstanding any other provision of these Rules, The Clearing Corporation has no obligation or liability to any Participant or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Participant of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the Rules of The Clearing Corporation and, to the extent not specified herein, the rules and regulations of the relevant Exchange Market.
- (c) If a buying Participant fails to effect payment to its assigned seller by 1:00 p.m. on the date scheduled for delivery, the selling Participant shall immediately notify The Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether the failure of the buying Participant to effect such payment was technical in nature and is likely to be remedied or whether the such buying Participant's failure to effect payment constitutes a delivery default. If The Clearing Corporation determines, in its sole discretion, that the failure was technical in nature (including a bank instruction error or failure of the Federal Reserve wire), the buying Participant will be allowed to make payment subsequent to 1:00 p.m. (but in no event later than the time, if any, specified by The Clearing Corporation). If The Clearing Corporation determines, in its sole discretion, that such failure constitutes a delivery default, The Clearing Corporation will instruct the selling Participant to sell the invoiced securities as soon as reasonably practicable. The defaulting buying Participant will in such circumstances be liable for the amount, if any, that the reasonable sale price of the invoiced securities (including costs) is less than the original invoiced amount.
- (d) If a selling Participant fails to effect delivery to its assigned buyer by 1:00 p.m. on the date scheduled for delivery, the buying Participant shall immediately notify The Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether such failure to effect delivery is technical in nature and is likely to be remedied or whether such failure to effect delivery constitutes a delivery default. If The Clearing Corporation determines that such failure was technical in nature (including a bank instruction error or failure of the Federal Reserve wire), the selling Participant will be allowed to make delivery subsequent to 1:00 p.m. (but in no event later than the time, if any, specified by The Clearing Corporation). If The Clearing Corporation determines that the failure constitutes a delivery default, The Clearing Corporation will instruct the buying Participant to purchase substitute deliverable securities as soon as reasonably practicable. The defaulting selling Participant will in such circumstances be liable for the reasonable damages (including costs) incurred by the buying Participant relating to the purchase of the substitute securities.

- (e) Delivery obligations of a Participant to another Participant that are not discharged timely (as provided in paragraphs (c) and (d)) and in full by the Participant shall thereupon be deemed an obligation of such Participant to The Clearing Corporation. The defaulting Participant's obligations to The Clearing Corporation must be discharged by (i) not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Participant, or (ii) such later time as may be established by The Clearing Corporation pursuant to paragraphs (c) and (d).
- (f) Notwithstanding any other provision of these Rules to the contrary, The Clearing Corporation's delivery obligations to a non-defaulting buying or selling Participant shall in all cases be subject to the provisions of Rule 505(a) and Chapter 8 hereof.

Any claim for damages or other dispute relating to a delivery failure or default brought by one Participant against another shall be resolved by such Participants pursuant to binding arbitration before the National Futures Association ("NFA"). Failure by a Participant to comply with the NFA's determination may result in the suspension of the Participant's clearing privileges at The Clearing Corporation or such other or additional penalty (including, but not limited to assessment of fines and charges) as The Clearing Corporation may deem appropriate under the circumstances.

#### **506. Assignment of Exercises of Options.**

Upon receipt of notices of intention to exercise Options cleared through The Clearing Corporation, issued by buyers in accordance with the rules and regulations of the Exchange Market, The Clearing Corporation shall assign such exercises to eligible sellers in accordance with such rules and regulations. The Clearing Corporation shall promptly notify selling Participants as to the exercises assigned to them and shall furnish to buying Participants the names of selling Participants obligated to accept such assignments. Delivery and payment shall be made in the time and manner prescribed by the rules and regulations of the Exchange Market.

Any Option not exercised by the date and time fixed for expiration of the Option in the rules and regulations of the Exchange Market shall not be exercisable.

#### **507. Exercise Price.**

All Option exercises shall be made at the strike price of the Option. The statement of Trades and positions issued pursuant to Rule 307 will reflect the offsetting of each Option that was exercised and assigned, Trades and positions in Futures Contracts resulting therefrom, and the amount of the final adjustment

(being the strike price marked to the Settlement Price on the day the Option was exercised).

**508. Deliveries in the Event of Bankruptcy.**

- (a) This Rule shall be applicable to Contracts made on or through the facilities of an Exchange Market as and to the extent such Exchange Market has in effect one or more rules (each, a "Bankruptcy Delivery Rule") adopted in accordance with Commission Regulation 190.05(b).
- (b) If any customer of a Participant that is a debtor shall wish to make or take delivery under a Futures Contract as provided in a Bankruptcy Delivery Rule, such customer shall deliver written notification thereof to The Clearing Corporation not later than noon on the second Business Day, which Business Day must be within the current delivery period, following the date of the entry of the order for relief with respect to such debtor, whereupon such customer shall assume all of the obligations of the debtor to The Clearing Corporation and the opposite Participant with respect to such Futures Contract.
  - (i) If such customer is seeking to make delivery in fulfillment of such Futures Contract, such notification shall be accompanied by:
    - (A) evidence, satisfactory to The Clearing Corporation, that the debtor, on behalf of the customer, or the customer, has presented a notice of delivery to The Clearing Corporation; and
    - (B) evidence verifying to The Clearing Corporation that the customer owns and has in its possession or under its control, such certificates, instruments, warehouse receipts or other documents as are required pursuant to the Rules and the Bankruptcy Delivery Rule to make delivery in fulfillment of such Contract.
  - (ii) If such customer is seeking to take delivery in fulfillment of such futures Contract, such notification shall be accompanied by:
    - (A) the notice of delivery which has been issued by The Clearing Corporation to the debtor and allocated by the debtor to the customer, and

- (B) evidence verifying to The Clearing Corporation that the customer owns and has in its possession or under its control a certified check, drawn on an approved depository bank and made payable to the order of the opposite Participant in the full amount payable on the delivery of the Contract.
- (c) The Clearing Corporation shall provide to the opposite Participant copies of all information provided to The Clearing Corporation pursuant to paragraph (b) above, provided, however, that The Clearing Corporation shall have no responsibility to investigate or otherwise verify the accuracy, genuineness or completeness of any certificate, instrument, warehouse receipt or other document or check delivered to or by The Clearing Corporation pursuant to the Bankruptcy Delivery Rule and this Rule and shall, in no event, have any liability for the quantity or quality of the commodity or other interest delivered.

**509. Cash Settlement.**

After trading ceases on the last day of trading for Futures Contracts without physical delivery, The Clearing Corporation shall consider the maintenance of an open position by a Participant to constitute an offer to sell to or an offer to purchase from The Clearing Corporation the specific quantity of the Futures Contract involved at the Settlement Price determined for such Futures Contract on the last day of trading in such contracts.

The Clearing Corporation shall, once trading in such Futures Contracts has terminated pursuant to the rules and regulations of the Exchange Market, consider the corresponding sales or purchases made hereunder as an adjustment of the respective Participants' positions in Futures Contracts with The Clearing Corporation in the manner prescribed by these Rules.

## **6. MISCELLANEOUS**

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### **601. Emergencies.**

- (a) The Board, upon the affirmative vote of the Directors voting at a meeting where a quorum is deemed present, may adopt an emergency resolution which shall supersede and supplant all contrary or inconsistent resolutions or Rules. Absent extraordinary circumstances, a Director who has a substantial financial interest in the outcome of such a vote shall abstain from deliberating and voting on the matter in question.
- (b) An emergency resolution shall expire upon the happening of either of the following events: (i) the Board shall have voted to rescind the emergency resolution; or (ii) 90 days shall have elapsed since the emergency resolution was adopted.
- (c) All Trades, all accounts and positions with The Clearing Corporation, and all Participants shall be subject to the exercise of these emergency powers by the Board.
- (d) As used herein, the term "emergency" shall include without limitation all emergency circumstances now or hereafter referenced in the Commodity Exchange Act and the Regulations of the Commission, and all other circumstances in which an emergency may lawfully be declared by the Board.
- (e) Except as otherwise stated in an emergency resolution adopted hereunder, the powers exercised by the Board under this Rule shall be in addition to and not in derogation of authority granted by the Certificate of Incorporation and Bylaws to a committee or officer of The Clearing Corporation to take action as specified therein.

### **602. Physical Emergencies.**

In the event the physical functions of The Clearing Corporation are, or are threatened to be, severely and adversely affected by a physical emergency such as, but not limited to, fire or other casualty, bomb threats, substantial inclement weather, power failures, communications breakdowns or transportation breakdowns, the Chairman, a Vice Chairman or the President of The Clearing Corporation or, in their absence, another officer of The Clearing Corporation, is authorized to take such action as he or she shall deem necessary or appropriate to deal with such emergency.

**603. Force Majeure.**

Notwithstanding any other provision of these Rules, The Clearing Corporation shall not be obligated to perform its obligations under these Rules or any agreement with a Participant relating to Contracts, or to compensate any person for losses occasioned by any delay or failure of performance, to the extent such delay or failure is the result of acts of God, lightning, earthquake, fire, epidemic, landslide, drought, hurricane, tornado, storm, explosion, flood, nuclear radiation, act of a public enemy or blockade, insurrection, riot or civil disturbance, strike or labor disturbance, or any other cause beyond The Clearing Corporation's reasonable control (whether or not similar to any of the foregoing).

If The Clearing Corporation shall, as a result of any of the above-described events, fail to perform any of its obligations, such failure shall be excused for a period equal to the period of delay caused by such event. In such an event, The Clearing Corporation shall give written notice thereof to the affected Market or such Participant, as the case may be, as soon as it is reasonably practicable and attempt diligently to remove such condition.

**604. Suspension of Rules.**

The time frames fixed by these Rules, interpretations or policies of The Clearing Corporation for the doing of any act or acts may be extended, or the doing of any act or acts required by these Rules or any interpretations or policies of The Clearing Corporation may be waived, and any provision of these Rules or any interpretations or policies of The Clearing Corporation may be suspended by the Board or by any officer of The Clearing Corporation having a rank of Vice President or higher whenever, in the judgment of the Board or such officer, such extension, waiver or suspension is necessary or expedient. Any such extension or waiver may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than thirty calendar days after the date thereof unless it shall be approved by The Clearing Corporation within such period of thirty calendar days.

## 605. Defaults.

- (a) A Participant is in Default (i) who fails to meet any of the Participant's obligations upon the Participant's Contracts with The Clearing Corporation, (ii) who fails to deposit Margin (whether original, special or variation) or premiums within one hour after demand by The Clearing Corporation, or (iii) who is suspended or expelled by a Market, Linked Exchange, Linked Clearinghouse or by The Clearing Corporation. Upon such Default, The Clearing Corporation may cause all Trades of such Participant (whether or not carried in a separate account as provided in Rule 312) to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation and any debit balance owing to The Clearing Corporation shall be immediately due and payable.
- (b) In closing, transferring or otherwise resolving the Trades of a Participant as provided in paragraph (a) of this Rule, The Clearing Corporation shall have the right:
  - (i) With respect to Trades in a separate account of such Participant provided for in Rule 312, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such Trades and any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such account against (B) any amounts paid by The Clearing Corporation in the disposition of such Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account and any other amounts owed to The Clearing Corporation as a result of transactions in the account or otherwise lawfully chargeable against the account;



- (ii) With respect to the Trades in any other account of such Participant, to set off (A) any proceeds by The Clearing Corporation from the disposition of such Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts, and any other property of the Participant within the possession or control of The Clearing Corporation other than property which has been identified by such Participant as required to be segregated as provided for in Rule 312, against (B) any amounts paid by The Clearing Corporation in the disposition of such Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such accounts, and any other obligations of the Participant to The Clearing Corporation, including obligations of the Participant to The Clearing Corporation remaining after the setoffs referred to in paragraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Participant with The Clearing Corporation;
  - (iii) To cause Trades and positions held in accounts of the Participant that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Participants;
  - (iv) To cause Trades and positions in Contracts held in accounts of the Participant that is in Default and of other Participants to be settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances; and
  - (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Participant's Trades or Contracts would not be in the best interests of Clearing Corporation or other Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Clearing Corporation, and such other circumstances as it deems relevant.
- (c) Notwithstanding the foregoing, the liquidation and disposition of positions, Margin and other property subject to a cross-margin, cross-netting or common banking and settlement arrangement between The Clearing Corporation and another clearing organization shall be subject to the terms of the agreement between The Clearing Corporation and such other clearing organization.

- (d) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of these Rules shall be subject to all the terms of the Rules, including the setoff and other rights set forth herein. The rights of The Clearing Corporation set forth herein shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Rules, additional agreements with the Participant or any other source.

**606. Fees; Fines and Charges.**

- (a) Clearing fees and other charges for Clearing Corporation services shall be as fixed from time to time by The Clearing Corporation.
- (b) The President or his authorized representative may assess, in compliance with the policies and procedures of The Clearing Corporation, fines and charges against Participants, for the failure to comply with these Rules or any other requirement of The Clearing Corporation.

**607. Trading by Employees Prohibited.**

- (a) No employee of The Clearing Corporation shall:
  - (i) trade or participate directly or indirectly in any transaction in any commodity interest, except to the extent necessary to carry out the provisions of Rule 605 or as otherwise permitted pursuant to an exemption granted in accordance with this Rule; or
  - (ii) disclose any material, non-public information obtained as a result of such Person's employment with The Clearing Corporation where the employee has or should have a reasonable expectation that the information disclosed may assist another Person in trading any commodity interest; provided, that an employee is not prohibited from making disclosures in the course of the employee's duties, or to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.
- (b) From time to time, The Clearing Corporation may adopt additional Rules which set forth circumstances under which exemptions from the trading prohibition contained in paragraph (a)(i) will be granted. The effectiveness of such rules and the procedures for administration of such rules shall be governed by applicable regulations of the Commission.

- (c) All terms used in this Rule shall be construed consistently with the definitions appearing in Commission Regulation 1.59.

**608. Forms; Transmission of Data to The Clearing Corporation.**

- (a) In connection with any transaction or matter handled through, with or by The Clearing Corporation under or pursuant to the Rules, the form of any required list, notice or other document shall be as from time to time prescribed by The Clearing Corporation, and additions to, changes in and elimination of any such forms may be made by The Clearing Corporation at any time in its discretion.
- (b) A Participant may execute any document to be delivered to The Clearing Corporation or to any other Participant pursuant to these Rules by means of a mechanically or electronically reproduced facsimile signature of a representative of the Participant; provided, that the Participant shall have complied with such requirements as may be prescribed by The Clearing Corporation in connection with the use of such facsimile signatures.

**609. Just and Equitable Principles of Trade; Acts Detrimental to the Interest or Welfare of The Clearing Corporation.**

- (a) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Participants for engaging in conduct inconsistent with just and equitable principles of trade.
- (b) The Clearing Corporation shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Participants for engaging in acts detrimental to the interest or welfare of The Clearing Corporation.

**610. Death, Disappearance or Incapacity of Individual Participant.**

- (a) Upon the death, disappearance or incapacity (all as reasonably determined by The Clearing Corporation) of an Individual Participant, The Clearing Corporation may cause all open Trades of such Participant to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation and any debit balance owing to The Clearing Corporation shall be immediately due and payable.

- (b) In closing, transferring or otherwise resolving the open Trades of an Individual Participant as provided in paragraph (a), The Clearing Corporation shall have the right, with respect to any account of such Participant, to set off (A) any proceeds received by The Clearing Corporation from the disposition of open Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such account, and any other property of the Participant within the possession or control of The Clearing Corporation, against (B) (i) any amounts paid by The Clearing Corporation in connection with the disposition of such open Trades, including any losses, commissions or other expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such account, and (ii) any other obligations of the Participant to The Clearing Corporation.
- (c) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of these Rules shall be subject to all the terms of these Rules, including the setoff and other rights set forth herein. The rights of The Clearing Corporation set forth in this Rule shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of the Rules, additional agreements with the Participant or any other source. The Clearing Corporation shall be authorized to take all such actions under this Rule as The Clearing Corporation in its sole discretion determines is appropriate or necessary under the circumstances.

**611. Construction in Accordance with Illinois Law.**

The Rules of The Clearing Corporation, and all rights and obligations thereunder, shall be construed in accordance with the internal laws of the State of Illinois, without giving effect to the conflict of law provisions thereof.

7. [RESERVED]

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## 8. GUARANTY FUND

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### 801. General Guaranty Fund.

- (a) *Collateral Requirements.* Each Participant shall make, and maintain so long as it is a Participant, a deposit or deposits of Collateral to the General Guaranty Fund in the form and in such amounts as may be determined by The Clearing Corporation from time to time in its sole discretion ("Required Contribution"). The Clearing Corporation shall cause appropriate entries to be made in its books and records to reflect the deposit of Collateral into the General Guaranty Fund. The Clearing Corporation shall have the sole right to withdraw cash, securities or other property from, and to authorize the sale or other disposition of any securities or other property held in, the General Guaranty Fund.
  
- (b) *Participant Default; Application of Proceeds.* If a Participant is in Default and, as a result thereof, The Clearing Corporation or a Special Clearing Member suffers any loss or expense upon any liquidation or other disposition of a Participant's open Contracts, or a Participant shall fail to make any other payment or render any other performance required under these Rules, then The Clearing Corporation shall (after appropriate application of Margin posted by such Participant and other funds in or payable to the accounts of the Participant) apply the Participant's contributions to the General Guaranty Fund, in the manner and in the order of priority set forth below:
  - (i) **FIRST:** To the payment of the costs and expenses of any sale, collection or other realization of such Margin or Collateral, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by The Clearing Corporation in connection therewith;
  
  - (ii) **SECOND:** To the satisfaction of any deficiencies in the customer segregated fund account (if any) maintained by such Participant pursuant to rules of the Commission resulting, caused by or arising, directly or indirectly, from such Default;
  
  - (iii) **THIRD:** To the payment of any other obligations of The Clearing Corporation arising out of or in any way relating to such Participant's Default, including obligations to a Special Clearing Member, as provided in Chapter 9 of these Rules (such other obligations, together with the costs, expenses, and deficiencies described in paragraphs (i) and (ii), the "Reimbursement Obligations");

- (iv) **FOURTH:** To the payment of any other Obligations; and
  - (v) **FIFTH:** To or upon the order of the Participant that is in Default, to The Clearing Corporation or to whomsoever may be lawfully entitled to receive the same (including, without limitation, any insurer, surety or guarantor of the obligations of The Clearing Corporation) or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds.
- (c) *Application of General Guaranty Fund; Other Funding.* If the Margin and other funds of a Participant that is in Default and its contributions to the General Guaranty Fund are insufficient to discharge in full the Reimbursement Obligations of such Participant, any remaining deficiency shall be charged against the remaining assets in the General Guaranty Fund, pro rata from each other Participant's contributions.

Any such deficiency shall remain a liability of the Participant to The Clearing Corporation, which it may collect from any other assets of such Participant or by legal process.

- (d) *Linked Clearinghouse Default; Application of Proceeds.* If a Linked Clearinghouse of which The Clearing Corporation is a Special Clearing Member is in default under the terms of the Link Agreement or shall fail to make any payment or render any other performance required under the Link Agreement, The Clearing Corporation may apply the General Guaranty Fund in the manner and in the order of priority set forth below:
- (i) **FIRST:** To the payment of the costs and expenses of any sale, collection or other realization of Collateral in the General Guaranty Fund, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by The Clearing Corporation in connection therewith; and
  - (ii) **SECOND:** To the payment of any other obligations of The Clearing Corporation arising out of or in any way relating to such Linked Clearinghouse's default.

- (e) *Reimbursement of Collateral.* The Clearing Corporation shall notify Participants whenever an amount is paid out of the General Guaranty Fund to meet Obligations to The Clearing Corporation as provided in paragraphs (b), (c) or (d) above. If Collateral is withdrawn from the General Guaranty Fund pursuant to paragraph (c) or (d) and, as a result, the amount of Collateral credited to a Participant is less than the amount it was required to maintain pursuant to paragraph (a) immediately prior to such withdrawal, the Participant shall deposit additional Collateral into the General Guaranty Fund in an amount at least sufficient to restore that Participant's Required Contribution. All such additional Collateral shall be deposited prior to The Clearing Corporation's opening of business on the third Business Day following such notice or such later time as The Clearing Corporation shall determine in its sole discretion. A Participant that fails to deposit the full amount of such additional Collateral shall be in Default, and The Clearing Corporation may, in addition to any other remedies it may have, debit such Participant's house margin account for any or all or such unpaid amount and assess fines and charges against such Participant as provided in Rule 606.
- (f) *Lien.* As security for any and all Obligations of a Participant to The Clearing Corporation, including, but not limited to, the Reimbursement Obligations, each Participant grants The Clearing Corporation a first priority perfected security interest in the Participant's Collateral. In furtherance and not in limitation of the foregoing, all outstanding shares of Class A common stock of The Clearing Corporation shall be Collateral deposited in the General Guaranty Fund and subject to the foregoing grant of security interest until the same shall have been released in accordance with these Rules and the policies and practices of The Clearing Corporation (including, but not limited to, release of such stock upon substitution of acceptable alternative collateral of equivalent value.)
- (g) *Non-Interference.* A Participant shall take no action, including but not limited to attempting to obtain a court order, that could interfere with the ability of The Clearing Corporation to apply its Margin, Collateral or other assets.

... **Interpretations and Policies:**

- .01** As used in this Rule 801, "Participant" includes a Participant that has been suspended or expelled by The Clearing Corporation or whose privileges in respect of Trades and Contracts have been restricted pursuant to Rule 403.



## 802. Special Guaranty Funds.

- (a) *Collateral Requirements.* The Clearing Corporation may from time to time require Participants who desire to clear Contracts traded on Markets other than EurexUS or a Linked Exchange to provide Collateral for deposit into one or more Special Guaranty Funds. All such Collateral shall be in the form and in such amounts as may be determined by The Clearing Corporation from time to time in its sole discretion ("Required Special Contribution"). The Clearing Corporation shall cause appropriate entries to be made in its books and records to reflect the deposit of Collateral into each such Special Guaranty Fund. The Clearing Corporation shall have the sole right to withdraw cash, securities or other property from, and to authorize the sale or other disposition of any securities or other property held in, a Special Guaranty Fund.
- (b) *Participants Default; Application of Proceeds.* If a Participant is in Default and, as a result thereof, The Clearing Corporation suffers any loss or expense upon any liquidation or other disposition of a Participant's open Contracts, or a Participant shall fail to make any other payment or render any other performance required under these Rules, then The Clearing Corporation shall (after appropriate application of Margin posted by such Participant and other funds in or payable to the accounts of the Participant) apply the Participant's contributions to the Special Guaranty Fund established in respect of each Market as to which the Participant is in Default, in the manner and in the order of priority set forth below:
- (i) **FIRST:** To the payment of the costs and expenses of any sale, collection or other realization of such Margin or Collateral, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by The Clearing Corporation in connection therewith;
  - (ii) **SECOND:** To the satisfaction of any deficiencies in the customer segregated fund account maintained by Participants pursuant to the rules of the Commission resulting, caused by or arising, directly or indirectly, from such Default;
  - (iii) **THIRD:** To the payment of any other obligations of such Participant to The Clearing Corporation (such other obligations, together with the costs and expenses, and deficiencies described in paragraphs (i) and (ii), the "Special Reimbursement Obligations");
  - (iv) **FOURTH:** To the payment of any other Obligations; and

- (v) **FIFTH:** To or upon the order of the Participant that is in Default, to The Clearing Corporation or to whomsoever may be lawfully entitled to receive the same (including, without limitation, any insurer, surety or guarantor of the obligations of The Clearing Corporation) or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds.
- (c) *Application of Special Guaranty Funds; Other Funding.* If the Margin and other funds of a Participant that is in Default and its contributions to a Special Guaranty Fund are insufficient to discharge in full the Special Reimbursement Obligations of such Participant, any remaining deficiency shall be charged against the remaining assets in such Special Guaranty Fund(s), ratably, in proportion to the amount of such Special Reimbursement Obligations that is, in the judgment of The Clearing Corporation, reasonably attributable to the Market(s) that are supported by the Special Guaranty Fund(s).
- Any such deficiency shall remain a liability of the Participant to The Clearing Corporation, which it may collect from any other assets of such Participant or by legal process.
- (d) *Reimbursement of Collateral.* The Clearing Corporation shall notify Participants authorized to clear Contracts for a Market whenever an amount is paid out of the Special Guaranty Fund for such Market to meet Obligations to The Clearing Corporation as provided in paragraphs (b) or (c) above. If Collateral is withdrawn from a Special Guaranty Fund pursuant to paragraph (c) and, as a result, the amount of Collateral credited to a Participant is less than such Participant's Required Special Contribution, the Participant shall deposit additional Collateral into that Special Guaranty Fund in an amount such that the Participant's total Collateral in that Special Guaranty Fund is at least equal to its Required Special Contribution. All such additional Collateral shall be deposited prior to The Clearing Corporation's opening of business on the third Business Day following such assessment or such later time as The Clearing Corporation shall determine in its sole discretion. A Participant that fails to deposit the full amount of such additional Collateral shall be in Default and The Clearing Corporation, in addition to any other remedies that it may have, may assess fines and charges against such Participant as provided in Rule 606.
- (e) *Lien.* As security for any and all Obligations of a Participant to The Clearing Corporation, including but not limited to, the Special Reimbursement Obligations, each Participant grants to The Clearing Corporation a first priority perfected security interest in the Collateral.

- (f) *Non-Interference.* A Participant shall take no action, including but not limited to attempting to obtain a court order, that could interfere with the ability of The Clearing Corporation to apply its Margin, Collateral or other assets.

... **Interpretations and Policies:**

- .01** As used in this Rule 802, "Participant" includes a Participant that has been suspended or expelled by The Clearing Corporation or whose privileges in respect of Trades and Contracts have been restricted pursuant to Rule 403.
- .02** As used in this Rule 802, "Contract" means and includes only those Contracts identified in Interpretations and Policies .01 (b) to the definition of the term "OTC Market."

**9. U.S. FUTURES EXCHANGE, L.L.C. and EUREX DEUTSCHLAND/EUREX ZURICH AG**

**9A. U.S. FUTURES EXCHANGE, L.L.C. – U.S. Dollar Denominated Contracts; Currency Contracts**

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The Rules in this Chapter 9A apply to the settlement and clearance of USD Contracts and Currency Contracts (as defined herein) traded on or subject to the rules of EurexUS.

**9-101A. Definitions.**

**Bank**

A U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and has capital, surplus and undivided earnings in excess of \$100,000,000.

**Commodity**

Any good, article, service, right or interest (including Currency) in which USD Contracts or Currency Contracts are dealt in.

**Currency**

Money denominated in the lawful currency of a country or the European Union.

**Currency Contract**

Those Exchange Contracts involving Currency Pairs and set forth in Interpretations and Policies .01(a) to the definition of "Exchange Markets" in Rule 101 with respect to EurexUS.

**Currency Pair**

The two Currencies that may be exchanged in connection with a Currency Contract.

**Off-Order Book Trade**

A Trade in USD Contracts or Currency Contracts, other than an On-Order Book Trade, that is matched bilaterally for the account of Participants outside the EurexUS central order book or that is generated by EurexUS for the account of Participants other than through the EurexUS central order book, such as exchanges of futures for physicals (basis trades), exchanges of futures for

swaps, block trades, strategy trades, volatility trades, and reverse trades (canceling erroneous trades), but not including a Post-Trade Transaction.

### **On-Order Book Trade**

A Trade in USD Contracts or Currency Contracts that is matched in the central order book of EurexUS.

### **Post-Trade Transaction**

With respect to a transaction or position in a USD Contract or Currency Contract, the transfer of positions by one or more Participants, a give-up or split-up, and such other trade and position management and similar instructions as may be authorized from time to time by The Clearing Corporation.

### **Range**

A range, not greater than the highest trade price or less than the lowest trade price in the relevant USD Contract or Currency Contract traded on EurexUS on the same Trading Day, in either case as increased or decreased by the amount(s) set forth in the rules of EurexUS.

### **USD Contract**

Those Exchange Contracts denominated in U.S. Dollars and set forth in Interpretations and Policies .01(a) to the definition of "Exchange Markets" in Rule 101 with respect to EurexUS.

**9-306A. Reserved.**

**9-310A. Acceptance of Trades by Clearing Corporation**

In the case of all On-Order Book Trades, and Off-Order Book Trades falling within the Range, acceptance of the Trade occurs upon trade matching by the EurexUS trading system. In the case of Off-Order Book Trades falling outside the Range and all Post-Trade Transactions, acceptance shall occur upon receipt of all payments and deposits required to be made pursuant to these Rules, by the Participants who are parties to such Trades and Transactions.

**9-510A. Report of Eligibility to Receive Delivery.**

Prior to 8:00 p.m. (or by such other time as may be specified by The Clearing Corporation) of each day on which delivery notices may be delivered to The Clearing Corporation, each Participant shall report to The Clearing Corporation, at such times and in such manner as shall be prescribed by The Clearing Corporation, the amounts of its purchases of Treasury futures Contracts then eligible for delivery which remain open on its books in accordance with these Rules. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the Participant has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports described above shall show the dates on which such purchases were made, as reflected on the ultimate customers' account statements.

**9-511A. Payment for Delivery (U.S. Treasury Securities).**

Payment shall be made in Federal Funds. The buying Participant obligated to take delivery must take delivery and make payment before 1:00 p.m. on the day of delivery except as otherwise provided in Rule 9-515A and on banking holidays when delivery must be taken and payment made before 9:30 a.m. on the next banking business day. Adjustments for differences between contract prices and delivery prices established by The Clearing Corporation shall be made with The Clearing Corporation.

**9-512A. Buyer's Banking Notification (U.S. Treasury Securities).**

The buying Participant shall provide the selling Participant with notice, in such form as The Clearing Corporation may prescribe from time to time, setting forth: the identification number and name of the buying Participant; the delivery date; the notification number of the delivery assignment; the identification number and name of the selling Participant making delivery; the quantity of the Commodity being delivered; the buying Participant's bank and account number; and specific Federal Reserve wire instructions for the transfer of securities. Such notice shall be provided by 4:00 p.m. on the Business Day immediately prior to delivery day or by such other time as may be designated by The Clearing Corporation.

**9-513A. Standards (U.S. Treasury securities).**

The contract grade(s) for delivery on Treasury futures Contracts made under these Rules, together with any premiums or discounts applicable thereto, shall be as set forth in the rules of EurexUS.

**9-514A. Deliveries on USD Contracts.**

All deliveries on USD Contracts shall be assigned by The Clearing Corporation. Where a Participant has an interest both long and short for customers on its own books, it must tender to The Clearing Corporation such notices of intention to deliver as it received from its customers who are short.

Deliveries against U.S. Treasury securities underlying USD Contracts shall be by book-entry transfer between accounts of Participants at Banks in accordance with Department of the Treasury Circular 300, Subpart O: Book-Entry Procedure. Delivery must be made no later than the last Business Day of the month. Notice of intention to deliver shall be given to The Clearing Corporation by 8:00 p.m., or by such other time designated by The Clearing Corporation, on the second Business Day preceding delivery day. If the buying Participant does not agree with the terms of the invoice received from the selling Participant, the buying Participant must notify the selling Participant, and the dispute must be settled by 9:30 a.m. on delivery day. The selling Participant must have contract grade U.S. Treasury securities in place at its Bank in a form acceptable to its Bank for delivery no later than 10:00 a.m. on delivery day. The selling Participant must notify its Bank to transfer contract grade U.S. Treasury securities by book-entry to the buying Participant's account at the buying Participant's Bank on a delivery versus payment basis. On delivery day, the buying Participant shall make funds available by 7:30 a.m. and notify its Bank to accept contract grade U.S. Treasury securities and to remit Federal Funds to the selling Participant's account at the selling Participant's Bank in payment for delivery therefor. Contract grade U.S. Treasury securities must be transferred and payment must be made before 1:00 p.m. on delivery day.

**9-515A. Wire Failure (U.S. Treasury Securities).**

If delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the buying Participant's or the selling Participant's Bank to have access to the Federal Reserve wire, delivery shall be made before 9:30 a.m. on the next day on which the Federal Reserve wire or Bank access to it is operable. Interest shall, in such circumstances, accrue to the buyer beginning on the day on which the securities were to be originally delivered and shall be paid to the buyer by the seller. In the event of such failure, both the buyer and seller must provide documented evidence that the instructions were given to their respective Banks in accordance with Rules 9-511A and 9-514A and that all other provisions of Rules 9-511A and 9-514A have been complied with.

**9-516A. Date of Delivery (U.S. Treasury Securities).**

Delivery of U.S. Treasury securities may be made by the selling Participant upon any permissible delivery day of the delivery month that the seller may select. Delivery of U.S. Treasury securities must be made no later than the last business day of the delivery month.

**9-517A. Seller's Invoice to Buyers (U.S. Treasury Securities).**

Upon determining the buyers obligated to accept deliveries of U.S. Treasury securities tendered by issuers of delivery notices, The Clearing Corporation shall promptly furnish each issuer the names of the buyers obligated to accept delivery from such issuer and a description of each security tendered by the issuer that was assigned by The Clearing Corporation to each such buyer. Thereupon, sellers (issuers of delivery notices) shall prepare invoices addressed to their assigned buyers, describing the documents to be delivered to each such buyer. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by The Clearing Corporation, and adjusted for applicable interest payments. Such invoices shall be delivered to The Clearing Corporation by 2:00 p.m., or by such other time designated by The Clearing Corporation, on the Business Day preceding the intended date of delivery, except on the next-to-last Business Day of the month, where such invoices shall be delivered to The Clearing Corporation by 3:00 p.m., or by such other time as may be designated by The Clearing Corporation. Upon receipt of such invoices, The Clearing Corporation shall promptly make them available to buyers in the manner determined by The Clearing Corporation from time to time.

**9-518A. Deliveries on Currency Contracts.**

A Participant's net open position in a Currency Contract that is to be settled by delivery shall be effected by the purchase by such Participant or The Clearing Corporation of an agreed amount of one Currency against the sale by it to the other party of an agreed amount of another Currency, both such amounts being deliverable on the same date. All such deliveries shall be made in and through The Clearing Corporation's Continuous Link Settlement System account(s) or by such other means as The Clearing Corporation may authorize from time to time. Upon receipt of timely instructions from a Clearing Participant, The Clearing Corporation will net delivery settlements for any given Currency Pair separately for the customer and non-customer origins, but in no event will The Clearing Corporation net a Participant's obligation to purchase or sell a particular Currency across Currency Pairs. All deliveries in respect of Currency Contracts shall be made no later than the date required by rules of Eurex US.

**9-519A. Daily Currency Interest Rate Adjustments.**

The Clearing Corporation shall effect a daily cash adjustment for each open spot equivalent currency futures contract to account for the financial difference between the currency future with the lower interest rate and the currency future with the higher interest rate. The Clearing Corporation shall affect such cash adjustments solely based upon the cash adjustment instructions provided by EurexUS. The Clearing Corporation



shall not be liable for any inaccuracies, errors, or miscalculations relating to the adjustment instructions provided by EurexUS.

## **9B. EUREX DEUTSCHLAND/EUREX ZURICH AG – Euro Denominated Contracts**

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The Rules in this Chapter 9B apply to the settlement and clearance of Trades in respect of Euro Contracts (as defined herein) made on or subject to the rules of Eurex.

### **9-101B. Definitions.**

#### **Bank**

A branch of Deutsche Bundesbank or a correspondent bank that holds an account at a branch of Deutsche Bundesbank.

#### **Business days**

The business days within the meaning of Chapter 9B shall be the Exchange days determined by the Boards of Management of Eurex.

#### **CET**

Central European Time, as in effect in Frankfurt am Main, Germany, from time to time.

#### **Clearstream**

Clearstream Banking AG, Frankfurt am Main, a subsidiary of Clearstream International, SA, or a custodian bank or financial services institution that has an account with Clearstream Banking AG.

#### **EUR**

The lawful currency of the participating member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

#### **Euro Contract**

Those Exchange Contracts that are denominated in Euros and set forth in Interpretations and Policies .01(a) to the definition of "Linked Exchange" in Rule 101 with respect to Eurex.

#### **... Interpretations and Policies:**

- .01** Euro Contracts include: Contracts that are subject to the rules of Eurex Clearing and (i) that are (A) matched bilaterally for the account of Participants and or members of Eurex Clearing outside the Eurex central

order books or (B) generated by Eurex Clearing for the account of Participants other than through the central order book, including in either case exchanges of futures for physical (basis trades), exchanges of futures for swaps, block trades, strategy trades, volatility trades, and reverse trades (canceling erroneous trades), but also including a Post-Trade Transaction; or (ii) that have been matched in the central order book of Eurex.

### **Exchange days**

The Exchange days within the meaning of Chapter 9B shall be the days determined as such by the Boards of Management of Eurex.

### **Exchange**

As used in Appendices 9B-I and 9B-II, "Exchange" means Eurex.

### **Link Clearinghouse**

The Clearing Corporation or Eurex Clearing, as the context may require.

### **Non-clearing member**

A person, including but not limited to a Participant's customer, that is permitted to enter trades directly into the Eurex trading system. The term "non-clearing member" does not include Participants or members of Eurex Clearing.

### **Post-Trade Transaction**

With respect to a transaction or position in a Euro Contract, the transfer of positions in Euro Contracts by one or more Participants (including Transfer Trades such as position transfers and give up Trades as set forth in Appendices 9B-1 and 9B-II), and such other trade and position management and similar instructions as may be authorized from time to time by The Clearing Corporation.

### **Settlement Price**

The price, established in accordance with Rule 9-404B, for open Euro Contracts.

**9-102B. Scope and Interpretation.**

The Clearing Corporation and Eurex Clearing have established a Global Clearing Link that permits Euro Contracts traded on Eurex to be cleared through either The Clearing Corporation or Eurex Clearing pursuant to the terms of a Link Clearing Agreement between Eurex Clearing and The Clearing Corporation (as amended from time to time, the "Link Agreement"). With respect to Trades in Euro Contracts executed on Eurex, Eurex Clearing serves as the primary clearinghouse, including with respect to Trades that are cleared at The Clearing Corporation as a Linked Clearinghouse.

Under the Link Agreement, The Clearing Corporation will be a Special Clearing Member of Eurex Clearing, and as such will maintain an omnibus account at Eurex Clearing to clear and settle Trades in Euro Contracts made by Participants of The Clearing Corporation. The rights and duties of The Clearing Corporation as a Special Clearing Member are governed by the Link Agreement. Eurex Clearing will be the counterparty to The Clearing Corporation (as Special Clearing Member) for such Trades and an omnibus account will be maintained for that purpose at The Clearing Corporation. The Clearing Corporation will be the exclusive counterparty to its Participants in respect of all such Trades. The Clearing Corporation will calculate and collect original margin from its Participants for such Trades in accordance with its Rules, policies and procedures, and will apply its Rules and procedures in the event of a Default by its Participants.

Under the Link Agreement, Eurex Clearing will determine settlement prices for all such Trades in Euro Contracts pursuant to its rules and will pay and collect all variation settlement amounts resulting from the daily marking-to-market of all Euro Contracts. When a Euro Contract has been made for the account of a Participant, Eurex Clearing, acting solely as the agent of The Clearing Corporation, will arrange for the payment of Euro (€) variation settlement amounts either to and from an account established by such Participant at a Bank or through an account structure maintained by The Clearing Corporation.

Eurex Clearing will also administer option exercise and assignment processing and maintain the infrastructure for open interest reporting with respect to all Trades in Euro Contracts. Finally, Eurex Clearing will receive and assign delivery notices and instructions in respect of Euro Contracts. Participants who wish to clear Euro Contracts will therefore be required either to open and maintain delivery settlement accounts at Clearstream (in addition to the variation settlement accounts discussed above) and grant Eurex Clearing the authority to debit and credit such accounts on behalf of The Clearing Corporation, or effect deliveries through an account structure maintained by The Clearing Corporation. As agent for The Clearing Corporation, Eurex Clearing will have no legal obligation to any Participant.

This Rule 9-102B is qualified in its entirety by the other Rules of The Clearing Corporation, including the Rules in this Chapter 9B and Appendix 9B-I.

**9-103B. Additional Rules Relating to Euro Contracts.**

The Rules attached hereto as Appendix 9B-I relating to, among other things, (i) the payment and collection of variation settlement amounts provided for in Rule 9-308B, (ii) the exercise and assignment process for Options, (iii) the notification and allocation process for deliveries on Contracts, (iv) physical deliveries (including, but not limited to, provisions in respect of failed deliveries), (v) give-up and take-up processing, (vi) cash payments (including fees and charges for late deliveries), (vii) trade and position management, (viii) position and open interest reporting, and (ix) timelines, holiday calendars, schedules and deadlines, all in respect of Euro Contracts, and the Rules attached hereto as Appendix 9B-II relating to, among other things, entry of certain over-the-counter Euro Contracts into the system of Eurex Clearing, are made applicable to each Participant clearing Trades in Euro Contracts and shall be governed by the laws of the Federal Republic of Germany notwithstanding the provisions of Rule 611. To the extent that a subject addressed in Appendix 9B-I or 9B-II is also the subject of a Rule in Chapters 1 – 8, the provisions of Appendix 9B-I or 9B-II shall control to the extent of any conflict.

**9-209B. Termination of Participant Status.**

Rule 209, as supplemented by Rules 1.7.1 and Rules 1.7.2 in Appendix 9B-I, shall apply to all transactions in Euro Contracts.

**9-301B. Effect of Clearance.**

Trades submitted for clearance by or for the account of a Participant shall be submitted to The Clearing Corporation as required by the Rules and the rules of Eurex and Eurex Clearing, and a buying Participant shall be deemed to have bought such Contract from The Clearing Corporation and a selling Participant shall be deemed to have sold such Contract to The Clearing Corporation. Upon such substitution, such buyers and sellers shall be released from their obligations to each other, and The Clearing Corporation shall be deemed to have succeeded to all the rights, and to have assumed all the obligations, of the original parties to such contracts, to the extent provided in these Rules. In the case of all Trades in Euro Contracts, acceptance of such Trades occurs immediately upon the acceptance of such Trades by Eurex Clearing.

... **Interpretations and Policies:**

.01 The provisions of Rule 9-301B shall be applicable only to Participants that clear their Euro Contracts at The Clearing Corporation.

**9-302B. Reserved.**

**9-306B. Reserved.**

**9-308B. Daily Variation Settlements.**

- (a) Each Participant clearing Trades in Euro Contracts shall either open and maintain an account at a Bank to serve as the variation settlement account for such Participant's positions in Euro Contracts, or shall effect variation settlements through an account structure maintained by The Clearing Corporation.
- (b) If the statement of Trades of Euro Contracts and positions made available to a Participant under Rule 307 shows a net balance in such account in favor of The Clearing Corporation, the Participant shall, at the time and in the manner prescribed by Eurex Clearing (acting as agent for The Clearing Corporation), pay such net balance as directed by Eurex Clearing. Payment will be considered made hereunder only if made in a manner prescribed by Eurex Clearing that will result in immediate credit to the account of The Clearing Corporation. If such statement shows a net balance in such account in favor of the Participant, Eurex Clearing, acting on behalf of The Clearing Corporation, shall promptly cause to be paid, at the time and in the manner prescribed by Eurex Clearing, the amount of such net balance to the Participant. All such payments made or collected by Eurex Clearing as agent for The Clearing Corporation shall be deemed to have been made or collected by The Clearing Corporation.

**9-310B. Reserved.**

**9-314B. Reporting.**

Participants shall make reports of their positions at the time and in the manner prescribed by The Clearing Corporation and Eurex Clearing.

**9-315B. Limitation of Liability**

- (a) The liability of The Clearing Corporation relating to or arising out of Contracts shall be limited to losses resulting from the substitution of The Clearing Corporation upon Contracts in accordance with these Rules, **but in no event shall the amount of such liability exceed the amount on deposit in the General Guaranty Fund.** The Clearing Corporation shall not be liable for obligations of a non-Participant or obligations of a

Participant to a non-Participant (other than, in each case, Eurex Clearing), obligations of a Participant to another Participant who is acting for such other Participant as broker, or obligations of a Participant to a customer, nor shall The Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of a Participant.

- (b) Eurex Clearing has agreed to provide certain systems, services and settlement infrastructure, including (but not limited to) the issuance of instructions for variation settlement and deliveries and the allocation of notices of Option exercise, to Clearing Corporation participants. Eurex Clearing does so solely as agent for The Clearing Corporation, and there are no warranties or representations, express or implied, provided by Eurex Clearing with respect to such systems, services or infrastructure. Eurex Clearing shall not be liable to any person other than The Clearing Corporation for any loss, damage, cost or expense arising out of the performance or non-performance of such services or the provision or non-provision of such systems or infrastructure by Eurex Clearing.

... **Interpretations and Policies:**

- .01 The liability of Eurex Clearing as a Special Clearing Member is governed by the provisions of the Link Agreement.

**9-316B. Non-Acceptance of Trades**

In case of the non-acceptance of the Trades of one or more Participants in accordance with the rules of Eurex or Eurex Clearing, The Clearing Corporation shall be deemed to have incurred no obligations respecting the Trades that are not so accepted. It shall be incumbent upon a Participant that is party to any such Trade to take such steps as the Participant may deem necessary or proper for such Participant's own protection.

**9-403B. Reserved.**

**9-404B. Settlement Price.**

The Settlement Price for Euro Contracts shall be the closing price as determined in accordance with the rules of Eurex Clearing.

**9-407B. Reserved.**

**9-501B –  
9-508B. Reserved.**

**9-509B. Cash Settlement**

A Euro Contract that remains open through the last trading day shall be settled in the manner specified in the Rules for such Euro Contract in Appendix 9B-I, and, upon such settlement, The Clearing Corporation shall be discharged from its obligations with respect to such Euro Contract.

**9-510B. Physical Delivery.**

Participants shall fulfill their delivery and payment obligations with respect to Euro Contracts in accordance with instructions issued by Eurex Clearing on behalf of The Clearing Corporation.

**... Interpretations and Policies:**

**.01** The following is provided for use by Participants and is qualified by, and expressly made subject to, Appendices 9B-1 and 9B-II:

(a) Each Participant clearing Trades in Euro Contracts shall either open and maintain a settlement account at Clearstream to serve as a settlement account for physical deliveries, in which case, each such Participant shall grant Eurex Clearing, as agent for The Clearing Corporation, a power of attorney to directly debit or credit such settlement account as necessary to satisfy such Participant's obligation to make or take delivery, or effect physical deliveries through an account structure maintained by The Clearing Corporation.

(b) Eurex Clearing shall not be a contracting party to the deliveries and payments arising out of the settlement of physical delivery of Euro Contracts and all physical deliveries and payments shall be concurrently performed between Participants and/or members of Eurex Clearing, and Eurex Clearing, as agent for The Clearing Corporation. Participants that are obligated to make delivery in satisfaction of a Euro Contract shall deliver in accordance with the instructions of Eurex Clearing (given on behalf of The Clearing Corporation) to the Participants and/or Clearing Members of Eurex Clearing obligated to take delivery in satisfaction of a Euro Contract, in each case in exchange for payment therefor.

(c) Participants are responsible for ensuring their ability to effect deliveries and payments either through sufficient deposits in their securities account at Clearstream and sufficient credit balances in their corresponding cash accounts at a Bank, or through sufficient funding in the account structure maintained by The Clearing Corporation.



**9-605B. Defaults.**

Rule 605, as supplemented by Rules 1.7.1 and 1.7.2 in Appendix 9B-I, shall apply to all transactions in Euro Contracts.

**9-612B. Non-Performance by a Linked Clearinghouse.**

Upon the default of a Linked Clearinghouse under the terms of a Link Agreement, The Clearing Corporation shall have the right, without prejudice to any other rights it may have against such Linked Clearinghouse, cause all or a portion of the Trades and Contracts held (A) in any omnibus account maintained by The Clearing Corporation for such Linked Clearinghouse and (B) in any omnibus account maintained by such Linked Clearinghouse for The Clearing Corporation (i) to be offset against each other, or closed in the open market, and, to the extent of any remaining imbalance, against the Trades and positions of Participants; or (ii) settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances, all as provided in the Link Agreement. The Clearing Corporation may in such circumstances defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of such Trades or Contracts would not be in the best interests of The Clearing Corporation or Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by Clearing Corporation, and such other circumstances as it deems relevant.

## **1.2 General**

### **1.2.1 Conclusion of Transactions**

- (1) Trades in Euro Contracts shall only be concluded between The Clearing Corporation and its Participants.
- (2) A customer may only effect transactions through a Participant. Whenever an order or quote entered into the system of Eurex by a customer is matched with another order or quote, a transaction takes place between such customer and its Participant, and a corresponding transaction simultaneously takes place between the Participant and The Clearing Corporation.
- (3) Whenever an order or quote entered into the system by a Participant's customer (a non-clearing member) is matched with another order or quote, the following transactions with identical parameters are enacted in addition to the transaction between the customer and such Participant:

A transaction between the Participant and The Clearing Corporation as Special Clearing Member, and

A transaction between The Clearing Corporation as Special Clearing Member and Eurex Clearing, and

A transaction between Eurex Clearing and its general clearing member or direct clearing member, and

Where applicable, a transaction between the general clearing member of Eurex Clearing and its non-clearing member.

### **1.2.2. Definitions**

#### **Agent Position Account**

An internal account carried on the books of both Eurex and The Clearing Corporation that contains Trades in Euro Contracts carried out by a Participant on behalf of customers.

#### **Boards of Management**

The Boards of Management of Eurex Deutschland and Eurex Zurich AG.

**Clearing Member**

A person who has been issued a general or direct clearing license by Eurex Clearing.

**Conditions of Trading**

The Conditions for Trading at Eurex Deutschland and Eurex Zurich AG as in effect from time to time.

**Contract Specifications**

The Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zurich AG as in effect from time to time.

**Eonia**

The effective overnight rate for euro computed as a weighted average of all overnight unsecured lending transactions in the interbank market, initiated within the euro area by the contributing panel banks.

**Exchange Rules**

The Exchange Rules for Eurex Deutschland and Eurex Zurich AG as in effect from time to time.

**Euribor**

The rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank.

**Euribor ACI**

Financial Markets Association, a Belgian international non-profit association and (with Euribor FBE) co-sponsor of Euribor.

**Euribor FBE**

European Banking Federation, a Belgian international non-profit association and (with Euribor ACI) co-sponsor of Euribor.

**European Central Bank**

The central bank for the euro area nations, established in 1998 and headquartered in Frankfurt am Main, Germany.

## **Give-Up Trades**

Transfers of transactions from the Agent Position Account of an Exchange Participant to Agent Position Accounts and Principal Position Accounts of another Exchange Participant.

## **M-Position Account**

An internal account carried on the books of both Eurex and The Clearing Corporation that contains transactions resulting from quotes into the Eurex system, including transactions resulting from orders as principal, if appropriately designated.

## **Notice Day**

Notice Day shall have the meaning ascribed in Sections 2.1.12.4(1), 2.1.13.4(1), 2.1.14.4(1) and 2.1.19.4(1) hereof.

## **Post-Trading Full Period**

That portion of the Post-Trading Period which starts immediately after termination of the Trading Period and during which data requests as well as data input from and to the Eurex system are possible and admissible.

## **Post-Trading Period**

Period following the Trading Period during which the Eurex system will remain available for data entry and data request. The Post-Trading Period comprised the Post-Trading Full Period and the Post-Trading Restricted Period.

## **Post-Trading Restricted Period**

That portion of the Post-Trading Restricted Period which starts immediately after the Post-Trading Full Period and during which only data requests from the Eurex system are possible and admissible.

## **Pre-Trading Period**

That period prior to the commencement or resumption of options and futures trading during which orders and quotes may be entered into the Eurex system.

## **Principal Position Account**

An internal account carried on the books on both Eurex and The Clearing Corporation that contains only Trades in Euro Contracts carried out by a Participant for its own account.

## **Same Day Settlement**

Intra-day settlement run (delivery versus payment) at Clearstream.

## ***Accounts of Participants***

### **1.4.1 Position Accounts**

#### **1.4.1.1 Types of Position Accounts**

- (1) The transactions to be cleared for Participants and their non-clearing member shall be recorded in the system of Eurex Clearing, as agent for The Clearing Corporation, in internal Principal Position Accounts, Agent Position Accounts and M-Position Accounts of the Participant and each non-clearing member.
- (2) Two Principal Position Accounts (one of which shall be a separate account maintained in accordance with Rule 312), one Agent Position Account (which shall be a separate account maintained in accordance with Rule 312) and, if necessary, two M-Position Accounts (one of which shall be a separate account maintained in accordance with Rule 312) shall be maintained for each Participant and each non-clearing member.
- (3) For options transactions, a corresponding internal premium account shall be kept for each position account of each Participant and its non-clearing member; the premiums for all options transactions which need to be cleared for such Participant shall be recorded in the premium account for each position account. Premium accounts shall be settled daily.

#### **... Interpretations and Policies:**

- .01 Eurex shall make the balance of any premium account available in the system for the Participant and each non-clearing member.

#### **1.4.1.2 Principal Position Accounts**

- (1) Only transactions carried out by a Participant or a non-clearing member for its own account as a trade participant shall be recorded in the Principal Position Account.

- (2) Adjustments to opening and closing trade adjustments for transactions recorded in a Principal Position Account and closing position adjustments performed to close two opposing positions may be made in accordance with the provisions of subsection 1.4.1.5 paragraph 5.
- (3) If a transaction is specified as a closing transaction, without there being sufficient open positions in the Principal Position Account, a new position will automatically be opened in the Principal Position Account equivalent to the number of contracts that could not be closed.
- (4) Executed transactions may be divided into several transactions in the respective Principal Position Account (trade separation).

#### **1.4.1.3 Agent Position Accounts**

- (1) Only transactions carried out for a Participant's or non-clearing member's customers, shall be recorded in the Agent Position Account of the Participant or the non-clearing member.
- (2) Adjustments to transactions (trade adjustments) made to re-allocate transactions from Agent Position Accounts to Principal Position Accounts or vice versa (trade transfer), as well as the corresponding transfers of positions (position transfer), are permitted only for the purpose of ensuring that transactions are correctly recorded in the Agent Position Accounts in accordance with subsection 1.4.1.5 paragraph 5.
- (3) A short position of a customer or a trade participant must be recorded in the Agent Position Account separately from a long position of another customer in the same option series or in the same futures contract. Participants and non-clearing members may not close one customer position with another customer position. Adjustments to opening and closing transactions in an Agent Position Account are permitted only to the extent required for the proper maintenance of the account or pursuant to instructions of the customer in accordance with the provisions of subsection 1.4.1.5 paragraph 5.
- (4) Closing position adjustments in Agent Position Accounts shall only be permitted for the purpose of closing two opposing positions held by the same customer in accordance with the provisions of subsection 1.4.1.5 paragraph 5.
- (5) If a transaction is specified as a closing transaction, without there being sufficient open positions in the Agent Position Account, a new position will automatically be opened in the Agent Position Account, corresponding to the number of which could not be closed.
- (6) Executed transactions may be divided into several transactions in the Agent Position Account (trade separation).

#### **1.4.1.4 M-Position Accounts**

- (1) The transactions arising from quotes entered in accordance with the Conditions of Trading of the respective trading platform shall be recorded in the M-Position Accounts of a Participant or non-clearing member. Transactions resulting from orders as principal may, if appropriately designated, be recorded in an M-Position Account.
- (2) Adjustments to transactions (trade adjustments) that change the allocation of a transaction from an M-Position Account to an Agent or Principal Position Account (trade transfer), as well as transfers of positions between position accounts (position transfer), are permitted only for purposes of correct recording of transactions in M-Position Accounts in accordance with subsection 1.4.1.5 paragraph 5.

#### **1.4.1.5 Account Management**

- (1) Positions in the Agent Position Accounts and in the Principal Position Accounts of a Participant or non-clearing member shall be gross positions, i.e., positions may be open on both the long and the short sides. Positions in M-position Accounts shall be net positions, i.e., each position may be either long or short.
- (2) Eurex Clearing, as agent for The Clearing Corporation, shall monitor the Position Accounts of each Participant and non-clearing member. Eurex Clearing shall make the balance and transaction details for all position accounts available in its system for the Participants and non-clearing members.
- (3) All open positions in option series shall automatically be cancelled in the position accounts of the Participant and its non-clearing member after the Post-Trading Period on the last trading day for the options contract concerned. All assigned short positions and all exercised long positions shall be cancelled in the position account of a Participant and its non-clearing member after the delivery or payment, as the case may be, has been made in respect of such exercise or assignment, or after the cash settlement has been made in connection with such positions.
- (4) Positions in futures contracts shall be cancelled in the position accounts of the Participants and non-clearing members after the delivery or payment, as the case may be, or the cash settlement in connection with such positions has been made.
- (5) Trade adjustments can be entered before, during or after the trading period of each trading day, depending on the functions of the Eurex trading platform. They are permitted with respect to transactions executed on the respective trading day and the preceding trading day.

Closing position adjustments can be entered before, during or after the trading period of each trading day, depending on the functions of the Eurex trading platform. Position transfers between position accounts of the same Participant or its non-clearing member (and Clearing Members of Eurex Clearing and their respective non-clearing members) may only be entered during the Pre-Trading Period and the Post-Trading Full Period of any business day.

- (6) Position transfers between different Participants or non-clearing members from or into M-Position accounts are not permitted.

Position transfers without cash transfer or position transfers with cash transfer between different Participants or non-clearing members (member position transfer) may only be made by a Participant upon binding confirmation of the entry of the transfer as binding by all Participants and their respective non-clearing members (and Clearing Members of Eurex Clearing and their respective non-clearing members) involved. Position transfers from or onto an Agent Position Account may only be made at the request of the customer concerned.

The function "Position transfer with cash transfer" may only be selected if - by way of a reference which must be entered into the system of the respective trading platform - the amount to be transferred is clearly attributable to one or more transactions entered in a position account of the Participant or a non-clearing member.

The system of Eurex Clearing will transfer the relevant positions after the Post-Trading Full Period. Any cash payments or credit entries to be made in relation to the function "Position transfer with cash transfer" shall always be effected on the Business day following the day on which the function was used. However, with regard to this particular function, the respective amount is only transferred to the Participant entitled to receive payment when the Participant liable to pay the amount has actually made payment. In respect of such cash transfer, Eurex Clearing and the trading platform involved shall not have any performance obligation towards the Participant entitled to receive payment.

- (7) Transfers of transactions from the Agent Position Account of a Participant or a non-clearing member to Agent Position Accounts and Principal Position Accounts of another Participant or a non-clearing member or Clearing Member (Give-Up Trades) can be carried out on the day when the respective transaction is concluded and the following business day if the customer so demands, insofar as

- a non-clearing member has carried out a customer order and
- this order has been matched with another order or quote through the system of Eurex in accordance with the Conditions for Trading at Eurex, and



- the matched transaction is an opening trade, and
- the order entered or the completed transaction matched was indicated as a Give Up Trade, and
- the transfer of the transaction was notified to the Participant, and
- such Participant has confirmed its acceptance of the transaction, and
- the respective Participants or Clearing Members of both such non-clearing members have agreed to the transaction transfer, resulting in the transfer of the transaction to the Agent Position Account or Principal Position Account of the non-clearing member.

#### **1.4.2 Cash Clearing Accounts**

Eurex Clearing, as agent for The Clearing Corporation, shall maintain an internal cash clearing account for each Participant in Euros through which all daily settlement payments, option premiums, fees, fines and other cash payment obligations arising out of the clearing process shall be cleared.

The daily balance of the Euro cash clearing account shall be debited or credited, as the case may be, to the Participant's Bank account to the extent that The Clearing Corporation does not claim any credit balance in such account as margin.

### **1.7 Default**

#### **1.7.1 Events of Default**

- (1) A Participant will – without notice – be considered to be in default if:
  - a. the Participant fails to pay when due a daily settlement payment, or any net premiums owed, in a timely manner or fails to deliver the securities owed by it on the delivery day or fails to provide the payment owed for such securities, or
  - b. such Participant has failed to fulfill any other obligation to The Clearing Corporation arising under these Rules.
- (2) Participants must notify Eurex Clearing and The Clearing Corporation immediately if they are unable to fulfill any obligation arising out of transactions on Eurex, including, in particular, the provision of any daily settlement payment.

- (3) The Boards of Management of Eurex may exclude any Participant from trading on Eurex pursuant to subsection 3.12.4.1 of the Exchange Rules for Eurex in the event that the Participant fails or is unable to provide a daily settlement payment owed by it or any other payment set forth in paragraph 1 in a timely manner.
- (4) The Clearing Corporation may have recourse to a Participant for damages suffered by it or other Participants due to a default by such Participant. Irrespective of whether The Clearing Corporation has suffered any damage, the defaulting Participant shall be obligated to pay a fine in the amount of 0.025 percent of the outstanding amount, but no less than EUR 2,500 per calendar day; however, in no event more than EUR 25,000. If the amount calculated from the above percentage exceeds EUR 25,000, the amount of the fine shall – notwithstanding the provisions of the preceding sentence – be calculated according to a percentage of the outstanding amount, such percentage having been defined in advance by The Clearing Corporation. Such percentage shall be based on the money-market rates prevailing in the market. The Clearing Corporation has the right to charge a fine even if it accepts a delayed payment without explicitly reserving such right.
- (5) The Clearing Corporation may declare a Participant that is in Default under this Rule 1.7.1 also to be in Default under Rule 605.

#### **1.7.2 Technical Default**

- (1) If a Participant furnishes evidence to The Clearing Corporation that any of the defaults set forth in subsection 1.7.1 paragraph (1)a did not occur as a consequence of insolvency and that the Participant will promptly meet its obligations, The Clearing Corporation may elect that, with respect to such Participant, the provisions pursuant to subsection 1.7.1 paragraphs (3) and (4) and which are applicable in the event of default do not apply. In such a case, The Clearing Corporation will only cause a technical default of such Participant.
- (2) The Participant concerned shall, promptly upon the occurrence of a technical default, deliver to The Clearing Corporation and Eurex Clearing a written statement as to the reasons for its delinquency.
- (3) The Participant concerned must promptly remedy the causes of its technical default.
- (4) The Clearing Corporation may claim compensation from any Participant for any damage suffered by The Clearing Corporation due to a technical default of such Participant. Irrespective of whether The Clearing Corporation has suffered any damage, the Participant which has technically defaulted shall be obligated to pay a fine pursuant to Rule 1.7.1 (4).

## **1.8 Relationship between Eurex Clearing and The Clearing Corporation**

### **1.8.5 Rights and Obligations of The Clearing Corporation as Special Clearing Member**

The legal relationship between Eurex Clearing and The Clearing Corporation as Special Clearing Member of Eurex Clearing is determined by the provisions of the Link Agreement, as well as by these Rules. The Clearing Corporation simultaneously enters into Euro Contracts with its Participants and Eurex Clearing. There is no counterparty clearing relationship between Eurex Clearing and any Participant.

## **Settlement of Euro Contracts**

### **2.1.2 Settlement of Futures Contracts on the Dow Jones Global Titans 50 Index (Dow Jones Global Titans 50 Index Futures)**

#### **2.1.2.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of Dow Jones Global Titans 50 Index futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

### **2.1.2.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.2.1 shall apply mutatis mutandis.

### **2.1.2.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

### **2.1.2.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.2.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones Global Titans 50 Index determined on such day from 04:50 p.m. to 05:00 p.m. CET.

### **2.1.2.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

## **2.1.3 Settlement of Futures Contracts on the German Stock Index (DAX Futures)**

### **2.1.3.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of DAX Futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

### **2.1.3.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

### **2.1.3.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

### **2.1.3.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.3.2) on the Exchange day preceding the last trading day.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract based on the value of the DAX on such day, which will be calculated on the basis of the auction prices for the securities included in the DAX in the intra-day auction determined by Eurex Clearing fixed by the electronic trading system of the Frankfurt Stock Exchange (Xetra).

### **2.1.3.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

## **2.1.5 Settlement of Futures Contracts on Dow Jones STOXX 600 Sector Indices (STOXX 600 Sector Index Futures)**

### **2.1.5.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of STOXX 600 Sector Index Futures contracts, which are based on the following index:
  - Dow Jones STOXX 600 Banks Index
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect

payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.5.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.5.1 shall apply mutatis mutandis.

#### **2.1.5.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.5.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.5.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.

- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones STOXX 600 Sector Indices determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.5.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.6 Settlement of Futures Contracts on Dow Jones EURO STOXX Sector Indices (EURO STOXX Sector Index Futures)**

#### **2.1.6.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of EURO STOXX Sector Index Futures contracts, which are based on the following index:
  - Dow Jones EURO STOXX Banks Index
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.6.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.



- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.6.1 shall apply mutatis mutandis.

#### **2.1.6.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.6.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.6.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones EURO STOXX Sector Indices determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.6.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

## **2.1.9 Settlement of Futures Contracts on the Dow Jones STOXX 50 (STOXX Futures)**

### **2.1.9.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of STOXX futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

### **2.1.9.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.9.1 shall apply mutatis mutandis.

### **2.1.9.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.9.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.9.2) on the Exchange day preceding the last trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones STOXX 50 determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.9.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.10 Settlement of Futures Contracts on the Dow Jones EURO STOXX 50 (EURO STOXX Futures)**

#### **2.1.10.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of EURO STOXX futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payment pursuant to paragraph (1): All payments shall be made directly between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

### **2.1.10.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the price of the last transaction entered into during the final 15 minutes of trading on an Exchange day. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.9.1 shall apply mutatis mutandis.

### **2.1.10.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

### **2.1.10.4 Performance**

- (1) Open positions from the last trading day of a contract shall be balanced on the final settlement day by means of a net payment credited to or debited from the internal cash clearing account of the Participant. Such payment shall equal the difference between the final settlement price of such contract and such contract's daily settlement price (subsection 2.1.10.2) on the Exchange day preceding the last trading day.
- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract on the basis of the average of the respective calculations of the Dow Jones EURO STOXX 50 determined on such day from 11:50 a.m. to 12:00 CET.

#### **2.1.10.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

#### **2.1.12 Settlement of Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Euro Bund Futures)**

##### **2.1.12.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all deliveries and payments arising out of the settlement of futures contracts.
- (2) Participants must fulfill their delivery and payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for delivery and payment pursuant to paragraph (1):

All physical deliveries and payments shall be concurrently performed between Participants or between Participants and a member of Eurex Clearing, as the case may be on the second Exchange day after the Notice Day (subsection 2.1.12.4); physical deliveries of securities shall be made through Clearstream and payments shall be made through the account specified by Clearstream.

Each Participant and Eurex Clearing must ensure, through appropriate instruction to Clearstream that transactions can be processed on the Exchange day on which the delivery notice is given. All Participants must ensure their ability to effect deliveries and payments thereof through sufficient deposits in the securities account with the Clearstream and credit balances in the Participant's Bank account.

##### **2.1.12.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous

Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.

- (2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period.

If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.

- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.12.1 paragraph (3) shall apply *mutatis mutandis*.

#### **2.1.12.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.12.4 Performance**

- (1) A delivery obligation arising out of a short position in a Euro Bund Futures contract may only be performed by the delivery of debt securities of the Federal Republic of Germany designated by Eurex Clearing with a remaining term of eight and one-half to ten and one-half years. The debt securities shall have a minimum issuance volume of EUR 2 billion. Participants with open short positions must notify Eurex Clearing between the close of trading and the end of the Post-Trading Full Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.12.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.12.5 Default in Delivery or Payment**

- (1) In the event that a Participant which is obligated to deliver is in default and fails to deliver the debt securities notified by it on the delivery day and pursuant to the instructions of Eurex Clearing, Eurex Clearing shall be entitled to take the following measures:
  - Eurex Clearing is entitled to obtain by means of securities lending the notified debt securities and deliver them to the Participant which did not receive delivery in a timely manner.
  - Eurex Clearing is entitled to designate from the basket of deliverable bonds debt securities other than those notified as debt securities to be delivered and to deliver such debt securities to the Participant which did not receive delivery in a timely manner.

In such case, the defaulting Participant must deliver the debt securities so notified by Eurex Clearing.

Eurex Clearing is entitled to obtain the notified debt securities by means of securities lending and to deliver them to the Participant which did not receive delivery in a timely manner.

- In the event that the debt securities to be delivered are not delivered to Eurex Clearing as part of the standard transfer arrangement of Clearstream by the fifth Exchange day after the delivery day, Eurex Clearing shall be entitled to make a replacement purchase with respect to the undelivered debt securities. The replacement purchase may be carried out from the fifth Exchange day after the delivery day. Eurex Clearing will deliver the debt securities acquired through such replacement transaction to the Participant which did not receive delivery in a timely manner.
- (2) Measures set forth in paragraph (1) are binding on the Participant which did not receive delivery in a timely manner.

- (3) Any costs arising from the measures taken in accordance with paragraph (1) must be paid by the defaulting Participant.
- (4) Furthermore, Eurex Clearing will charge the defaulting Participant a contractual penalty. The contractual penalty shall be calculated as follows:  
  
Eurex Clearing is entitled to a contractual penalty from the defaulting Participant until delivery is made by the defaulting Participant or until a replacement purchase is made by Eurex Clearing on the fifth Exchange day in the amount of 40 ticks per contract and calendar day. Should the defaulting Participant deliver the due debt securities in the second Same Day Settlement processing of Clearstream on the delivery day, the above-mentioned contractual penalty will be reduced to 4 ticks per contract. In addition, Eurex Clearing will charge a contractual penalty until delivery is made in an amount representing a specified percentage – to be announced by Eurex Clearing in advance - of the equivalent of the debt securities to be delivered; such percentage shall be based on the money-market rates prevailing in the market.
- (5) In the event that any payment is not made on the payment date, subsection 1.7.1 paragraph (4) and subsection 1.7.2 paragraph (4) shall apply mutatis mutandis.
- (6) The right of Eurex Clearing and the Participant which did not receive delivery in a timely manner to claim further damages shall remain unaffected.

### **2.1.13 Settlement of Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Euro BOBL Futures)**

#### **2.1.13.1 General Provisions**

The provisions of subsection 2.1.12.1 shall apply mutatis mutandis.

#### **2.1.13.2 Daily Settlement**

The provisions of subsection 2.1.12.2 shall apply mutatis mutandis.

#### **2.1.13.3 Margin Requirements**

The provisions of subsection 2.1.12.3 shall apply mutatis mutandis.

#### **2.1.13.4 Performance**



- (1) A delivery obligation arising out of a short position in a Euro Bobl Futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing.

Delivery may be made with debt securities of the Federal Republic of Germany which have a remaining term of four and one-half to five and one-half years. The debt securities shall have a minimum issuance volume of EUR 2 billion.

Participants with open short positions must notify Eurex Clearing after the close of trading but before the end of the Post-Trading Full Period on the date that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.13.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.13.5 Default in Delivery or Payment**

The provisions of subsection 2.1.12.5 shall apply mutatis mutandis.

### **2.1.14 Settlement of Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Euro SCHATZ Futures)**

#### **2.1.14.1 General Provisions**

The provisions of subsection 2.1.12.1 shall apply mutatis mutandis.

#### **2.1.14.2 Daily Settlement**

The provisions of subsection 2.1.12.2 shall apply mutatis mutandis.

#### **2.1.14.3 Collateral Requirements**

The provisions of subsection 2.1.12.3 shall apply mutatis mutandis.

#### **2.1.14.4 Performance**

- (1) A delivery obligation arising out of a short position in a Euro Schatz Futures contract may only be performed by the delivery of debt securities designated by Eurex Clearing.

Delivery may be made with debt securities of the Federal Republic of Germany which have on the delivery day a remaining term of one and three-quarter to two and one-quarter years. The issuance volume of the obligations shall amount to at least EUR 2 billion.

Participants with open short positions must notify Eurex Clearing between the close of trading and the end of the Post-Trading Full Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm to the clearing house in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.14.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.)
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.14.5 Default in Delivery or Payment**

The provisions of subsection 2.1.12.5 shall apply mutatis mutandis.

#### **2.1.16 Settlement of Futures Contracts on the Interest Rate for Three-Month Cash Deposits in Euro (Three-Month Euribor Future)**

##### **2.1.16.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of Three-Month Euribor Futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payments pursuant to paragraph (1): All payments shall be made between the Participants through their Bank accounts on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at a the Bank which has been instructed by the Participant to handle the clearing of the contract.

##### **2.1.16.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall be determined on the basis of the volume-weighted average of the prices of the last five transactions entered into, provided that no more than 15 minutes have passed since these transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period. If it is not possible to determine a price pursuant to the above provision, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.

- (3) Paragraph (1) shall apply to the legal relationship between the Participants and their customers mutatis mutandis.

#### **2.1.16.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.16.4 Performance**

- (1) Open positions from the last trading day of a contract shall be settled by means of a net payment credited to or debited from the internal cash clearing account for the Participant. Such payments shall be determined on the final settlement day as the difference between the final settlement price of a contract and such contract's daily settlement price (subsection 2.1.16.2) on the preceding trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.

The cash settlement pursuant to sentence 1 shall occur only on the settlement day, which is the Exchange day next following the final settlement day.

- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract based on the reference interest rate EURIBOR in Euro which will be calculated by the Euribor FBE and Euribor ACI for three-month cash deposits.

#### **2.1.16.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.17 Settlement of Futures Contracts on the Monthly Average of the Effective Interest Rates for Overnight Inter-Bank Deposits, EONIA (One Month EONIA Future)**

#### **2.1.17.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all payments arising out of the settlement of One Month EONIA Futures contracts.
- (2) Participants must fulfill their payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for payments pursuant to paragraph (1): All payments shall be made between the Participants through a Bank on the Exchange day following the final settlement day. All Participants must ensure their ability to effect payments on the due date thereof by having sufficient credit balances in their account at a Bank or in the account at the Bank which has been instructed by the Participant to handle the clearing of the contract.

#### **2.1.17.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period. If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.17.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.17.4 Performance**

- (1) Open positions from the last trading day of a contract shall be settled by means of a net payment credited to or debited from the internal cash clearing account for the Participant. Such payments shall be determined on the final settlement day as the difference between the final settlement price of a contract and such contract's daily settlement price (subsection 2.1.17.2) on the preceding trading day, provided that the positions dated from the preceding day. With respect to the positions opened on the last trading day, the payment shall equal the difference between the final settlement price and the trading price.

The cash settlement pursuant to sentence 1 shall occur only on the settlement day, which is the Exchange day next following the final settlement day.

- (2) The final settlement price shall be determined by Eurex Clearing on the final settlement day for a contract based on the compounded monthly average of the reference interest rates for overnight deposits in Euro, EONIA, determined by the European Central Bank for the respective calendar month of the futures contract. The regulation for the determination of the final settlement price pursuant to subsection 1.17.1 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex shall apply mutatis mutandis.

#### **2.1.17.5 Default in Payment**

Defaults or technical defaults in payment shall be subject to the provisions of subsection 1.7.1 paragraph (4) or subsection 1.7.2 paragraph (4) respectively.

### **2.1.19 Settlement of Futures Contracts on a Notional Particularly Long-Term Bond of the Federal Republic of Germany (Euro BUXL Futures)**

#### **2.1.19.1 General Provisions**

- (1) The Clearing Corporation shall be a contracting party to all deliveries and payments arising out of the settlement of futures contracts.
- (2) Participants must fulfill their delivery and payment obligations in accordance with the instructions of Eurex Clearing as agent for The Clearing Corporation.
- (3) The following shall apply to the procedures for delivery and payment pursuant to paragraph (1):

All physical deliveries and payments shall be concurrently performed between the Participants on the second Exchange day after the Notice Day (subsection 2.1.19.4); physical deliveries of securities shall be made through Clearstream, and payments shall be made through the account specified by Clearstream.

Each Participant and Eurex Clearing must ensure, through appropriate instruction to Clearstream, that transactions can be processed on the Exchange day on which the delivery notice is given. All Participants must ensure their ability to effect deliveries and payments thereof through sufficient deposits in the securities account at Clearstream and credit balances in the Participant's account at the Bank.

### **2.1.19.2 Daily Settlement**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be credited or debited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price for such Exchange day.
- (2) The daily settlement price shall equal the volume-weighted average of the prices of the five last transactions, provided that no more than 15 minutes have passed since the transactions, or, if more than five transactions were entered into during the final minute of trading, the volume-weighted average of the prices of all transactions entered into during such period.

If it is not possible to determine a price pursuant to the above provisions, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.

- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.
- (4) With respect to the payments resulting from the daily settlement the provisions under subsection 2.1.19.1 paragraph (3) shall apply *mutatis mutandis*.

### **2.1.19.3 Margin Requirements**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.1.19.4 Performance**

- (1) A delivery obligation arising out of a short position in a Euro BUXL Futures contract may only be performed by the delivery of debt securities of the Federal Republic of Germany designated by Eurex Clearing with a remaining term of twenty to thirty and one-half years. The debt securities shall have a minimum issuance volume of EUR 5 billion. Participants with open short positions must notify Eurex Clearing between the close of trading and the end of the Post-Trading Full Period on the day that is two Exchange days before the tenth calendar day of a quarter-end month (the "Notice Day") which debt securities they will deliver. Any prior delivery notices may be amended until the end of such Post-Trading Full Period. If the delivery notice is not given in a timely manner, Eurex Clearing will select the debt securities to be delivered by such Participant.

One day prior to the delivery day the Participants must confirm pursuant to subsection 2.1.19.1 paragraph (3) to Eurex Clearing in writing the actual availability of the debt securities which they have notified.

- (2) Eurex Clearing will, after the end of the Post-Trading Period on the Notice Day, allocate to the Participants with open long positions the debt securities notified for delivery, using a selection procedure that ensures the neutrality of the allocation process. The Participants will be informed on the next Exchange day as to which debt securities were allocated to them and at what tender price (subsection 1.19.1 paragraph (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex.)
- (3) Paragraphs (1) and (2) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.1.19.5 Default in Delivery or Payment**

- (1) In the event that a Participant which is obligated to deliver is in default and fails to deliver the debt securities notified by it on the delivery day and pursuant to the instructions of Eurex Clearing, Eurex Clearing shall be entitled to take the following measures:
  - Eurex Clearing is entitled to obtain by means of securities lending the notified debt securities and deliver them to the Participant which did not receive delivery in a timely manner.
  - Eurex Clearing is entitled to designate from the basket of deliverable bonds debt securities other than those notified as debt securities to be



delivered and to deliver such debt securities to the Participant which did not receive delivery in a timely manner.

In such case, the defaulting Participant must deliver the debt securities so notified by Eurex Clearing.

Eurex Clearing is entitled to obtain the notified debt securities by means of securities lending and to deliver them to the Participant which did not receive delivery in a timely manner.

- In the event that the debt securities to be delivered are not delivered to Eurex Clearing as part of the standard transfer arrangement of Clearstream Banking AG by the fifth Exchange day after the delivery day, Eurex Clearing shall be entitled to make a replacement purchase with respect to the undelivered debt securities. The replacement purchase is to be carried out through a replacement transaction on a stock exchange on the fifth Exchange day after the delivery day. Eurex Clearing will deliver the debt securities acquired through such replacement transaction to the Participant which did not receive delivery in a timely manner.
- (2) Measures set forth in paragraph (1) are binding on the Participant which did not receive delivery in a timely manner.
  - (3) Any costs arising from the measures taken in accordance with subsection 2.1.19.5 paragraph (1) must be paid by the defaulting Participant.
  - (4) Furthermore, Eurex Clearing will charge the defaulting Participant a contractual penalty. The contractual penalty shall be calculated as follows:

Eurex Clearing is entitled to a contractual penalty from the defaulting Participant until delivery is made by the defaulting Participant or until a replacement purchase is made by Eurex Clearing on the fifth Exchange day in the amount of 40 ticks per contract and calendar day. In addition, Eurex Clearing will charge a contractual penalty until delivery is made in an amount representing a specified percentage – to be announced by Eurex Clearing in advance - of the equivalent of the debt securities to be delivered; such percentage shall be based on the money-market rates prevailing in the market.

- (5) In the event that any payment is not made on the payment date, subsection 1.7.1 paragraph (4) and subsection 1.7.2 paragraph (4) shall apply mutatis mutandis.
- (6) The right of Eurex Clearing and the Participant which did not receive delivery in a timely manner to claim further damages shall remain unaffected.

## **2.2.11 Settlement of Options Contracts on Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Options on a Euro Bund Futures)**

### **2.2.11.1 General Provisions**

The settlement of options contracts on Euro Bund Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

### **2.2.11.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.11.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.11.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

### **2.2.11.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an option series is the price of the last transaction entered into in such option series during the final 15 minutes of an Exchange day. If no transactions are entered into in such option series during such period, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers *mutatis mutandis*.

#### **2.2.11.4 Margin Requirement Prior to Exercise**

Margins are subject to the provisions Chapter 4 of these Rules.

#### **2.2.11.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day, open a corresponding long position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Euro Bund Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.11.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.12.1 through 2.1.12.5 shall apply for the futures position opened in accordance with subsection 2.2.11.5.
- (2) Notwithstanding subsection 2.1.12.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

## **2.2.12 Settlement of Options Contracts on Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Options on a Euro BOBL Futures)**

### **2.2.12.1 General Provisions**

The settlement of options contracts on Euro Bobl Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

### **2.2.12.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.12.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.12.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

### **2.2.12.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an options series is the price of the last transaction entered into in such options series during the final 15 minutes of an Exchange day. If no transactions are entered into in such options series during such period, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.2.12.4 Margin Requirement Prior to Exercise**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.2.12.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of the respective option, open a corresponding long position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Euro Bobl Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.12.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.13.1 through 2.1.13.5 shall apply for the futures position opened in accordance with subsection 2.2.12.5.
- (2) Notwithstanding subsection 2.1.13.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

**2.2.13 Settlement of Options Contracts on Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Options on a Euro SCHATZ Futures)**

**2.2.13.1 General Provisions**

The settlement of options contracts on Euro Schatz Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

**2.2.13.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.13.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.13.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

**2.2.13.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an options series is the price of the last transaction entered into in such options series during the final 15 minutes of an Exchange day. If no transactions are entered into in such options series during such period, or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.
- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.2.13.4 Margin Requirement Prior to Exercise**

Margins are subject to the provisions of Chapter 4 of these Rules.

#### **2.2.13.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of the respective option, open a corresponding long position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Euro Schatz Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.13.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.14.1 through 2.1.14.5 shall apply for the futures position opened in accordance with subsection 2.2.13.5.
- (2) Notwithstanding subsection 2.1.14.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

**2.2.14 Settlement of Options Contracts on Futures Contracts on the Interest Rate for Three-Month Cash Deposits in Euro (Options on a Three-Month EURIBOR Futures)**

**2.2.14.1 General Provisions**

The settlement of options contracts on Three-Month Euribor Futures up to the point of assignment of the exercised options shall be governed by the provisions for the settlement of options contracts as specified in the following rules; upon the opening of the futures position, the provisions for the settlement of futures contracts shall apply.

**2.2.14.2 Option Premiums**

The balance of the option premiums ("Net Premium") to be paid by the Participants pursuant to subsection 2.14.4 of the Contract Specifications for Futures Contracts and Options Contracts at Eurex and to be reimbursed by Eurex Clearing, as agent for The Clearing Corporation, shall be payable, over the duration of the existence of the options position, by the time specified by Eurex Clearing on the following Exchange day on the basis of the daily settlement determined in accordance with subsection 2.2.14.3 below, the first such payment being due on the Exchange day following the conclusion of the transaction.

**2.2.14.3 Daily Settlement Prior to Exercise**

- (1) For each contract, profits and losses arising out of open positions on any Exchange day will be determined at the end of the Post-Trading Period and credited to or debited from the internal cash clearing account. For open positions from the previous Exchange day, the amount to be debited or credited shall equal the difference between the daily settlement prices of the contract in question on the relevant Exchange day and on the previous Exchange day. For transactions on the relevant Exchange day, the amount to be credited or debited shall equal the difference between the price at which the transaction was concluded and the daily settlement price of the contract for such Exchange day.
- (2) The daily settlement price of an options series is the price of the last transaction entered into in such options series during the final 15 minutes of an Exchange day. If no transactions are entered into in such options series during such period or if the transactions were entered into more than 15 minutes ago or if the price so determined does not reflect the true market conditions, Eurex Clearing shall determine the settlement price.



- (3) Paragraph (1) shall apply to the legal relationship between Participants and their customers mutatis mutandis.

#### **2.2.14.4 Margin Requirement Prior to Exercise**

- (1) The basic provisions for margin requirements are set forth in subsections 1.3.1 through 1.3.5. In addition thereto, the following conditions shall apply:
- (2) For all options series, a further margin requirement ("Additional Margin") shall be calculated in an amount sufficient to cover any change to the cost of closing all options positions assuming the least favorable price developments, as determined by Eurex Clearing, until the next calculation of margin.

#### **2.2.14.5 Procedures for Exercise of Options**

- (1) On behalf of an Exchange member that exercises a call option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of the respective option, open a corresponding long position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (2) On behalf of an Exchange member to which the exercise of a call option is assigned, Eurex Clearing shall open a corresponding short position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (3) On behalf of an Exchange member that exercises a put option, Eurex Clearing shall, subsequent to the Post-Trading Period on the exercise day of such option, open a corresponding short position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.
- (4) On behalf of an Exchange member to which the exercise of a put option is assigned, Eurex Clearing shall open a corresponding long position in the underlying Three-Month Euribor Futures contract with the stipulated exercise price. If the Exchange member is not a Participant, subsection 1.2.1 paragraph (2) shall apply mutatis mutandis.

#### **2.2.14.6 Futures Position**

- (1) Unless otherwise provided below, the provisions of subsections 2.1.16.1 through 2.1.16.6 shall apply for the futures position opened in accordance with subsection 2.2.14.5.
- (2) Notwithstanding subsection 2.1.16.2 paragraph (1) sentence 3, the following shall apply:

The difference between the exercise price of the exercised and assigned option and the daily settlement price of the underlying futures contract on the exercise day shall be settled in cash. The amount of such cash settlement shall be credited to or debited from the internal cash clearing account of the Participant.

## **1 Scope**

Eurex Clearing, as agent for The Clearing Corporation, provides the following trade entry facilities ("OTC Trade Entry Facilities") to Participants pursuant to the conditions set out below:

- Basis Trade Facility
- Exchange for Swaps Trade Facility ("EFS")
- Block Trade Facility
- Vola Trade Facility

Participants may permit their customers (including affiliates of such Participants) who are eligible to trade on Eurex to enter transactions using the OTC Trade Entry Facilities; however, Participants remain solely liable to The Clearing Corporation for such transactions entered by their respective customers. As used in this Appendix 9B-II, the term "Participant" shall include such customers as the context may require.

## **2 Subject Matter**

### **2.1 Basis Trades**

2.1.1 Within the scope of transactions concluded off-exchange concerning the simultaneous purchase of a debt security as defined in section 10 below and the sale of futures contracts, or vice versa, the Basis Trade Facility provides Participants, for their own account or on behalf of a customer, the ability to enter, pursuant to the provisions set out below, the futures contracts into the clearing system of Eurex Clearing ("Eurex Clearing System") by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing may include additional contracts in the Basis Trade Facility, or may exclude previously included contracts.

2.1.2 A "Basis Trade" shall have occurred if a Participant, for its own account or on behalf of a customer, has agreed, off-Exchange, with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, on the purchase/sale of futures contracts and, simultaneously, on the sale/purchase of debt securities as defined in section 10, provided that the specifications of such futures contracts are identical to the contract specifications set forth in the Contract Specifications, and provided that Eurex Clearing, as agent for The Clearing Corporation, has admitted these futures contracts to the Basis Trade Facility pursuant to section 9.1 below, and, the contract price of the Basis Trade fulfills the requirements set out in section 5 below.

### **2.2 Exchange for Swaps ("EFS")**

2.2.1 The EFS Trade Facility provides Participants the ability to enter, pursuant to the provisions set out below, futures contracts into the Eurex Clearing System concluded off-Exchange for their own account or on behalf of a customer, based upon the simultaneous exchange of a receiver/payer swap (as defined in section 11 below) and the sale/purchase of futures contracts, by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing, as agent for The Clearing Corporation, may include further contracts in the EFS Facility or exclude any contracts included so far.

2.2.2 An "EFS trade" exists if a Participant, for its own account or on behalf of a customer, has agreed, off-Exchange, with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, to purchase/sell a futures contract and to conclude simultaneously a fixed rate payer/fixed rate receiver swap as defined in section 11, provided that the specifications of such futures contract are identical to the contract specifications set forth in the Contract Specifications, and that Eurex Clearing, as agent for The Clearing Corporation, has admitted this futures contract to the EFS Facility pursuant to section 9.1 below, and the contract price of EFS trades fulfills the requirements set out in section 5 below.

## 2.3 Block Trades

2.3.1 The Block Trade Facility provides Participants, for their own account or on behalf of a customer, the ability to enter, pursuant to the provisions set out below, transactions concluded off-Exchange concerning futures and options contracts which are tradable on Eurex and which are admitted to the Block Trade Facility pursuant to section 9.2 below, into the Eurex Clearing System by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing, as agent for The Clearing Corporation, may include additional contracts in the Block Trade Facility, or may exclude previously included contracts.

2.3.2 A "Block Trade" within the meaning of these Conditions shall have occurred if a Participant, for its own account or on behalf of a customer, has agreed, off-Exchange, with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, on the purchase/sale of one or more of the products set out in section 9.2 below, provided (i) that the number of contracts is not less than the minimum number specified in section 9.2 below, and (ii) that the specifications of such contracts correspond to the contract specifications for these products pursuant to the Contract Specifications, and the contract price of Block Trades fulfills the requirements set out in section 5 below.

## 2.4 Vola Trades

2.4.1 After conclusion of an options transaction which exists in the Eurex Clearing System with a transaction number, the Vola Trade Facility provides Participants,

for their own account or on behalf of customers, the ability to enter, pursuant to the provisions set out below, transactions concluded off-Exchange concerning futures contracts pursuant to the combinations defined in section 9.3 below, into the Eurex Clearing System by means of a request to be sent to the respective Participant's interface, and to have them cleared. In the future, Eurex Clearing, as agent for The Clearing Corporation, may include additional contracts in the Volá Trade Facility, as well as exclude previously included contracts.

- 2.4.2 A "Volá Trade" within the meaning of these Conditions shall have occurred if, in a first step, a Participant, for its own account or on behalf of a customer, has concluded an on-Exchange or off-Exchange options transaction with another Participant, another customer, or with a Clearing Member or one of its Non-clearing members, and such transaction has been entered into the Eurex Clearing System, and if, simultaneously or in a second step, such parties have agreed on the off-Exchange purchase/sale of the futures contract underlying the options transaction pursuant to the combinations defined in section 9.3 below, and the characteristics of such contracts correspond to the relevant contract specifications of the Contract Specifications. Furthermore, the contract price of Volá Trades must fulfil the requirements set out in section 5 below.

### **3 Clearing of OTC Trades**

- 3.1 Provided that the prerequisites of these Rules have been fulfilled, Participants may, to the extent that they or their customers have agreed on one of the OTC Trades defined above, utilize the OTC Trade Entry Facilities of Eurex Clearing for the processing and settlement of the futures or options contracts contained in such OTC Trades.
- 3.2 With the entry of an OTC Trade into the Eurex Clearing System using one of the OTC Trade Entry Facilities defined above, the provisions of these Rules shall apply to the contractual relationships between The Clearing Corporation and the Participants for whom an OTC Trade has been submitted. Consequently, in the case of each OTC Trade, The Clearing Corporation shall be the contractual counterparty to the relevant Participants.
- 3.3 Furthermore, these Rules shall apply accordingly for the clearing of any futures and options contracts set forth in Section 9 below that has been entered using one of the OTC Trade Entry Facilities.
- 3.4 Each OTC trade has to be entered into the Eurex Clearing System immediately after conclusion. A period of up to 30 minutes (period of ratification) is available between the entry of an OTC Trade into the Eurex Clearing System made by the Participant initiating the transaction and the acceptance of such OTC Trade by a Participant.
- 3.5 OTC Trades entered into the Eurex Clearing System may be transferred via the system to another Participant or Clearing Member or its Non-clearing member,

by means of the give-up facility in accordance with the provisions of subsection 1.4.1.5 (7) of Appendix 9B-I of these Rules.

- 3.6 If OTC Trades do not correspond to the specifications and requirements defined in these Rules, or if Participants do not comply with the general conditions for utilization pursuant to section 6 of these Rules, Eurex Clearing, as agent for The Clearing Corporation, can refuse to accept such OTC Trades.

#### **4 Evidence of Cash Transactions in the Case of Utilization of the Basis Trade Facility and the EFS Trade Facility**

- 4.1 Participants using the Basis Trade Facility or the EFS Trade Facility shall, upon request by The Clearing Corporation, provide that, for futures contracts cleared on their behalf, there is an underlying, offsetting cash transaction in one of the debt securities or swaps set out in section 10 or section 11, respectively.

- 4.2 Concerning the Basis Trade Facility, Participants shall be deemed to have fulfilled their obligation to provide evidence pursuant to Rule 4.1 above, provided that they authorize The Clearing Corporation to gain knowledge of the underlying cash transaction or the completed delivery, as the case may be, by means of respective authorizations. By means of a written declaration, the following institutions can be authorized to provide information to The Clearing Corporation or Eurex Clearing, as agent for The Clearing Corporation, on request, concerning the cash transaction which is the subject of a Basis Trade according to section 2.1 above:

- Clearstream Banking Frankfurt

- 4.3 Regardless of Rule 4.2 above, such proof must be effected on demand of The Clearing Corporation or Eurex Clearing, as agent for The Clearing Corporation, by means of presentation of the corresponding confirmation of delivery within one week of the value date of such cash transaction. The transaction reference number and the transaction date of the futures transaction related to such cash transaction must be evident in such confirmation of delivery.

- 4.4 Concerning the EFS Trade Facility, Participants shall be deemed to have fulfilled their obligation to provide evidence pursuant to Rule 4.1 above, if the buyer of the EFS futures contract provides a trade confirmation for the underlying swap transaction. This confirmation in the form of a transaction ticket (i.e. a snapshot of the front-office or back-office system of the buyer of the EFS futures) shall contain at least:

- nominal value
- date of start and maturity
- fixed coupon
- counterparties of the swap transaction

For better classification, the trade confirmation shall contain the respective EFS Trade reference number (of the Eurex system) and a time stamp which indicates the time of the swap transaction. The trade confirmation must be submitted to

Eurex Market Supervision by fax not later than one hour after the ratification of the EFS trade, but by 7:00 p.m. CET at the latest. Otherwise the EFS trade in the Eurex system will not become effective.

- 4.5 If a transaction in futures contracts is transferred to another Participant or Clearing Member or one of its Non-clearing members pursuant to section 3.4 above, the obligation to provide evidence of the cash transaction shall also be transferred to the other Participant or Clearing Member.

## **5 Contract Price of OTC Trades**

- 5.1 The contract price of OTC Trades entered into the Eurex Clearing System using one of the OTC Trade Entry Facilities must lie within an interval determined by Eurex Clearing, as agent for The Clearing Corporation, as set out below:

- 5.2 As a general rule, the interval for futures contracts is between the daily high and low prices of the respective futures contracts recorded on Eurex on the respective exchange trading day, up to the time of entry of an OTC Trade. When calculating the interval for futures contracts on stock indices, in each case a maximum deviation of up to 0.2 percent of the recorded daily high and low prices recorded on that trading day for the futures contract on a stock index is permitted.

- 5.3 For options contracts, theoretical maximum and minimum values for the option price of a Block Trade are determined during the trading day on the basis of the daily high and low prices of the respective underlying instrument, as recorded up to the time of entry of the Block Trade, and the respective implied volatilities established within the Eurex options market. The interval thus determined is extended at its extreme values by 50 per cent of the maximum Market Maker Quote Spread permissible for the respective product, resulting in the range of permissible option prices for Block Trades.

## **6 General Conditions of Utilization**

- 6.1 The Clearing Corporation may exclude a Participant from the utilization of one or more OTC Trade Facilities if such Participant has not complied with its obligations pursuant to these Rules or if the prerequisites for participation have not been fulfilled initially, or have subsequently ceased to exist. In such event, such Participant shall not be entitled to damages of any kind whatsoever or to the refund of costs or charges.

6.2 Participants are permitted to utilize the OTC Trade Entry Facilities for futures and options contracts set forth in Section 9 below which are admitted to the OTC Trade Entry Facilities during the trading periods at Eurex and during the Post-Trading-Full-Period until thirty minutes before the end of the Post-Trading-Full-Period ("OTC Period of Use"). Participants shall be notified by The Clearing Corporation or by Eurex Clearing, as agent for The Clearing Corporation in the event of any exceptions.

6.3 Participants must be available by telephone or fax at any time during the OTC Period of Use for the products underlying the applicable OTC Trade Entry Facilities.

## **7. Technical Features**

7.1 The entry of Basis, EFS or Block Trades into the Eurex Clearing System is carried out by the buyer of the futures or options contracts in the context of the Basis, EFS and Block Trade Entry Facilities. The seller of the futures or options contracts must confirm the buyer's entry.

7.2 The entry of Vola Trades into the Eurex Clearing System in the context of the Vola Trade Entry Facility is carried out by the buyer or seller of the Vola Trade (the "Initiator"). The counterparty must confirm the entries of the Initiator.

7.3 OTC Trades may be entered onto Principal, Agent and M-position Accounts.

## **8 Mandatory Data Entries**

8.1 Basis Trade Facility (OTC Basis Trade Entry window)

8.1.1 When entering a Basis Trade into the Eurex Clearing System, using the Basis Trade Entry Facility, the buyer must enter the following data:

- ISIN, nominal value, gross basis and settlement date of the debt security traded
- the futures Contract traded (Instrument, delivery month and year)
- the Contract price;
- the number of Contracts;
- the Eurex exchange system user identification code of the trader of the buyer;
- the open/close indicator;
- the position account
- the hedging method (Nominal, Duration or Price Factor)
- the settlement institution
- the seller's Participant ID code for the Eurex exchange system

Depending on the chosen hedging method, the number of Contracts of the Basis Trade Future must be in a defined proportion to the nominal value of the debt security. The relation between the futures and the debt security is defined according to the chosen Nominal, Duration, or Price Factor hedging method.



8.1.2 After the buyer of futures Contracts has entered data into the Eurex Clearing System using the Basis Trade Entry Facility, pursuant to section 8.1.1, the seller of futures Contracts must enter the following data in order to confirm such Basis Trade:

- the OTC transaction reference number;
- the Eurex exchange system user identification code of the trader of the seller
- the open/close indicator; and
- the position account.

## 8.2 EFS Trade Facility ( EFS Trade Entry window)

8.2.1 When entering an EFS futures Contract into the Eurex Clearing System by means of the Block EFS Trade Facility, the buyer of the EFS futures Contracts (Fixed Rate Payer in the swap transaction) must enter the following data:

- the futures Contract traded (instrument, delivery month and year)
- the Contract price;
- the number of Contracts;
- the Eurex system user identification code of the buyer's trader
- the open/close indicator
- the position account
- the user identification code of the seller for the system of the Eurex exchanges.

The number of traded futures Contracts must be in a defined proportion to the nominal value of the swap transaction. The relation between the futures Contract and the swap transaction is defined according to the Duration method.

8.2.2 After the buyer has entered data into the Eurex Clearing System by means of the Block EFS Trade Facility pursuant to section 8.2.1, the seller of the EFS futures Contracts (Fixed Rate Receiver in the swap transaction) must confirm the EFS Trade by entering the following data:

- the OTC transaction reference number
- the Eurex system user identification code of the seller's trader
- the open/close indicator
- the position account.

## 8.3 Block Trade Facility (OTC Block Trade Entry window)

8.3.1 When entering a Block Trade into the clearing system of Eurex Clearing, using the Block Trade Facility, the buyer must enter the following data:

- the futures Contract traded (instrument, delivery month and year) or the option contract traded (instrument, expiration month and year, exercise price, C/P-flag and version number)

- the Contract price;
- the number of Contracts;
- the Eurex system user identification code of the trader of the buyer;
- the open/close indicator;
- the position account; and
- the Eurex exchange system Participant ID code of the seller.

The number of futures or options Contracts traded may not be below the minimum number of Contracts to be traded, as provided in section 9.2 below.

8.3.2 After the buyer has entered data into the Eurex Clearing System using the Block Trade Facility, pursuant to section 8.3.1, the seller of a Block Trade must enter the following data in order to confirm such Block Trade:

- the OTC transaction reference number;
- the Eurex exchange system user identification code of the seller's trader;
- the open/close indicator; and
- the position account.

8.4 Vola Trade Facility (OTC Vola Trade Entry window)

8.4.1 When entering a Vola Trade into the Eurex Clearing System using the Vola Trade Facility, the Initiator must enter the following data:

- the transaction number of the referring option trade
- number of the option Contracts of the Vola trade (not exceeding the maximum number of options Contracts of the underlying options transaction)
- details of the future Contract traded (instrument, delivery month and year) as well as the number of Contracts and the Contract price;
- the Eurex exchange system user identification code of the Initiator's;
- the buy/sell flag;
- the open/close indicator;
- the position account; and
- the Eurex exchange system Participant ID code of the counterparty.

The number of futures Contracts traded may not deviate by more than 10% from the number of futures Contracts required to achieve a delta-neutral position in relation to the number of options Contracts entered in the Vola trade, as calculated by the system.

8.4.2 After the Initiator's data entry into the clearing system using the Vola Trade Facility pursuant to section 8.3.1 above, the counterparty to the Vola Trade must enter the following data in order to confirm such Vola Trade:

- the OTC transaction reference number;
- the Eurex exchange system user identification code of the counterparty's trader;
- the open/close indicator; and
- the position account.

## 9 Admitted Products

9.1 The following products have been admitted to the Basis Trade Facility and to the EFS Trade Facility for the Global Clearing Link:

- Futures Contracts on a Notional Extra Long-Term Debt Security of the Federal Republic of Germany ("FGBX Futures")
- Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany ("FGBL Futures")
- Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany ("FGBM Futures")
- Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany ("FGBS Futures")

9.2 The following products have been admitted to the Block Trade Facility for the Global Clearing Link:

<b>Product</b>	<b>Minimum number of tradable contracts</b>
Options Contracts on a Euro BUND Future (OGBL)	50
Options Contracts on a Euro BOBL Future (OGBM)	50
Options Contracts on a Euro SCHATZ Future (OGBS)	50
Futures Contracts on a Notional Extra Long-Term Bond of the Federal Republic of Germany (Euro BUXL Futures; FGBX)	100
Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Euro BUND Futures; FGBL)	2,000
Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Euro BOBL Futures; FGBM)	3,000
Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Euro SCHATZ Futures; FGBS)	4,000

Futures Contracts on the Interest Rate for Three-Month Cash Deposits in Euro (Three-Month Euribor Future; FEU3)	100
Futures Contracts on the Monthly Average of Effective Interest Rates for Overnight Deposits in the Inter-bank Euro Market, EONIA (One-month EONIA Future; FEO1)	100
Futures Contracts on the Dow Jones STOXX 50 <sup>SM</sup> Index (FSTX)	250
Futures Contracts on the Dow Jones EURO STOXX <sup>SM</sup> Market Sector Indices:- Banks (FESB).	1,000
Futures Contracts on the Dow Jones STOXX <sup>SM</sup> 600 Market Sector Indices:- Banks (FESB).	1,000
Futures Contracts on the DAX <sup>®</sup> Index	250
Futures Contracts on the DJ EURO STOXX 50 <sup>SM</sup> Index	1,000
Futures Contracts on the Global Titans 50 <sup>SM</sup> Index	1,000

9.3 The following product combinations have been admitted to the Vola Trade Facility for the Global Clearing Link:

<b>Options Contract</b>	<b>Futures Contract</b>
Options Contracts on a Euro-BUND-Future (OGBL)	Futures contracts on the DAX <sup>®</sup> (FDAX)
Options Contracts on a Euro-BOBL-Future (OGBM)	Futures Contracts on the Dow Jones Euro STOXX 50 <sup>SM</sup> (FESX)
Options Contracts on a Euro-SCHATZ-Future (OGBS)	Futures Contracts on the Dow Jones STOXX 50 <sup>SM</sup> (FSTX)
	Futures Contracts on the Dow Jones EURO STOXX <sup>SM</sup> Market Sector Indices: Banks (FESB).
	Futures Contracts on the Dow Jones STOXX <sup>SM</sup> 600 Market Sector Indices: Banks (FSTB).

Futures Contracts on the Dow Jones Global Titans 50<sup>SM</sup> (FGTI)

Futures Contracts on a Notional Long-Term Debt Security of the Federal Republic of Germany (Euro BUND Futures; FGBL)

Futures Contracts on a Notional Medium-Term Debt Security of the Federal Republic of Germany (Euro BOBL Futures; FGBM)

Futures Contracts on a Notional Short-Term Debt Security of the Federal Republic of Germany (Euro SCHATZ Futures; FGBS)

## 10 Cash Transactions for the Basis Trade Facility

Cash transactions in:

- Debt Securities of the Federal Republic of Germany with a remaining term of no less than one year at the maturity date of the future and a term of no more than 30.5 years can be components of a Basis Trade according to section 2.1.2.

Cash transactions in such debt securities can be carried out for the corresponding futures contracts according to the following rule:

	<b>Remaining term in years</b>		<b>Maximum term in years</b>	<b>Futures Contract</b>
>	10.5	<	30.5	FGBL and FGBX
≥	8.5	≤	10.5	FGBL
>	5.5	<	8.5	FGBL and FGBM
≥	4.5	≤	5.5	FGBM
>	2.25	<	4.5	FGBM and FGBS
≥	1	≤	2.25	FGBS

## 11 Cash Transactions for the EFS Trade Facility

Cash transactions in EFS Trades must have the following characteristics:

- Spot or forward-starting plain vanilla OTC Interest Rate Swaps
- Agreement under the terms of an ISDA Master Agreement or any equivalent master agreement
- Regular annual fixed rate payment against regular floating rate payments per year
- All payments must be denominated in the same permitted currency as the respective futures contract (i.e. EUR for Euro Bund, Bobl and Schatz Future).

## **12 Cancellation of OTC Transactions**

### **12.1 Requirements**

Pursuant to these Rules Eurex Clearing, as agent for The Clearing Corporation, shall cancel a Basis Trade, an Exchange for Swaps, a Vola-Trade or a Block-Trade (“OTC Transaction”) already completed, if both participants to an already-completed OTC Transaction immediately – but no later than until the end of the Post-Trading-Full-Period of the respective product of the same Exchange day assert vis-à-vis Eurex Clearing, as agent for The Clearing Corporation, that both participants have entered the OTC Transaction by mistake or incorrectly into the Eurex Clearing System and thus wish to cancel such OTC Transaction.

### **12.2 Form Claim**

Participants who request a cancellation pursuant to Rule 12.1 above must submit their request for cancellation by telephone or by telefax to Eurex Clearing, as agent for The Clearing Corporation.

### **12.3 Cancellation**

The cancellation of an OTC Transaction shall be effected by the entry of a respective back-to-back transaction by the requesting Participants in such a way that the positions emerging from such cancellation are in accordance with the one that would have come into being without the transaction that has been cancelled. If it should not be possible for a Participant to enter a respective back-to-back transaction according to sentence 1, such entry of a respective back-to-back transaction shall be made by Eurex Clearing, as agent for The Clearing Corporation.

### **12.4 Costs**

For each erroneous entry a respective cancellation fee in the amount of EUR 500 for EUR denominated products shall be invoiced by Eurex Clearing, as agent for The Clearing Corporation, to each Participant requesting the cancellation. In the case of the cancellation of a self-dealing transaction (In-House Transaction) the cancellation fee shall be invoiced by Eurex Clearing, as agent for The Clearing

Corporation, once only. The trading fee, which accrued for the cancelled OTC Transaction shall be reversed by Eurex Clearing, as agent for The Clearing Corporation.

#### 12.5 Miscellaneous

Eurex Clearing, as agent for The Clearing Corporation, shall submit a confirmation to the Participants filing the application pursuant to Rule 12.1 above, which shows that the respective OTC Transaction has been cancelled.

### 13 **Liability**

13.1 The liability of Eurex Clearing to Participants in respect of OTC Trades shall be as set forth in the rules of Eurex Clearing with respect to its Clearing Members and Non-clearing members.

### 14 **General Provisions**

14.1 The OTC Trades entered by Participants into the Eurex Clearing System using the OTC Trade Entry Facilities, are not made anonymous for the counterparties involved. Other Participants (third parties) cannot view via the EDP system OTC Trades in which they are not involved.

14.2 After the entry of an OTC Trade, Participants receive a "Trade Confirmation", produced by the Eurex Clearing System. All OTC Trades are expressly shown as "OTC-TRADE" on such Trade Confirmation.

14.3 OTC Trades are shown in the reports CB010 (Position Detail) and TC810 (Daily Trade Confirmation), produced by the Eurex Clearing System on a daily basis, and are marked as off-exchange transactions. In addition, a report recording all OTC transactions (TC545 OTC-Order Maintenance) is provided electronically, in which all OTC Transactions (Add, Change, Ratify) are indicated.

14.4 Eurex Clearing will report all cleared OTC Trades, marked as off-Exchange transactions, to the German Financial Supervisory Authority (*Bundesaufsichtsamt für Finanzdienstleistungsaufsicht "BAFin"*) on a daily basis, pursuant to paragraph 9 of the Securities Trading Act (*Wertpapierhandelsgesetz - "WpHG"*).

14.5 These Rules have been issued by The Clearing Corporation, which has the right to change or extend them from time to time, to the extent that this may appear necessary in the light of market conditions. The Clearing Corporation will, when possible, notify Participants of any changes in the OTC Trade Entry Facility at least ten trading days before they are to take binding effect.

- 15.1 The right of a Participant to use the OTC Trade Entry Facility may, at any time, be terminated by either the Participant or The Clearing Corporation in writing without notice for cause. (i) Cause exists for both parties, in particular, if a Participant is no longer admitted to options and futures trading at Eurex. (ii) Cause exists for The Clearing Corporation, if a Participant is in Default.
- 15.2 The notice period in the event of an extraordinary termination pursuant to section 15.1 (iii) of these Rules shall, in such a case, be five (5) trading days. Furthermore, such termination must be received by Eurex Clearing before the respective change of the Rules becomes effective. In the event of an extraordinary termination pursuant to section 15.1 (i) and (ii), the termination is made without notice.

## **16 Saving Clause**

Should individual provisions be invalid in whole or in part, this shall not affect the validity of the remaining provisions.



10. [RESERVED]

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11. [RESERVED].

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## 12. CHEMCONNECT, INC.

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### 12-101. Definitions.

#### **ChemConnect**

ChemConnect, Inc.

#### **ChemConnect Contract**

The term "ChemConnect Contract" has the meaning set forth in Rule 101 in relation to the definition of "OTC Market."

#### **Contract Value**

As to any ChemConnect Contract on any day, the product of the current Settlement Price and the contract size per lot (as set forth in Appendix 12-A).

#### **Default**

Any event that would constitute a default under Rule 605 or Rule 12-605.

#### **Delivery Collateral**

All collateral held by Clearing Corporation, as escrow agent, in respect of a ChemConnect Contract following Final Settlement of any ChemConnect Contract that provides for physical delivery. "Original Delivery Collateral" and "Supplementary Delivery Collateral" have the meanings given those terms in Rule 12-501(b).

#### **Final Settlement**

With respect to a Participant that has open trades or positions in ChemConnect Contracts at the close of trading on the Last Trading Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

#### **... Interpretations and Policies:**

- .01 The Clearing Corporation ordinarily will effect Final Settlement of ChemConnect Contracts by 6:40 a.m. on the first Business Day following the Last Trading Day in such ChemConnect Contract.

## **ChemConnect User Agreement**

The agreement between ChemConnect and a Participant or Customer governing the responsibilities of parties to ChemConnect Contracts, including the terms for delivery thereof.

## **ChemConnect System**

The system operated by ChemConnect for the trading of ChemConnect Contracts.

## **Escrow Payment Amount**

The term "Escrow Payment Amount" has the meaning given that term in Rule 12-502(c).

## **Last Trading Day**

As to any ChemConnect Contract, the last day on which a particular delivery month or expiration is available on the ChemConnect System.

## **Non-Defaulting Participant**

The term "non-Defaulting Participant" has the meaning given that term in Rule 12-505(b).

## **Swap Settlement Collateral**

All collateral (including Initial Swap Collateral and Supplementary Swap Collateral) held by The Clearing Corporation, as escrow agent, following Final Settlement, in respect of a ChemConnect Contract that provides for cash settlement. Initial Swap Collateral and Supplementary Swap Collateral have the meanings given those terms in Rule 12-501(e).

## **12-304. Offsets.**

- (a) Where, as the result of substitution under Rule 301, any Participant has bought from The Clearing Corporation any amount of a given ChemConnect Contract for a particular delivery and subsequently, and prior to such delivery, such Participant sells to The Clearing Corporation any amount of the same ChemConnect Contract for the same delivery, the subsequent transaction shall be deemed *pro tanto* a settlement or adjustment of the prior transaction. In like manner, where a Participant sells to The Clearing Corporation any amount of a given ChemConnect Contract for a particular delivery and subsequently, and before delivery, such Participant buys any amount of the same ChemConnect Contract for the same delivery, the second transaction shall be deemed *pro tanto* a settlement or adjustment of the prior transaction. Thereupon, such Participant shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.
- (b) The Clearing Corporation will, upon direction from a Participant, establish one or more sub-accounts within such Participant's account at The Clearing Corporation. The Clearing Corporation will ordinarily offset long and short positions in ChemConnect Contract that are identified by the Participant as having been made for such a sub-account.

... **Interpretations and Policies:**

- .01 A Participant is permitted to establish one or more sub-accounts for itself or for Customers. In the event of a Default, the applicable Guaranty Funds will be applied only to the combined (net) position in those sub-accounts.

**12-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted by or on behalf of a Participant.
- (b) A Trade (other than a Transfer Trade or a Block Trade) in a ChemConnect Contract shall not be deemed to be accepted by The Clearing Corporation until thirty minutes after The Clearing Corporation's receipt thereof from ChemConnect. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants and ChemConnect.

- (c) A Transfer Trade shall not be accepted until The Clearing Corporation has received from the Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) A Block Trade shall be submitted to The Clearing Corporation, together with such additional information as may be required and, if not rejected by The Clearing Corporation within one hour of the submission thereof by ChemConnect, shall be deemed accepted by The Clearing Corporation. In the event that The Clearing Corporation rejects a Block Trade, it will promptly notify the affected Participants and ChemConnect.
- (e) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (f) As used herein, (i) the term "Block Trade" shall mean a privately negotiated transaction in a ChemConnect Contract that is submitted to The Clearing Corporation by ChemConnect but not executed through the ChemConnect System.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. on Business Days. In the event that a Trade (other than a Block Trade) is received between 3:30 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 7:30 a.m. on the next Business Day. In the event that a Block Trade is submitted to The Clearing Corporation between 3:00 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. on the next Business Day. On Business Days on which normal business hours do not apply, the time frames referenced above will be adjusted accordingly.

**12-312. Reserved.**

**12-402. Original Margins.**

- (a) Margin, other than variation settlements, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be called to protect The Clearing Corporation on Trades in ChemConnect Contracts. On the Last Trading Day, original Margin for any ChemConnect Contract that settles by physical delivery shall be equal to at least 30% of the Contract Value. On the Last Trading Day, original Margin for any ChemConnect Contract that cash settles shall be equal to at least 10% of the Contract Value.
- (b) When the amount callable shall have been fixed, such Margin shall be called by The Clearing Corporation. Normally, Margin calls will be uniform, but where particular risks are deemed hazardous, The Clearing Corporation may depart from the rule of uniformity and call for additional Margin. Upon performance or closing out of Contracts thus secured, original Margin deposits may be withdrawn by the Participant upon the authorization of The Clearing Corporation except as otherwise provided in Rules 12-501 and 12-502.
- (c) Original Margin may be required of Participants on a gross basis, without reduction for opposite positions in the same ChemConnect Contract, and shall be deposited in the manner prescribed by The Clearing Corporation.

**12-404. Settlement Prices.**

- (a) The Settlement Price for a ChemConnect Contract means the price for such ChemConnect Contract established in accordance with this Rule at the close of each day's trading.
- (b) The Settlement Price for each open ChemConnect Contract shall be determined by The Clearing Corporation based upon the recommendation of ChemConnect. The Clearing Corporation may consult, as appropriate, any committee of The Clearing Corporation, and may consider all relevant market information, including (but not limited to) price data from spot, forward, and derivative markets for both physical and financial products.
- (c) The Settlement Price for Final Settlement of a ChemConnect Contract shall be the price established pursuant to the terms and conditions of the ChemConnect Contract User Agreement.

- (d) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any ChemConnect Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (e) In carrying out the responsibilities under this Rule, The Clearing Corporation may consult, as appropriate, any committees of The Clearing Corporation or ChemConnect, and may consider all relevant market information.

**12-501. Assignment of Deliveries and Swap Settlements.**

- (a) By 3:00 p.m. on the first Business Day following the Last Trading Day, The Clearing Corporation shall assign buyers by account and sellers by account for delivery purposes. The Clearing Corporation shall thereupon notify Participants of the account-to-account assignments. Such notification shall be given by no later than 5:00 p.m. on the first Business Day following the Last Trading Day. The Clearing Corporation shall also notify ChemConnect of the account-to-account assignments. ChemConnect shall identify the names of and the contact information for the respective assigned accounts and provide such information to the Participants and The Clearing Corporation.
- (b) Provided that a Participant is not in Default, The Clearing Corporation shall instruct the Participant to deposit for credit to an escrow account maintained by The Clearing Corporation an amount equivalent to the original Margin requirement that is on deposit with The Clearing Corporation as of Final Settlement. Such amount shall be held in escrow by The Clearing Corporation as Original Delivery Collateral. During the delivery month (from the second business day after Last Trading Day until delivery), the buying Participant and selling Participant will be required to deliver to The Clearing Corporation, for credit to an escrow account maintained by The Clearing Corporation, such amounts (Supplementary Delivery Collateral) as required pursuant to the terms of the ChemConnect User Agreement. Such Supplementary Delivery Collateral will be transferred by wire transfer of immediately available funds of the United States of America to the escrow account designated by The Clearing Corporation. The Clearing Corporation shall release Supplementary Delivery Collateral pursuant to the terms of the ChemConnect User Agreement.



- (c) In the event that The Clearing Corporation is notified by both Participants that assigned accounts have agreed to the terms of an alternative delivery process, Delivery Collateral held by The Clearing Corporation in respect of such assigned accounts shall be returned or released to the Participants as provided in Rule 12-502(d)(iii).
- (d) By 3:00 p.m. on the first Business Day following the Last Trading Day, The Clearing Corporation shall assign buyers by account and sellers by account for swap settlement purposes. The Clearing Corporation shall thereupon notify Participants of the account-to-account assignments. Such notification shall be given by no later than 5:00 p.m. on the first Business Day following the Last Trading Day. The Clearing Corporation shall also notify ChemConnect of the account-to-account assignments. ChemConnect shall identify the names of and the contact information for the respective assigned accounts and provide such information to the Participants and The Clearing Corporation.
- (e) Provided that a Participant is not in Default, The Clearing Corporation shall instruct the Participant to deposit for credit to an escrow account maintained by The Clearing Corporation an amount equivalent to the original Margin requirement that is on deposit with The Clearing Corporation as of Final Settlement. Such amount shall be held in escrow by The Clearing Corporation as Initial Swap Collateral. During the settlement month (from the second business day after Last Trading Day until swap settlement), the buying Participant and selling Participant shall deliver to The Clearing Corporation, for credit to an escrow account maintained by The Clearing Corporation, such amounts ("Supplementary Swap Collateral") as required pursuant to the terms of the ChemConnect User Agreement. Such Supplementary Swap Collateral will be transferred by wire transfer of immediately available funds of the United States of America to the escrow account designated by The Clearing Corporation. The Clearing Corporation shall release Supplementary Swap Collateral pursuant to the terms of the ChemConnect User Agreement.
- (f) In the event that The Clearing Corporation is notified by both Participants that assigned accounts have agreed to the terms of an alternative swap process, Swap Settlement Collateral held by The Clearing Corporation in respect of such assigned accounts shall be returned or released to the Participants as provided in Rule 12-502(d)(iii).

**12-502. Purchases and Sales for Physical Delivery; Application of Delivery Collateral; Application of Swap Settlement Collateral.**

- (a) A ChemConnect Contract that has not been liquidated or offset prior to the termination of trading on the Last Trading Day shall be settled by delivery or swap settlement in the manner established by the ChemConnect User Agreement unless otherwise settled pursuant to the terms of an alternative delivery process (as provided in Rule 12-501(c)) or alternative swap settlement as provided for in Rule 12-501(f).
- (b) Following The Clearing Corporation's issuance of notices regarding delivery assignments (as provided in Rule 12-501(a)) or swap settlement (as provided in Rule 12-501(d)), The Clearing Corporation shall assign Participant buyers receiving such notices to Participant sellers receiving such notices and the Participant buyers and sellers shall be substituted in lieu of The Clearing Corporation as the buyer and seller in such ChemConnect Contracts, and the ChemConnect Contracts between Participant buyers and sellers, on the one hand, and The Clearing Corporation, on the other hand, will be deemed discharged and terminated, in each case effective from and after Final Settlement. The buyer and seller Participants shall continue to be subject to the requirements of Rule 12-501 notwithstanding such substitution.
- (c) Pursuant to the terms of the ChemConnect User Agreement, with respect to delivery contracts, Participant buyers will be required to provide an amount that represents full payment to be held in escrow by The Clearing Corporation (the "Escrow Payment Amount"). The Escrow Payment Amount shall not be deemed to be an Obligation of the Participant buyer to The Clearing Corporation, and, a failure of a Participant buyer to post the Escrow Payment Amount with The Clearing Corporation shall not, by itself, constitute a default under Rule 12-605. The Clearing Corporation shall release any Escrow Payment Amount held by it as escrow agent at such time as is provided therefor in the ChemConnect User Agreement.
- (d) Provided that a Participant has not timely notified The Clearing Corporation of a delivery default or swap settlement default, The Clearing Corporation will release Delivery Collateral or Swap Settlement Collateral to the Participant that has posted the same as provided herein.

- (i) The Clearing Corporation will return Delivery Collateral deposited by a selling Participant on the tenth Business Day after the scheduled delivery day unless the assigned buying Participant has provided timely written notice to The Clearing Corporation, as escrow agent, that delivery was not made timely and in full.
- (ii) The Clearing Corporation will return any Delivery Collateral and Escrow Payment Amount deposited by a buying Participant on the tenth Business Day after the scheduled payment date established by ChemConnect unless the assigned selling Participant has provided timely written notice to The Clearing Corporation, as escrow agent, that such payment was not made timely and in full.
- (iii) The Clearing Corporation will return Swap Settlement Collateral deposited by a Participant on the second Business Day after the last day of the swap settlement month.
- (iv) Provided that a Participant has not notified The Clearing Corporation of a delivery default or swap settlement default, as provided herein, The Clearing Corporation, as escrow agent, will release any Delivery Collateral and Escrow Payment Amount or Swap Settlement Collateral, as applicable, to selling and buying Participants that have entered into an alternative delivery process (as provided in Rule 12-501(c)) or alternative swap settlement (as provided in Rule 12-501(f)) on the second Business Day following notice of the alternative delivery process or alternative swap settlement. In the event that only one such Participant is in Default, The Clearing Corporation will, as escrow agent, release Delivery Collateral solely to the non-Defaulting Participant.
- (e) Notwithstanding the foregoing, if The Clearing Corporation, as escrow agent, receives written instructions signed by ChemConnect or an order of a court of competent jurisdiction to the effect that a Participant is entitled to receive an amount of Delivery Collateral, Escrow Payment Amount, or Swap Settlement Collateral identified in such written instructions or order, The Clearing Corporation shall disburse such amount of such collateral to such Participant.

- (f) Beyond the exercise of reasonable care in the custody and preservation thereof, The Clearing Corporation will have no duty as to any Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Clearing Corporation will be deemed to have exercised reasonable care in the custody and preservation of Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount in its possession or control if such Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Margin, Delivery Collateral, Swap Settlement Collateral, or Escrow Payment Amount, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by The Clearing Corporation in good faith or by reason of any act or omission by The Clearing Corporation pursuant to instructions from a Participant, except to the extent that such liability arises from The Clearing Corporation's gross negligence or willful misconduct. THE CLEARING CORPORATION SHALL NOT BE LIABLE FOR ANY LOSS, COST, OR EXPENSE ARISING FROM THE FAILURE OF A PARTICIPANT OR CUSTOMER OR OTHER NON-PARTICIPANT TO PERFORM ANY OF ITS DELIVERY OR SWAP SETTLEMENT OBLIGATIONS, INCLUDING THE POSTING OF DELIVERY COLLATERAL, SWAP SETTLEMENT COLLATERAL OR ESCROW PAYMENT AMOUNT.

**12-503. Delivery Price; Swap Settlement Price.**

- (a) All deliveries on ChemConnect Contracts shall be made at the Settlement Price for such ChemConnect Contract on the Last Trading Day.
- (b) Pursuant to the terms of the ChemConnect User Agreement, the final swap settlement amount payable by either the seller or buyer, as appropriate, for a applicable ChemConnect Contract shall be the difference between the Settlement Price on the Last Trading Day and the arithmetic average of the daily market values of the underlying physical product as such values are determined in accordance with ChemConnect's policies.

**12-505. Settlements on Defaulted Deliveries.**

- (a) The Clearing Corporation, as escrow agent, shall not under any circumstance be obligated to make or accept deliveries or to make swap settlement payments in satisfaction of ChemConnect Contracts, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery obligation or make a swap settlement payment following The Clearing Corporation's assignment of delivery instructions and swap settlements as provided in Rule 12-501.
- (b) In the event that a Participant (a "Defaulting party") shall fail to fulfill its delivery obligations (including payment therefor) or its swap settlement obligations and the opposite Participant (the "non-Defaulting Participant") shall have given timely notice thereof as provided in Rule 12-502(c), The Clearing Corporation's sole obligation, as escrow agent, shall be to release to the non-Defaulting Participant any Delivery Collateral or Swap Settlement Collateral, as applicable, held by The Clearing Corporation in respect of the Defaulting party's positions, pursuant to the instructions of ChemConnect or a court of competent jurisdiction. In the event that more than one non-Defaulting Participant is entitled thereto, The Clearing Corporation shall allocate such Delivery Collateral or Swap Settlement Collateral, as applicable, ratably among the non-Defaulting Participants pursuant to the instructions of ChemConnect or a court of competent jurisdiction. In the event that there is a conflict or inconsistency in respect of any such instructions, The Clearing Corporation shall be entitled to determine, in its sole discretion, the controlling instructions.
- (c) Notwithstanding anything to the contrary in these Rules (including, without limitation, Rule 12-605), The Clearing Corporation, as escrow agent, holds Delivery Collateral, any Escrow Payment Amount, and Swap Settlement Collateral to secure the obligations of a Participant arising under ChemConnect Contracts and will not retain or apply Delivery Collateral, any Escrow Payment Amount, or Swap Settlement Collateral in satisfaction of a Participant's obligations to The Clearing Corporation.

**12-605. Defaults.**

- (a) A Participant is in Default if such Participant (i) is in default under Rule 605, (ii) fails to meet any of its Obligations upon its Contracts with The Clearing Corporation, (iii) fails to deposit Margin within one hour after demand by The Clearing Corporation, (iv) fails to satisfy any of its obligations under Rule 802 or (v) is suspended, expelled or prohibited from trading by a Market or by The Clearing Corporation. Upon such Default, The Clearing Corporation may impose limitations, conditions and restrictions upon such Participant or terminate the status of the Participant, and may cause all open Trades of such Participant to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation, and any debit balance owing to The Clearing Corporation shall be immediately due and payable.
  
- (b) In closing, transferring or otherwise resolving the open Trades of a Participant as provided in paragraph (a) of this Rule, The Clearing Corporation shall have the right:
  - (i) With respect to open Trades in Contracts, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades and any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such accounts and any other amounts owed to The Clearing Corporation as a result of transactions in the accounts or otherwise lawfully chargeable against the accounts;

- (ii) With respect to all other open Trades (in ChemConnect Contracts or otherwise) held in any other account of such Participant, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts, and any other property of the Participant within the possession or control of The Clearing Corporation against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin in such account, and any other obligations of the Participant to The Clearing Corporation, including obligations of the Participant to The Clearing Corporation remaining after the setoffs referred to in subparagraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Participant with The Clearing Corporation;
- (iii) To cause Trades and positions held in accounts of the Participant that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Participants;
- (iv) To cause Trades and positions in Contracts held in accounts of the Participant that is in Default and of other Participants to be settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances; and
- (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Participant's Trades or Contracts would not be in the best interests of The Clearing Corporation or other Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by The Clearing Corporation, and such other circumstances as it deems relevant.

- (c) If the Board of Directors or the President shall (i) determine that The Clearing Corporation is unable, for any reason, to close out any Contracts in a prompt and orderly fashion, or to convert to cash any Margin of a suspended Participant, or (ii) elects pursuant to paragraph (b)(v) not to close out any such Trades or Contracts, The Clearing Corporation may, solely for the purpose of reducing the risk to The Clearing Corporation resulting from the continued maintenance of such positions or the continued holding of such Margin, authorize the execution of hedging transactions, including, without limitation, the purchase or sale of underlying commodities or commodities deemed similar thereto or Contracts on any such underlying or similar interests. Any authorization of hedging transactions shall be reported promptly to the Board, and any such Trades that are executed shall be reported to the Board on a daily basis. Any costs or expenses, including losses, sustained by The Clearing Corporation in connection with transactions effected for its account as authorized hereby shall be charged to the account of the suspended Participant, and any gains realized on such transactions shall be credited to such account.
- (d) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of the Rules shall be subject to all the terms of the Rules, including the setoff and other rights set forth in this Rule. The rights of The Clearing Corporation set forth in this Rule shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of these Rules, additional agreements with the Participant or any other source.

... **Interpretations and Policies:**

- .01 The Clearing Corporation may declare a Participant that is in Default under this Rule 12-605 also to be in Default under Rule 605.



**Product Specification Ethane**

<b>Item</b>	<b>Specification</b>
Contract Description	Ethane Forward – Enterprise – Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the delivery month
Contract Series	Monthly until March 31, 2007.
Delivery	F.O.B. at Enterprise Products Partners L.P. facility in Mt. Belvieu, Texas. Product shall conform to industry standards for fungible liquefied ethane gas as determined by the Gas Processors Association.

<b>Item</b>	<b>Specification</b>
Contract Description	Ethane Swap – Enterprise - Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007..
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily market values for the underlying product as determined each Business Day during the swap settlement month in accordance with ChemConnect's policies.

<b>Item</b>	<b>Specification</b>
Contract Description	Ethane Swap – Enterprise - Mt. Belvieu - OPIS
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily averages of the high and low prices for "any" Mt. Belvieu, non-TET ethane as published by the Oil Price Information Service (OPIS) in its LP Gas Fax for each business day during the settlement month.

**Product Specification Propane**

<b>Item</b>	<b>Specification</b>
Contract Description	Propane Forward – TET - Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the delivery month.
Contract Series	Monthly until March 31, 2007..
Delivery	F.O.B. at Texas Eastern Products Pipeline Company (TEPPCO) facility in Mt. Belvieu, Texas. Product shall conform to industry standards for fungible liquefied propane gas as determined by the Gas Processors Association (GPA-HD-5).

<b>Item</b>	<b>Specification</b>
Contract Description	Propane Swap – TET - Mt. Belvieu
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007..
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily market values for the underlying product as determined each Business Day during the swap settlement month in accordance with ChemConnect's policies.

<b>Item</b>	<b>Specification</b>
Contract Description	Propane Swap – TET - Mt. Belvieu - OPIS
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily averages of the high and low prices for Mt. Belvieu for "any" TET propane published by the Oil Pricing Information Service (OPIS) in its LP Gas Fax for each business day during the settlement month.

<b>Item</b>	<b>Specification</b>
Contract Description	Propane Forward – Conway - Williams
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the delivery month.
Contract Series	Monthly until March 31, 2007.
Delivery	F.O.B. at Williams Storage Facility in Conway, Kansas. Product shall conform to industry standards for fungible liquefied propane gas as determined by the Gas Processors Association (GPA-HD-5).

<b>Item</b>	<b>Specification</b>
Contract Description	Propane Swap – Conway - Williams
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily market values for the underlying product as determined each Business Day during the swap settlement month in accordance with ChemConnect's policies.

<b>Item</b>	<b>Specification</b>
Contract Description	Propane Swap – Conway - Williams - OPIS
Contract Size per lot	42,000 US Gallons (1,000 Barrels)
Currency	US Dollars and cents per Gallon
Last Trading Day	Last business day of the month preceding the settlement month.
Contract Series	Monthly until March 31, 2007.
Final Settlement/Clearing Corporation	Final Settlement Price for Last Trading Day
Final ChemConnect Swap Settlement Price	Arithmetic average of the daily averages of the high and low prices for "any" Conway In-Well propane as published by the Oil Pricing Information Service (OPIS) in its LP Gas Fax for each business day during the settlement month.

### 13. INTERCONTINENTALEXCHANGE, INC.

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**NOTE:** Contracts subject to this Chapter are not currently being submitted to The Clearing Corporation for clearance.

## **13-101. Definitions.**

### **Contract Value**

As to any ICE Contract on any day, the product of the current Settlement Price and the Contract size per lot (as set forth in Appendix 13-A).

### **Customer**

A party, other than a Participant, that is obligated to make or receive physical delivery in settlement of an ICE Contract.

### **Daily Limit**

"Daily Limit" shall have the meaning set forth in Rule 13-310(g).

### **Default**

Any event that would constitute a default under Rule 605 or Rule 13-605.

### **Delivery Collateral**

Original Delivery Collateral and Supplementary Delivery Collateral held by The Clearing Corporation as escrow agent in respect of an ICE Contract following Final Settlement of such ICE Contract. "Original Delivery Collateral" and "Supplementary Delivery Collateral" have the meanings set forth in Rule 13-501(c).

### **EEI Agreement**

The form of Edison Electric Institute ("EEI") Master Power Purchase & Sale Agreement (including the completed Cover Sheet thereto, plus the Collateral Annex and completed Paragraph 10) incorporated by reference into Annex F of the ICE Participant Agreement, as amended from time to time.

### **Final Settlement**

With respect to a Participant that has open Trades or positions in ICE Contracts at the close of trading on the Last Trading Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

... **Interpretations and Policies:**

.01 The Clearing Corporation ordinarily will effect Final Settlement of a physically settled ICE Contract by 6:40 a.m. on the first Business Day following the Last Trading Day in such ICE Contract.

**ICE**

IntercontinentalExchange, Inc.

**ICE Contract**

The term "ICE Contract" has the meaning set forth in Rule 101 in relation to the definition of "OTC Market."

**ICE Participant Agreement**

The agreement between ICE and a Participant or Customer governing the responsibilities of parties to ICE Contracts, including the terms for delivery thereof.

**ICE Trading System**

The electronic Trade matching system operated by ICE for the trading of ICE Contracts.

**Last Trading Day**

As to any ICE Contract, the last day on which a particular delivery month or expiration is listed for trading on the ICE Trading System.

**Non-Defaulting Participant**

The term "non-Defaulting Participant" has the meaning given that term in Rule 13-505(b).

**13-304. Offsets.**

- (a) Where, as the result of substitution under Rule 301, any Participant has bought from The Clearing Corporation any amount of a given ICE Contract for a particular delivery and subsequently, and prior to such delivery, such Participant sells to The Clearing Corporation any amount of the same ICE Contract for the same delivery, the subsequent transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction. In like manner, where a Participant sells to The Clearing Corporation any amount of a given ICE Contract for a particular delivery and subsequently, and before delivery, such Participant buys any amount of the same ICE Contract for the same delivery, the second transaction shall be deemed pro tanto a settlement or adjustment of the prior transaction. Thereupon, such Participant shall become liable to pay the loss or entitled to collect the profit, as the case may be, upon such adjusted transactions. For purposes of this Rule, the first Trades made shall be deemed the first Trades offset.
- (b) The Clearing Corporation will, upon direction from a Participant, establish one or more sub-accounts within such Participant's account at The Clearing Corporation. The Clearing Corporation will ordinarily offset long and short positions in an ICE Contract that are identified by the Participant as having been made for such a sub-account.

**13-307. Statement of Trades and Positions.**

The Clearing Corporation shall make available to Participants a statement of Trades and positions for each Business Day on which such Participant has Trades to be cleared or a position open with The Clearing Corporation.

**... Interpretations and Policies:**

- .01 Each ICE Contract represents either 400 MWhs of Western power or 800 MWhs of Eastern and Mid Continent power. One month of power will be represented by a number of Contracts equal to the number of NERC peak days in that month.

**13-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant.

- (b) A Trade (other than a Transfer Trade or a Block Trade) in an ICE Contract shall not be deemed to be accepted by The Clearing Corporation until thirty minutes after The Clearing Corporation's receipt of a matched Trade submitted to it by ICE. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants and ICE.
- (c) A Transfer Trade shall not be accepted until The Clearing Corporation has received from the Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) A Block Trade shall be submitted to The Clearing Corporation, together with such additional information as may be required and, if not rejected by The Clearing Corporation within one hour of the submission thereof, shall be deemed accepted by The Clearing Corporation. In the event that The Clearing Corporation rejects a Block Trade, it will promptly notify the affected Participants and ICE.
- (e) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (f) The Clearing Corporation may from time to time establish Daily Limits and may in such circumstances decline to accept for clearance Trades in ICE Contracts that exceed any such Daily Limit. Except as otherwise provided in a resolution adopted pursuant to Rule 601 or 602, Daily Limits shall not apply on the last two trading days for any ICE Contract. Notwithstanding the foregoing, The Clearing Corporation may in its discretion accept such a Trade if doing so will reduce The Clearing Corporation's net exposure to a Participant. The Clearing Corporation will give Participants prompt notice of the adoption of Daily Limits.
- (g) As used herein, (i) the term "Block Trade" shall mean a privately negotiated transaction in an ICE Contract that is submitted to The Clearing Corporation by ICE but not executed through the ICE Trading System, and (ii) the term "Daily Limit" shall mean a price that is above or below the preceding day's Settlement Price by more than a specified increment.

... **Interpretations and Policies:**

.01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. on Business Days. In the event that a Trade (other than a Block Trade) is received or matched between 3:30 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 7:30 a.m. on the next Business Day. In the event that a Block Trade is submitted to The Clearing Corporation between 3:00 p.m. and 7:00 a.m., The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. on the next Business Day. On Business Days on which normal business hours do not apply, the time frames referenced above will be adjusted accordingly.

**13-311. Trades for Customers.**

Where a Participant clears a Trade for a Customer, the Participant for whose account such Trade has been cleared becomes liable to The Clearing Corporation and The Clearing Corporation liable to such Participant on such Trade as if the Trade were for the account of the Participant, subject in all cases to the provisions of Rule 13-304.

**13-312. Reserved.**

**13-315. Limitation of Liability.**

The liability of The Clearing Corporation relating or arising out of ICE Contracts shall be limited to losses resulting from the substitution of The Clearing Corporation upon such contracts between Participants in accordance with these Rules, but in no event shall the amount of such liability hereunder or under any other provision of these Rules exceed the total amount on deposit in the Emerging Markets Guaranty Fund. The Clearing Corporation shall not be liable for obligations of a non-Participant, obligations of a Participant to a non-Participant, obligations of a Participant to another Participant of The Clearing Corporation who is acting for such other Participant as broker, or obligations of a Participant to a customer, not shall The Clearing Corporation become liable to make deliveries to or accept deliveries from a customer of its Participants.

**13-402. Original Margin.**

- (a) Margin, other than variation settlements, shall be known as original Margin. The Clearing Corporation shall, from time to time, fix the amount of original Margin which shall be called to protect The Clearing Corporation on Trades in ICE Contracts. On the Last Trading Day, original Margin for any ICE Contract that settles by physical delivery shall be equal to 50% of the Contract Value.



- (b) When the amount callable shall have been fixed, such Margin shall be called by The Clearing Corporation. Normally, Margin calls will be uniform, but where particular risks are deemed hazardous, The Clearing Corporation may depart from the rule of uniformity and call for additional Margin. Upon performance or closing out of Contracts thus secured, original Margin deposits may be withdrawn by the Participant upon the authorization of The Clearing Corporation except as otherwise provided in Rules 13-501 and 13-502.
- (c) Original Margin may be required of Participants on a gross basis, without reduction for opposite positions in the same ICE Contract, and shall be deposited in the manner prescribed by The Clearing Corporation.

**13-404. Settlement Prices.**

- (a) The Settlement Price for an ICE Contract means the price for such ICE Contract established in accordance with this Rule at the close of each day's trading.
- (b) The Settlement Price for each open ICE Contract shall be determined by The Clearing Corporation based upon the recommendation of ICE. The Clearing Corporation may consult, as appropriate, any committee of The Clearing Corporation, and may consider all relevant market information, including (but not limited to) price data from spot, forward, and derivative markets for both physical and financial products.
- (c) The Settlement Price for Final Settlement of an ICE Contract shall be the price required by the ICE Contract terms and conditions.
- (d) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any ICE Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.
- (e) In carrying out the responsibilities under this Rule, The Clearing Corporation may consult, as appropriate, any committees of The Clearing Corporation or the Exchange, and may consider all relevant market information.

... **Interpretations and Policies:**

- .01 The Clearing Corporation may establish Daily Limits as provided in Rule 13-310. In such an event, the Settlement Price ordinarily will be established at a price that does not exceed such Daily Limit.

**13-501. Assignment of Deliveries.**

- (a) By 8:00 a.m. on the first Business Day following the Last Trading Day, Participant buyers and Participant sellers shall report their gross long and short positions, respectively, and shall identify the holders (whether Participants or Customers) of each long and short position in an ICE Contract reflected on the books of such Participant.
- (b) By 10:00 a.m. on the first Business Day following the Last Trading Day, The Clearing Corporation will provide ICE with a report of the long and short delivery positions held by Participants and Customers for delivery, as reported to The Clearing Corporation as provided in paragraph (a). ICE will provide The Clearing Corporation with instructions regarding the delivery assignment of all such open positions, including the names of the parties that are to make and take delivery and their Participants (if the Participant is not itself the party that is to make or take delivery), by no later than 4:00 p.m. on the first Business Day following the Last Trading Day. The Clearing Corporation shall thereupon notify Participants of the assignments made by ICE. Such notification shall be given by no later than 6:00 p.m. on the first Business Day following the Last Trading Day.
- (c) Provided that a Participant is not in Default, original Margin deposited by that Participant in respect of ICE Contracts that remain open after Final Settlement shall be retained by The Clearing Corporation as Original Delivery Collateral. Thereafter, such a Participant shall deposit with The Clearing Corporation Supplementary Delivery Collateral in a form and manner acceptable to The Clearing Corporation and in an amount sufficient to cause the Delivery Collateral for each such ICE Contract to be equivalent to the Contract Value. Such Supplementary Delivery Collateral shall be deposited by no later than 5:00 p.m. on the third Business Day following the Last Trading Day. Failure to do so shall constitute a Default pursuant to Rule 13-605 and shall subject the Participant to discipline by The Clearing Corporation.

- (d) Notwithstanding the provisions of paragraph (c), assigned Participants shall not be required to deposit Supplementary Delivery Collateral if they have notified The Clearing Corporation that they have agreed to the terms of an alternative delivery arrangement. Any such notice shall be given by 3:30 p.m. on the second Business Day following the Last Trading Day or such later time and in such form as may be specified by The Clearing Corporation. In such an event, Original Delivery Collateral held by The Clearing Corporation in respect of such deliveries shall be returned or released to the Participants as provided in Rule 13-502(c)(iii).

**13-502. Purchases and Sales for Physical Delivery; Application of Delivery Collateral.**

- (a) An ICE Contract that has not been liquidated or offset prior to the termination of trading on the Last Trading Day shall be settled by delivery in the manner established by the ICE Participant Agreement unless otherwise settled pursuant to the terms of an alternative delivery arrangement as provided in Rule 13-501(d).
- (b) Following The Clearing Corporation's issuance of notices regarding delivery assignments as provided in Rule 13-501(b), The Clearing Corporation shall assign Participant buyers to Participant sellers in accordance with the delivery assignments made by ICE, and the Participants shall be substituted in lieu of The Clearing Corporation as buyers and sellers in the ICE Contracts between The Clearing Corporation and Participant sellers and buyers, respectively, and the ICE Contracts between such Participants and The Clearing Corporation will be deemed discharged and terminated, in each case effective from and after Final Settlement. The buyer and seller Participants shall continue to be subject to the requirements of Rule 13-501 notwithstanding such substitution. Following satisfaction of the obligations of the buyer and seller Participants as to Delivery Collateral under Rule 13-501(c), the contract between the Participants will be novated and replaced, as applicable, by a contract between the Customers making and receiving delivery with respect to such contract in accordance with the ICE Participant Agreement.
- (c) Acting solely in its capacity as escrow agent, The Clearing Corporation will release Delivery Collateral to the Participant that has posted the same as provided herein.
  - (i) The Clearing Corporation will return Delivery Collateral deposited by a selling Participant on the third Business Day after the last delivery day unless the buying Participant has provided timely written notice to The Clearing Corporation that delivery was not made timely and in full.

- (ii) The Clearing Corporation will return Delivery Collateral deposited by a buying Participant on the second Business Day after the scheduled payment date established by ICE unless the selling Participant has provided timely written notice to The Clearing Corporation that such payment was not made timely and in full.
  - (iii) Provided that a Participant is not in Default, The Clearing Corporation will release Original Delivery Collateral to selling and buying Participants that have entered into an alternative delivery arrangement (as provided in Rule 13-501(d)) on the third Business Day following the Last Trading Day. In the event that only one such Participant is in Default, The Clearing Corporation will release Original Delivery Collateral solely to the non-Defaulting Participant.
- (d) Notwithstanding the foregoing, if The Clearing Corporation receives written instructions signed by ICE or an order of a court of competent jurisdiction to the effect that a Participant is entitled to receive an amount of Delivery Collateral identified in such written instructions or order, The Clearing Corporation will disburse such amount of Delivery Collateral to such Participant.
- (e) Beyond the exercise of reasonable care in the custody and preservation thereof, The Clearing Corporation will have no duty as to any Margin or Delivery Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Clearing Corporation will be deemed to have exercised reasonable care in the custody and preservation of Margin or Delivery Collateral in its possession or control if such Margin or Delivery Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Margin or Delivery Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by The Clearing Corporation in good faith or by reason of any act or omission by The Clearing Corporation pursuant to instructions from a Participant, except to the extent that such liability arises from The Clearing Corporation's gross negligence or willful misconduct. **THE CLEARING CORPORATION SHALL NOT BE LIABLE FOR ANY LOSS, COST, OR EXPENSE ARISING FROM THE FAILURE OF A PARTICIPANT OR CUSTOMER OR OTHER NON-PARTICIPANT TO PERFORM ANY OF ITS DELIVERY OBLIGATIONS, INCLUDING THE POSTING OF DELIVERY COLLATERAL.**

**13-503. Delivery Price.**

All deliveries on ICE Contracts shall be made at the Settlement Price for such ICE Contract on the Last Trading Day.

**13-505. Settlements on Defaulted Deliveries.**

- (a) The Clearing Corporation shall not under any circumstance be obligated to make or accept deliveries in satisfaction of ICE Contracts, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery obligation following The Clearing Corporation's assignment of delivery instructions as provided in Rule 13-501.
- (b) In the event that a Participant or Customer (a "Defaulting party") shall fail to fulfill its delivery obligations (including payment therefor) and the opposite Participant (the "non-Defaulting Participant") shall have given timely notice thereof as provided in Rule 13-502(c), The Clearing Corporation's sole obligation shall be to release to the non-Defaulting Participant or its Customer, as appropriate, any Delivery Collateral held by The Clearing Corporation in respect of the Defaulting party's positions, pursuant to the instructions of ICE or a court of competent jurisdiction. In the event that more than one non-Defaulting Participant is entitled thereto, The Clearing Corporation shall allocate such Delivery Collateral ratably among the non-Defaulting Participants pursuant to the instructions of ICE or a court of competent jurisdiction. In the event that there is a conflict or inconsistency in respect of any such instructions, The Clearing Corporation shall be entitled to determine, in its sole discretion, the controlling instructions.
- (c) Notwithstanding anything to the contrary in these Rules (including, without limitation, Rule 13-605), The Clearing Corporation holds Delivery Collateral solely as escrow agent to secure the obligations of a Participant or a Customer arising under ICE Contracts and will not retain or apply Delivery Collateral in satisfaction of a Participant's obligations to The Clearing Corporation.

**13-510. Customer Deliveries.**

At least five Business Days prior to the Last Trading Day, a Participant shall confirm that each Customer holding a position in the expiring month is qualified (in the manner determined by ICE) to effect delivery. A Participant may not clear a Trade for the account of a Customer at any time during the five Business Days preceding and including the Last Trading Day unless such Trade liquidates or offsets an existing position in the Customer's account at the Participant or the Participant has confirmed or confirms promptly that the Customer is prepared (in a manner deemed satisfactory by ICE) to effect delivery. In the event that the

Participant is unable timely to obtain such confirmation, it shall liquidate the Customer's positions in the expiring ICE Contract prior to the close of trading on the Last Trading Day.

**... Interpretations and Policies:**

- .01 ICE has established the following requirements for Customers who wish to maintain open positions on and after five Business Days prior to the Last Trading Day in an ICE Contract:

**PJM:**

The Customer must be a member of PJM.

**Into Cinergy:**

The seller must (a) own generation (greater than the short position) within the Cinergy grid, (b) have a source (greater than the short position) outside the Cinergy grid, together with sufficient firm transmission from the source to the Cinergy grid, or (c) have entered into a valid and binding bilateral transaction that offsets the ICE Contract.

The buyer must (a) have load (greater than the long position) within the Cinergy grid or (b) have load (greater than the long position) outside the Cinergy grid, together with sufficient firm transmission from the Cinergy grid to the load, or (c) have entered into a valid and binding bilateral transaction that offsets the ICE Contract.

**13-605. Defaults.**

- (a) A Participant is in Default if such Participant (i) is in default under Rule 605, (ii) fails to meet any of its obligations upon its Contracts with The Clearing Corporation, (iii) fails to deposit Margin within one hour after demand by The Clearing Corporation, or (iv) is suspended, expelled or prohibited from trading by a Market or by The Clearing Corporation. Upon such Default, The Clearing Corporation may impose limitations, conditions and restrictions upon such Participant or terminate the status of the Participant, and may cause all open Trades of such Participant to be closed in the open market, transferred to any other Participant, or otherwise resolved as deemed appropriate by The Clearing Corporation, and any debit balance owing to The Clearing Corporation shall be immediately due and payable.

- (b) In closing, transferring or otherwise resolving the open Trades of a Participant as provided in paragraph (a) of this Rule, The Clearing Corporation shall have the right:
- (i) With respect to open Trades in Contracts, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades and any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such accounts and any other amounts owed to The Clearing Corporation as a result of transactions in the accounts or otherwise lawfully chargeable against the accounts;
  - (ii) With respect to all other open Trades (in ICE Contracts or otherwise) held in any other account of such Participant, to set off (A) any proceeds received by The Clearing Corporation from the disposition of such open Trades, any property or proceeds thereof deposited with or held by The Clearing Corporation as Margin for such accounts, and any other property of the Participant within the possession or control of The Clearing Corporation against (B) any amounts paid by The Clearing Corporation in the disposition of such open Trades, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin in such account, and any other obligations of the Participant to The Clearing Corporation, including obligations of the Participant to The Clearing Corporation remaining after the setoffs referred to in subparagraph (b)(i) of this Rule, and any obligations arising from any other accounts maintained by the Participant with The Clearing Corporation;
  - (iii) To cause Trades and positions held in accounts of the Participant that is in Default to be offset against each other and, to the extent of any remaining imbalance, against the Trades and positions of other Participants;
  - (iv) To cause Trades and positions in Contracts held in accounts of the Participant that is in Default and of other Participants to be settled at the Settlement Price for such Contracts, or at such other price or prices as The Clearing Corporation may deem fair and reasonable in the circumstances; and

- (v) To defer closing or otherwise settling such Trades and Contracts if, in its discretion, it determines that the closing out of some or all of the suspended Participant's Trades or Contracts would not be in the best interests of The Clearing Corporation or other Participants, taking into account the size and nature of the positions in question, market conditions prevailing at the time, the potential market effects of such liquidating transactions as might be directed by The Clearing Corporation, and such other circumstances as it deems relevant.
- (c) If the Board of Directors or the President shall (i) determine that The Clearing Corporation is unable, for any reason, to close out any Contracts in a prompt and orderly fashion, or to convert to cash any Margin of a suspended Participant, or (ii) elects pursuant to paragraph (b)(v) not to close out any such Trades or Contracts, The Clearing Corporation may, solely for the purpose of reducing the risk to The Clearing Corporation resulting from the continued maintenance of such positions or the continued holding of such Margin, authorize the execution of hedging transactions, including, without limitation, the purchase or sale of underlying commodities or commodities deemed similar thereto or Contracts on any such underlying or similar interests. Any authorization of hedging transactions shall be reported promptly to the Board, and any such Trades that are executed shall be reported to the Board on a daily basis. Any costs or expenses, including losses, sustained by The Clearing Corporation in connection with transactions effected for its account as authorized hereby shall be charged to the account of the suspended Participant, and any gains realized on such transactions shall be credited to such account.
- (d) Any obligation of The Clearing Corporation to a Participant arising from a Trade or from any provision of the Rules shall be subject to all the terms of the Rules, including the setoff and other rights set forth in this Rule. The rights of The Clearing Corporation set forth in this Rule shall be in addition to other rights that The Clearing Corporation may have under applicable law and governmental regulations, other provisions of these Rules, additional agreements with the Participant or any other source.

**.. Interpretations and Policies:**

- .01 The Clearing Corporation may declare a Participant that is in Default under this Rule 13-605 also to be in Default under Rule 605.



**Product Specification - PJM-West**

<b>Item</b>	<b>Specification</b>
Contract Description	Physically settled US Power, Electricity Firm - LD Peak Physical, Fixed Price – PJM West Hub
Rate	50 MWh
Contract Size per lot	800 MWh
Unit of Trading	Trading takes place in multiples of 50 MWhs for a 16-hour peak day. 1 lot equals 800 peak MWhs per day. For example, a 5 lot position in a monthly contract for May 03 has a value of 5 (lots) x 21 peak days (22 minus 1 NERC holiday) x 50 (MWhs) x 16 (peak hours) = 84,000 MWhs. NOTE: For each ICE Contract, ICE will report to The Clearing Corporation a quantity equal to the number of peak days in that delivery month. [For example, one 50MWhs ICE Contract for a month will be reported to The Clearing Corporation as 21 “units,” each representing 800 MWhs (50 MWhs x 16 peak hours per day).] The Clearing Corporation’s records, therefore, will reflect the number of units associated with ICE Contracts, and transactions reported by or to The Clearing Corporation shall be effected in “units” (multiples of the number of peak days in the delivery month).
Delivery Schedule	Monday – Friday HE 08:00 HE 23:00 EPT excluding NERC Holidays
Currency	US Dollars and cents per MWh
Minimum Settlement Price Fluctuation	One US cent (\$0.01) per MWh
Last Trading Day	No Trades deliverable in the current month shall be made during the last three Business Days prior to the first calendar day of the delivery month.
Contract Series	Up to 72 consecutive calendar months commencing with the next calendar month.
Delivery	Physical delivery is effected pursuant to the terms of Annex F of the ICE Participant Agreement and the terms of the EEI Agreement incorporated by reference therein.

**Product Specification - Into Cinergy, Sellers Daily Choice**

<b>Item</b>	<b>Specification</b>
Contract Description	Physically settled US Power, Electricity Into Peak Physical, Fixed Price – Into Cinergy, Sellers Daily Choice
Rate	50 MWh
Contract Size per lot	800 MWh
Unit of Trading	Trading takes place in multiples of 50 MWhs for a 16-hour peak day. 1 lot equals 800 peak MWhs per day. For example, a 5 lot position in a monthly contract for May 03 has a value of 5 (lots) x 21 peak days (22 minus 1 NERC holiday) x 50 (MWhs) x 16 (peak hours) = 84,000 MWhs. NOTE: For each ICE Contract, ICE will report to The Clearing Corporation a quantity equal to the number of peak days in that delivery month. [For example, one 50MWhs ICE Contract for a month will be reported to The Clearing Corporation as 21 “units,” each representing 800 MWhs (50 MWhs x 16 peak hours per day).] The Clearing Corporation’s records, therefore, will reflect the number of units associated with ICE Contracts, and transactions reported by or to The Clearing Corporation shall be effected in “units” (multiples of the number of peak days in the delivery month).
Currency	US Dollars and cents per MWh
Minimum Settlement Price Fluctuation	One US cent (\$0.01) per MWh
Last Trading Day	No Trades deliverable in the current month shall be made during the last three Business Days prior to the first calendar day of the delivery month.
Contract Series	Up to 72 consecutive calendar months commencing with the next calendar month.
Delivery	Physical delivery is effected pursuant to the terms of Annex F of the ICE Participant Agreement and the terms of the EEI Agreement incorporated by reference therein.

## **14. Chicago Climate Futures Exchange, LLC**

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### **14-101. Definitions.**

#### **Exchange**

Chicago Climate Futures Exchange, LLC

#### **CCFE Contract**

The term "CCFE Contract" has the meaning set forth in Rule 101 in relation to the definition of "Exchange Market."

### **14-505. Delivery Default.**

The Clearing Corporation shall under no circumstances be obligated to make or accept deliveries in satisfaction of CCFE Contracts made on or through the facilities of the Exchange, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery Obligation following The Clearing Corporation's assignment of Participant buyers to selling Participant as provided herein.

Following The Clearing Corporation's issuance of notices regarding delivery assignments, the Participants shall be substituted in lieu of The Clearing Corporation as buyers and sellers in the CCFE Contracts between The Clearing Corporation and Participant sellers and buyers, respectively, and the CCFE Contracts between such Participants and The Clearing Corporation will be deemed discharged and terminated, in each case effective from and after Final Settlement.

## **15. OTC Benchmark Treasury Futures Contracts.**

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### **15-101. Definitions.**

#### **Contract Value**

As to any OTC Benchmark Treasury Futures Contract on any day, the product of the current Settlement Price and the Contract size per lot (as set forth in Appendix 15A).

#### **Default**

Any event that would constitute a default under Rule 605.

#### **Delivery Collateral**

Collateral held by The Clearing Corporation as escrow agent in respect of an OTC Benchmark Treasury Futures Contract following Final Settlement of such a contract.

#### **Final Settlement**

With respect to a Participant that has open Trades or positions in OTC Benchmark Treasury Futures Contracts at the close of clearing on the Last Clearing Day, the issuance of instructions by The Clearing Corporation to such Participant's settlement bank to debit or credit the Participant's variation settlement account on the next Business Day and the acceptance thereof by such settlement bank.

#### **... Interpretations and Policies:**

- .01 The Clearing Corporation ordinarily will effect Final Settlement by 6:40 a.m. (Chicago Time) on the first Business Day following the Last Clearing Day in such OTC Benchmark Treasury Futures Contract.

#### **First Off-The-Run**

The U.S. Treasury Bond or Note of a particular maturity that was most recently issued prior to the current On-The-Run issue.

#### **OTC Benchmark Treasury Futures Contract**

The term "OTC Benchmark Treasury Futures Contract" has the meaning set forth in Rule 101.

### **Last Clearing Day**

As to any OTC Benchmark Treasury Futures Contract, the last day on which the particular OTC Benchmark Treasury Futures Contract is listed for clearing.

### **On-The-Run**

The most recently issued U.S. Treasury Bond or Note of a given maturity.

### **15-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant. Participants will be responsible for ensuring that all submitted Trades are for the account of an Eligible Contract Participant or Eligible Commercial Entity as those terms are defined by Sections 1a(12) and 1a(11) of the Commodity Exchange Act.
- (b) A Trade in an OTC Benchmark Treasury Futures Contract shall not be deemed to be accepted by The Clearing Corporation until sixty minutes after The Clearing Corporation's receipt of a matched Trade or until sixty minutes after The Clearing Corporation matches the buying Participant and the selling Participant of a particular Trade. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants.
- (c) Any Trade in excess of \$100,000,000 shall not be accepted until The Clearing Corporation has received from both Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (e) All Trades must be submitted to The Clearing Corporation by 2:15 p.m. (Chicago Time) on the Last Clearing Day.

### **... Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. (Chicago Time) on Business Days. In the event that a matched Trade is received or the buying Participant and selling Participant to a Trade are matched between 4:00 p.m. and 7:00 a.m. (Chicago Time), The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. (Chicago Time) on the next Business Day.

**15-404. Settlement Prices.**

- (a) The Settlement Price for an OTC Benchmark Treasury Futures Contract means the price for such OTC Benchmark Treasury Futures Contract established in accordance with this Rule at approximately 2:00 p.m. (Chicago Time) except on early close days for the underlying cash markets. On such days The Clearing Corporation shall use its discretion to decide the time used for determining settlement prices.
- (b) The Settlement Price for each open OTC Benchmark Treasury Futures Contract shall be determined by The Clearing Corporation. In determining the Settlement Price, The Clearing Corporation may consider all relevant market information including (but not limited to) price data from spot, forward, and derivative markets for both physical and financial products.
- (c) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any OTC Benchmark Treasury Futures Contract at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.

**15-501. Assignment of Deliveries.**

By 3:15 p.m. (Chicago Time) on the Last Clearing Day, The Clearing Corporation will provide Participants with a report of the long or short delivery position held by Participants and instructions regarding the delivery assignment of all such open

positions, including the names of the Participants that are to make and take delivery.

**15-502. Purchases and Sales for Physical Delivery; Delivery Collateral**

- (a) Following The Clearing Corporation's issuance of notices regarding delivery assignments as provided in Rule 15-501, the Participants shall be substituted in lieu of The Clearing Corporation as buyers and sellers in the OTC Benchmark Treasury Futures Contracts between The Clearing Corporation and Participant sellers and buyers, respectively, and the OTC Benchmark Treasury Futures Contracts between such Participants and The Clearing Corporation will be deemed discharged and terminated, in each case effective from and after Final Settlement.
- (b) An OTC Benchmark Treasury Futures Contract that has not been liquidated or offset prior to the termination of trading on the Last Clearing Day shall be settled by delivery through the Fixed Income Clearing Corporation ("FICC"). Accordingly, Participants must have a relationship with a member or be an affiliate of a member of FICC that permits the Participant to satisfy its delivery obligations through FICC.
- (c) Participants must submit instructions to FICC to deliver or receive delivery of Treasuries by 7:00 p.m. (Chicago Time) on the Last Clearing Day. Instructions must be submitted in a form and manner acceptable to FICC.
- (d) The Clearing Corporation shall, from time to time, fix the amount of Delivery Collateral which Participants shall be required to post with The Clearing Corporation. At the time of The Clearing Corporation's morning settlement on the first Business Day following Last Clearing Day, Participants making or taking delivery shall be required to post Delivery Collateral with The Clearing Corporation in an amount that is at least equivalent to the amount that would be required as original Margin for the same position in OTC Benchmark Treasury Futures Contracts. Failure to do so shall constitute a Default pursuant to Rule 605 and shall subject the Participant to discipline by The Clearing Corporation.
- (e) Provided that a Participant has excess original Margin on the first Business Day following Last Clearing Day and is not in default, The Clearing Corporation shall retain any excess original Margin in an amount necessary to satisfy the Participant's Delivery Collateral requirement.

- (f) Acting solely in its capacity as escrow agent, The Clearing Corporation will, upon a Participant's request, release excess Delivery Collateral to the Participant that has posted the same on the second Business Day after Last Clearing Day unless the Participant's delivery counterparty has provided timely written notice to The Clearing Corporation that delivery was not made timely and in full.
- (g) Notwithstanding the foregoing, the Clearing Corporation, acting solely as an escrow agent, shall allow a Clearing Participant to obtain an early release of Delivery Collateral provided the Clearing Participant and the counterparty Clearing Participant to which it has been assigned for delivery both notify the Clearing Corporation that each Clearing Participant releases the Clearing Corporation from holding Delivery Collateral from the counterparty Clearing Participant. If the Clearing Corporation receives such notifications prior to the posting of Delivery Collateral for a specific delivery it will not require the posting of such Delivery Collateral for such delivery.
- (h) In the event that a Participant (a "Defaulting party") shall fail to fulfill its delivery obligations (including payment therefor) and the opposite Participant (the "non-Defaulting Participant") shall have given timely notice thereof, The Clearing Corporation's sole obligation shall be to release to the non-Defaulting Participant any Delivery Collateral held by The Clearing Corporation in respect of the Defaulting party's positions. In the event that more than one non-Defaulting Participant is entitled thereto, The Clearing Corporation shall allocate such Delivery Collateral ratably among the non-Defaulting Participants. Notwithstanding the foregoing, if The Clearing Corporation receives an order of a court of competent jurisdiction to the effect that a Participant is entitled to receive an amount of Delivery Collateral identified in such written instructions or order, The Clearing Corporation will disburse such amount of Delivery Collateral to such Participant.



- (i) Beyond the exercise of reasonable care in the custody and preservation thereof, The Clearing Corporation will have no duty as to any Margin or Delivery Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Clearing Corporation will be deemed to have exercised reasonable care in the custody and preservation of Margin or Delivery Collateral in its possession or control if such Margin or Delivery Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Margin or Delivery Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by The Clearing Corporation in good faith or by reason of any act or omission by The Clearing Corporation pursuant to instructions from a Participant, except to the extent that such liability arises from The Clearing Corporation's gross negligence or willful misconduct. THE CLEARING CORPORATION SHALL NOT BE LIABLE FOR ANY LOSS, COST, OR EXPENSE ARISING FROM THE FAILURE OF A PARTICIPANT OR CUSTOMER OR OTHER NON-PARTICIPANT TO PERFORM ANY OF ITS DELIVERY OBLIGATIONS, INCLUDING THE POSTING OF DELIVERY COLLATERAL.
- (j) Notwithstanding anything to the contrary in these Rules, The Clearing Corporation holds Delivery Collateral solely as escrow agent to secure the obligations of a Participant arising under OTC Benchmark Treasury Futures Contracts and will not retain or apply Delivery Collateral in satisfaction of a Participant's obligations to The Clearing Corporation.

**15-503. Delivery Price.**

All deliveries on OTC Benchmark Treasury Futures Contracts shall be made at the Settlement Price for such OTC Benchmark Treasury Futures Contract on the Last Clearing Day. (Accrued interest shall be determined in accordance with Department of the Treasury Circular 300, Subpart E.)

**15-505. Settlements on Defaulted Deliveries.**

The Clearing Corporation shall not under any circumstance be obligated to make or accept deliveries in satisfaction of OTC Benchmark Treasury Futures Contracts, nor shall The Clearing Corporation have any obligation or liability to any Participant or to any other person relating to a failure to fulfill a delivery obligation following The Clearing Corporation's assignment of delivery instructions as provided in Rule 15-501.

**APPENDIX 15-A**

**Product Specification – OTC Benchmark Treasury Futures Contracts**

<b>Item</b>	<b>Specification</b>
Contract Description	On-The-Run and First-Off-The-Run issues of the 2-year, 3-year, 5-year, 10-year, and 30-year U.S. Treasuries
First Listing Day	One Business Day after the auction of the On-The-Run issue
Contract Size per lot	2-year = \$100,000 face value; 3-year = \$100,000 face value; 5-year = \$100,000 face value; 10-year = \$100,000 face value; 30-year = \$100,000 face value.
Currency	US Dollars and cents
Minimum Price Fluctuation	2-year = 1/8 of 1/32 <sup>nd</sup> of a point; 3-year = 1/8 of 1/32 <sup>nd</sup> of a point; 5-year = 1/8 of 1/32 <sup>nd</sup> of a point; 10-year = 1/8 of 1/32 <sup>nd</sup> of a point; 30-year = 1/8 of 1/32 <sup>nd</sup> of a point.
Truncation	<p align="center"> 1/8 of 1/32 0.0039062  2/8 of 1/32 0.0078125  3/8 of 1/32 0.0117187  4/8 of 1/32 0.0156250  5/8 of 1/32 0.0195312  6/8 of 1/32 0.0234375  7/8 of 1/32 0.0273437 </p> <p align="center">The Contract Value is rounded to the nearest cent per contract.</p>

Last Clearing Day	<p>2-year = If the last day of the expiring month is a business day, then the Last Clearing Day is the second last business day of the expiring month; otherwise, the Last Clearing Day is the last business day of the expiring month. <u>Provided, however, for the third (3<sup>rd</sup>) successive month listed for the Issues associated with the Quarterly Auctions, the Last Clearing Day shall be One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month.</u></p> <p>3-year = One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month;</p> <p>5-year = If the last day of the expiring month is a business day, then the Last Clearing Day is the second last business day of the expiring month; otherwise, the Last Clearing Day is the last business day of the expiring month. <u>Provided, however, for the third (3<sup>rd</sup>) successive month listed for the Issues associated with the Quarterly Auctions, the Last Clearing Day shall be One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month.</u></p> <p>10-year = One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month;</p> <p>30-year = One Business Day prior to the 15<sup>th</sup> calendar day of the expiring month.</p>
Contract Series	See Table A-1 below
Delivery Schedule	Participants must submit instructions to FICC to deliver or receive delivery of Treasuries by 7:00 p.m. (Chicago Time) on the Last Clearing Day. Instructions must be submitted in a form and manner acceptable to the FICC.
Delivery Instrument	The specific issue of the associated OTC Benchmark Treasury Futures Contract.

**Table A-1**

Maturity	Current Auction Cycle	Auction Groupings for Listing of Months	Number of Months Listed for each Issue	First Listing Day
2 YR	Monthly	<p>Monthly Auctions are divided into two (2) groups:</p> <ol style="list-style-type: none"> <li>1. Non-quarterly Auctions: those 2 YR auctions held in January, March, April, June, July, September, October and December.</li> <li>2. Quarterly Auctions: Quarterly Auctions are those 2 YR Auctions held in February, May, August and November.</li> </ol>	<p>For the Non-quarterly Auctions, 2 successive calendar months.</p> <p>For the Quarterly Auctions, 3 successive calendar months.</p>	One Business Day After Auction the On-The-Run Issue
3 YR	Quarterly		6 successive calendar months	One Business Day After Auction the On-The-Run issue
5 YR	Monthly	<p>Monthly Auctions are divided into two (2) groups:</p> <ol style="list-style-type: none"> <li>1. Non-quarterly</li> </ol>	2 successive calendar months	One Business Day After Auction the On-The-Run issue

		<p>Auctions: those 5 YR auctions held in January, March, April, June, July, September, October and December.</p> <p>2. Quarterly Auctions: those 5 YR Auctions held in February, May, August and November.</p>		
10 YR	Quarterly with a scheduled reopen one month after Quarterly Auction		6 successive calendar months	One Business Day After Auction the On-The-Run issue
30 YR	Semi Annually in February and August with a scheduled reopening of the February issue in May and a scheduled reopening of the August issue in November.		12 successive calendar months	One Business Day After Auction the On-The-Run issue

If the Treasury announces that it will not auction a new On-The-Run or that it will reopen the existing On-The-Run issue, then additional months may be listed for the existing On-The-Run Treasury issue

## **16. OTC Forward-Starting Interest Rate Swap Futures and Swaptions.**

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### **16-101. Definitions.**

#### **Last Clearing Day**

As to any OTC Swap or Swaption Futures Contract, the last day on which the particular OTC Contract is listed for clearing.

#### **OTC Forward-Starting Swap Futures Contract (Swap Contract)**

An interest rate futures contract based upon the forward-starting interest rate swap with a notional principal of ten million (\$10,000,000 U.S. Dollars), and that exchanges semiannual interest payments at the fixed coupon rate per annum (measured according to a 30/360 daycount convention) for floating interest rate payments (based on the 3-month London interbank offered rate (LIBOR) and measured according to an actual/360 daycount convention). The following notional terms to maturity will be listed.

- 1 Year
- 2 Year
- 5 Year
- 10 Year

The underlying swaps must otherwise conform to the terms prescribed by the International Swap and Derivatives Association, Inc. (hereafter, ISDA) for the purposes of computing the daily fixing ISDA Benchmark Rates for U.S. dollar interest rate swaps.

The buying clearing participant is responsible for paying the fixed rate and receiving the floating rate.

#### **Start Date**

**The date upon which the underlying swap is set to begin.**

#### **Strike Price**

**The Strike Price is always Par (100).**

#### **Strike Rate**

**The Strike Rate is the coupon rate of the underlying swap (i.e., the fixed rate that will be swapped versus the floating rate).**

## **Swaption**

A Swaption is an option on a forward-starting swap. It gives the holder the right, not the obligation, to enter into a forward starting swap futures contract.

### **Receiver Swaptions**

A Receiver Swaption is the right but not the obligation to enter into an forward starting Interest Rate Swap futures contract where the buyer receives the fixed rate and pays floating on the expiration date of the option

### **Payer Swaptions**

A Payer Swaption is the right but not the obligation to enter into a forward starting interest rate swap futures contract where the buyer pays the fixed rate and receives the floating rate on the expiration date of the option.

## **16-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant. Participants will be responsible for ensuring that all submitted Trades are for the account of an Eligible Contract Participant or Eligible Commercial Entity as those terms are defined by Sections 1a(12) and 1a(11) of the Commodity Exchange Act.
- (b) A Trade in an OTC Swap or Swaption Futures Contract shall not be deemed to be accepted by The Clearing Corporation until sixty minutes after The Clearing Corporation's receipt of a matched Trade or until sixty minutes after The Clearing Corporation matches the buying Participant and the selling Participant of a particular Trade. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants.
- (c) Any Trade in excess of \$100,000,000 shall not be accepted until The Clearing Corporation has received from both Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.
- (d) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (e) All Trades must be submitted to The Clearing Corporation by 10 a.m. (Chicago Time) on the Last Clearing Day.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. (Chicago Time) on Business Days. In the event that a matched Trade is received or the buying Participant and selling Participant to a Trade are matched between 4:00: p.m. and 7:00 a.m. (Chicago Time), The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. (Chicago Time) on the next Business Day.

**16-404. Settlement Prices.**

- (a) The daily Settlement Price for an OTC Swap and Swaption Futures Contract means the price for such Contract established in accordance with this Rule at the close of each Business Day. The close of clearing shall be 4:00 p.m. (Chicago Time) except for certain Holidays and the Last Clearing Day. The close of clearing on the Last Clearing Day shall be 10:00 a.m. (Chicago Time).
- (b) The daily Settlement Price for each open OTC Swap and Swaption Futures Contracts shall be determined by The Clearing Corporation. In determining the Settlement Price, The Clearing Corporation may consider price data from spot, forward, and derivative markets for both physical and financial products.
- (c) On the Last Clearing Day, the final Settlement Price will be calculated from the ISDA Benchmark Rate published by ISDA in the morning for the appropriate term of interest rate swap. The Clearing Corporation will utilize the ISDA Benchmark Rate to calculate the final Settlement Price in the following manner:

$$10,000,000 * [\text{Coupon}/r + (1-\text{coupon}/r) * (1 + .01*r/2)^{-2n}]$$

r = market yield

n = term to maturity (in years)

The result shall be rounded to the nearest cent per contract.



- (d) Notwithstanding the foregoing, when deemed necessary by The Clearing Corporation in order to protect the respective interests of The Clearing Corporation and Participants, The Clearing Corporation may establish the Settlement Price for any OTC Swap and Swaptions Futures Contracts at a price deemed appropriate by The Clearing Corporation under the circumstances. When The Clearing Corporation determines that circumstances necessitate the application of the powers conferred hereby, the reasons for that determination and the basis for the establishment of the Settlement Price in such circumstances shall be recorded.

**16-506. Exercises; Expiration; Assignment of Exercises of Swaptions.**

The buying Participant of a Swaption Contract may exercise the Swaption Contract only on the Last Clearing Day and will have until 7:00 p.m. (Chicago Time) to make such an exercise. Open Swaption Contracts that are in-the-money on the close of clearing on Last Clearing Day, will be automatically exercised unless the buying Participant has notified The Clearing Corporation, in writing, by 7:00 p.m. (Chicago Time) that it does not want to exercise certain in-the-money Swaption Contracts.

Upon receipt of notices of intention to exercise Swaptions Contracts or upon automatic exercise, The Clearing Corporation shall assign exercises to eligible selling Participants. The Clearing Corporation shall promptly notify selling Participants as to the exercises assigned to them.

**16-509. Cash Settlement Swap Contracts.**

After trading ceases on the Last Day of Clearing for Swap Contracts, The Clearing Corporation shall consider the maintenance of an open position by a Participant to constitute an offer to sell to or an offer to purchase from The Clearing Corporation the specific quantity of the Swap Contracts involved at the final Settlement Price determined for such Swap Contract.

The Clearing Corporation shall, once clearing in such Swap Contracts has terminated, consider the corresponding sales or purchases made hereunder as an adjustment of the respective Participants' positions in Swap Contracts with The Clearing Corporation in the manner prescribed by these Rules.

**Listing OTC Forward Starting Swap Futures Products**

Item	Specification										
Contract Description	<p>There is a family of OTC Forward Starting Swap Futures contracts.</p> <p>Each futures product has the following distinguishing features:</p> <ul style="list-style-type: none"> <li>• A Coupon, which represents the fixed rate of the underlying swap</li> <li>• A Start Date for the underlying swap</li> <li>• A Term for the underlying swap</li> </ul>										
Notional Terms to Maturity of Underlying Swap	<ul style="list-style-type: none"> <li>• 1 Year</li> <li>• 2 Year</li> <li>• 5 Year</li> <li>• 10 Year</li> </ul>										
Start Date of the Underlying Swap	Third Wednesday of the Contract Month										
Coupon Rates	<p>Futures products may be listed with the coupon multiples:</p> <table border="1" data-bbox="370 1220 1000 1409"> <thead> <tr> <th>Term to Maturity</th> <th>Multiple</th> </tr> </thead> <tbody> <tr> <td>1 Year</td> <td>0.5%</td> </tr> <tr> <td>2 Year</td> <td>0.5%</td> </tr> <tr> <td>5 Year</td> <td>0.25 %</td> </tr> <tr> <td>10 Year</td> <td>0.1%</td> </tr> </tbody> </table> <p>Coupon Rates must be greater than zero.</p>	Term to Maturity	Multiple	1 Year	0.5%	2 Year	0.5%	5 Year	0.25 %	10 Year	0.1%
Term to Maturity	Multiple										
1 Year	0.5%										
2 Year	0.5%										
5 Year	0.25 %										
10 Year	0.1%										

<p>Initial Listing of Futures with Various Coupons:</p>	<p>At the commencement of trading for such futures contracts, the following coupons shall be listed for each tenor:</p> <ul style="list-style-type: none"> <li>(a) One futures product with a coupon closest to the market swap rate for an interest rate swap with that tenor. If the market swap rate is midway between two coupons, the coupon shall set to equal the greater of the two swap rates.</li> <li>(b) Futures products with the next ten consecutive higher coupon rates and the next ten consecutive lower coupon rates. However, if the rate is less than zero, it shall not be listed.</li> </ul> <p>For each tenor, the ISDA Daily Benchmark Rate will be considered the appropriate market rate for listing new futures product.</p>
<p>On-going listing</p>	<p>Over time, futures with new coupons will be added to ensure that at least ten coupons always exist above and below the ISDA Daily Benchmark rate for that tenor.</p> <p>All new coupons will be added prior to the opening of trading on the following business day.</p> <p>The Clearing Corp may modify the procedure for the introduction of coupons as it deems appropriate in order to respond to market conditions.</p>

**Product Specification – OTC Forward Starting Swap Futures Contracts**

Item	Specification																											
Contract Description	Forward Starting Swap futures represent the swap rate as the price of a specific notional coupon bond.																											
Underlying Swap	<table border="1"> <thead> <tr> <th>Item</th> <th>Fixed Leg</th> <th>Floating Leg</th> </tr> </thead> <tbody> <tr> <td>Notional Amount</td> <td>\$10 MM</td> <td>\$10 MM</td> </tr> <tr> <td>Day Count</td> <td>30/360</td> <td>Actual/360</td> </tr> <tr> <td>Payment Frequency</td> <td>Semiannual</td> <td>Quarterly</td> </tr> <tr> <td>Payment Date Roll</td> <td>Following</td> <td>Following</td> </tr> <tr> <td>Financial Center (Holidays) for Payments</td> <td>London and New York, NY</td> <td>London and New York, NY</td> </tr> <tr> <td>Reference Index</td> <td>NA</td> <td>3 Month LIBOR</td> </tr> <tr> <td>Fixing Date Roll</td> <td>NA</td> <td>Modified Following</td> </tr> <tr> <td>Financial Center (Holiday) for Rate Set</td> <td>NA</td> <td>London, UK</td> </tr> </tbody> </table>	Item	Fixed Leg	Floating Leg	Notional Amount	\$10 MM	\$10 MM	Day Count	30/360	Actual/360	Payment Frequency	Semiannual	Quarterly	Payment Date Roll	Following	Following	Financial Center (Holidays) for Payments	London and New York, NY	London and New York, NY	Reference Index	NA	3 Month LIBOR	Fixing Date Roll	NA	Modified Following	Financial Center (Holiday) for Rate Set	NA	London, UK
Item	Fixed Leg	Floating Leg																										
Notional Amount	\$10 MM	\$10 MM																										
Day Count	30/360	Actual/360																										
Payment Frequency	Semiannual	Quarterly																										
Payment Date Roll	Following	Following																										
Financial Center (Holidays) for Payments	London and New York, NY	London and New York, NY																										
Reference Index	NA	3 Month LIBOR																										
Fixing Date Roll	NA	Modified Following																										
Financial Center (Holiday) for Rate Set	NA	London, UK																										
Currency	US Dollars and cents																											
Price Quotation	Swaps shall be quoted in terms of points and ten-thousandths of a point.																											
Minimum Price Fluctuation	The minimum price fluctuation is .0001 of a point.																											

<p><b>Last Clearing Day</b></p>	<p>The Last Clearing Day is second business day prior to the Start date of the Interest Rate Swap.</p> <p>On the Last Clearing Day of the expiring futures contract, trades will not be accepted after 10:00 a.m. (Chicago time)</p>
<p><b>Contract Series</b></p>	<p>The Start Date of the Interest Rate Swap shall be the third Wednesday of the contract month.</p> <p>Clearing shall be conducted for Start Dates of twelve successive calendar months.</p>
<p><b>First Listing Day</b></p>	<p>Clearing in a new start date (contract month) shall commence on the first business day following the last clearing day of an expiring Start Date.</p>
<p><b>Delivery</b></p>	<p>By Cash Settlement.</p>

**Product Specification – OTC Options on Forward Starting Swaps (Swaptions)**

Item	Specification
Contract Description	Payer and Receiver options on a forward-starting interest rate swap futures.
Trading Unit	One future on a forward-starting interest rate swap with a coupon equivalent to the strike rate of the option.
Style	European Exercise on Last Clearing day.
Strikes	Trading shall be conducted for Payer and Receiver options with a Strike Rate. The Strike Rate is the coupon rate of the underlying swap (i.e., the fixed rate that will be swapped versus the floating rate). For clearing purposes, the Strike Rate will be converted to a Strike Price of 100 points.
Swaption Premium Basis & Minimum Premium Fluctuation	The premium for options on Swap Contracts shall be in multiples of .0001 of one percent (1%) of the \$10 million Swap Contract. This will equal one hundred dollars (\$100) per .0001 and one hundred thousand dollars (\$100,000) per full point.  The premium is paid upfront and is not structured into the swap rate.
Expiration	7:00 p.m. (Chicago time) on the Last Clearing Day.
First Listing Day	Strikes shall be listed at the same time as the underlying futures.
Currency	US Dollars and cents.
Last Clearing Day	Clearing in an expiring option contract shall terminate at the same time as the underlying futures contract.
Contract Months	Same as the underlying futures.

## **17. OTC SO2 Options**

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### **17-101. Definitions.**

#### **EPA SO2 Allowance**

The underlying deliverable instrument with respect to an exercised OTC SO2 Option Contract. An EPA SO2 Allowance is the instrument issued and maintained by the Environmental Protection Agency (EPA) that authorizes a utility or industrial source to emit a specific quantity of SO<sub>2</sub> during a given year or any year thereafter.

#### **Last Clearing Day**

As to any OTC SO2 Option Contract, the last day on which the particular OTC SO2 Option Contract is listed for clearing.

#### **OTC SO2 Option Contract**

The term "OTC SO2 Option Contract" has the meaning set forth in Rule 101 in relation to the definition of "OTC Contract."

### **17-310. Acceptance of Trades by The Clearing Corporation.**

- (a) The Clearing Corporation shall accept Trades for clearance only if such Trades are submitted on behalf of a Participant. Participants will be responsible for ensuring that all submitted Trades are for the account of an Eligible Contract Participant or Eligible Commercial Entity as those terms are defined by Sections 1a(12) and 1a(11) of the Commodity Exchange Act.
- (b) A Trade in an OTC SO2 Option Contract shall not be deemed to be accepted by The Clearing Corporation until sixty minutes after The Clearing Corporation's receipt of a matched Trade or until sixty minutes after The Clearing Corporation matches the buying Participant and the selling Participant of a particular Trade. The Clearing Corporation may at any time prior to the expiration of such period decline to accept such Trade. In that event, The Clearing Corporation will promptly notify the affected Participants.
- (c) Any Trade with an underlying quantity in excess of 20,000 tons of SO2 shall not be accepted until The Clearing Corporation has received from both Participants who are parties to the Trade all payments and deposits required to be made pursuant to these Rules.

- (d) Issuance by The Clearing Corporation to a Participant of the statement of Trades and positions provided for in Rule 307 shall not constitute confirmation that the Trades listed on such statement have been accepted by The Clearing Corporation.
- (e) All Trades must be submitted to The Clearing Corporation by 1:00 p.m. (Chicago Time) on the Last Clearing Day.

... **Interpretations and Policies:**

- .01 The Clearing Corporation's normal business hours are from 7:00 a.m. to 4:00 p.m. (Chicago Time) on Business Days. In the event that a matched Trade is received or the buying Participant and selling Participant to a Trade are matched between 4:00 p.m. and 7:00 a.m. (Chicago Time), The Clearing Corporation will not be deemed to have accepted such Trade until 8:00 a.m. (Chicago Time) on the next Business Day.

**17-404. Settlement Prices.**

- (a) The daily Settlement Price for an OTC SO2 Option Contract means the price for such Contract established in accordance with this Rule at approximately 4:00 p.m. (Chicago Time) except on early close days for the underlying cash markets. On such days The Clearing Corporation shall use its discretion to decide the time used for determining settlement prices.
- (b) The daily Settlement Price for each open OTC Option Contract shall be determined by The Clearing Corporation. In determining the Settlement Price, The Clearing Corporation may consider price data from spot, forward, and derivative markets for both physical and financial products.

**501. Delivery Notices.**

The Clearing Corporation shall assign deliveries to Participants obligated to take delivery. The Clearing Corporation shall inform such Participants of the identity of the Participant(s) responsible for making delivery. The Clearing Corporation shall furnish to the Participant obligated to make delivery the name of the Participant obligated to accept delivery and the corresponding number of contracts.

**17-505. Settlements on Defaulted Deliveries.**



- (a) If a Participant fails to fulfill its delivery obligations as prescribed in these Rules, The Clearing Corporation's sole obligation shall be to pay reasonable damages proximately caused by the Default, but in no event shall The Clearing Corporation be obligated to: (i) pay any damages greater than the difference of the delivery price of the specific EPA SO2 Allowance and the reasonable market price of such EPA SO2 Allowance at the time delivery is required to be made in accordance with and the Rules of The Clearing Corporation; (ii) make or accept delivery of the EPA SO2 Allowance; (iii) pay any damages relating to the accuracy, genuineness, completeness, or acceptability of certificates, instruments, warehouse receipts or other similar documents; or (iv) pay any damages relating to the failure or insolvency of banks, custodians, escrow agents, depositories, warehouses, or similar entities that may be involved with a delivery.
- (b) Notwithstanding any other provision of these Rules, The Clearing Corporation has no obligation or liability to any Participant or any other Person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting Participant of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been discharged in accordance with the Rules of The Clearing Corporation.
- (c) For Clearing Participants who are obligated to take delivery, The Clearing Corporation will incorporate the delivery payment(s) into the end of day settlement process on the Last Clearing Day. If The Clearing Corporation determines, in its sole discretion, that a failure to pay by such Clearing Participant constitutes a delivery default, The Clearing Corporation will instruct the selling Participant to sell the invoiced EPA SO2 Allowances as soon as reasonably practicable.

The defaulting Participant will be liable to the non-defaulting Participant to the extent of any reasonable damages (including costs) associated with the sale of the EPA SO2 Allowance(s).

- (d) If a Participant obligated to make delivery fails to deliver by 4:00 p.m. on the date scheduled for delivery, the Participant obligated to take delivery shall immediately notify The Clearing Corporation. The Clearing Corporation will then determine, in its sole discretion, whether such failure to make delivery is technical in nature and is likely to be remedied or whether such failure to make delivery constitutes a delivery default. If The Clearing Corporation determines that such failure was technical in nature, the selling Participant will be allowed to make delivery subsequent to 4:00 p.m. (but in no event later than the time, if any, specified by The Clearing Corporation). If The Clearing Corporation determines that the failure constitutes a delivery default, The Clearing Corporation will instruct the Participant obligated to take delivery to purchase substitute deliverable EPA SO2 Allowances as soon as reasonably practicable. The defaulting Participant will in such circumstances be liable for the reasonable damages (including costs) incurred by the non-defaulting Participant associated the purchase of the substitute EPA SO2 Allowances.
- (e) Delivery obligations of a Participant to another Participant that are not discharged timely (as provided in paragraphs (c) and (d)) and in full by the Participant shall thereupon be deemed an obligation of such Participant to The Clearing Corporation. The defaulting Participant's obligations to The Clearing Corporation must be discharged by (i) not later than sixty minutes after the time such obligations originally were required to be discharged to the non-defaulting Participant, or (ii) such later time as may be established by The Clearing Corporation pursuant to paragraphs (c) and (d).
- (f) Notwithstanding any other provision of these Rules to the contrary, The Clearing Corporation's delivery obligations to a non-defaulting Participant obligated to take delivery or Participant obligated to make delivery shall in all cases be subject to the provisions of Chapter 8 hereof.

**17-506. Exercises; Expiration; Assignment of Exercises of OTC SO2 Options.**

The buying Participant of an OTC SO2 Option Contract may exercise the OTC SO2 Option Contract only on the Last Clearing Day and will have until 1:00 p.m. (Chicago Time) to make such an exercise. A Buying Participant may only exercise an amount of OTC SO2 Option Contracts that represents its net long position by option strike. There will be no automatic exercise of any OTC SO2 Option Contract(s). If the buying Participant fails to exercise, the associated SO2 Option Contract(s) will expire worthless, at zero.

Upon receipt of notices of intention to exercise OTC SO2 Option Contracts, The Clearing Corporation shall assign exercises to eligible selling Participants. The Clearing Corporation shall promptly notify selling Participants of the quantity of exercises assigned to them.

**Product Specification – OTC SO2 Options**

<b>Item</b>	<b>Specification</b>
Contract Description	OTC Call and Put Options on EPA SO2 Allowances for the designated vintage year or earlier
Underlying	EPA SO2 Allowances representing 500 tons for the named Vintage year or earlier
Option Style	European (no early exercise) a long Participant may only exercise on the Last Clearing Day (prior to 1:00 p.m.).
Premium Price	US Dollars and cents per ton
Minimum Price Fluctuation	\$0.10 per ton
Strike Prices	Increments of \$25 per EPA SO2 Allowance starting at \$400 to \$550. More strike prices may be added by The Clearing Corporation from time to time..
Last Clearing Day	The 15 <sup>th</sup> day of the expiration month. If the 15 <sup>th</sup> is not a business day the Last Clearing Day shall be the following business day.
Expiration	1:00 p.m. Chicago Time on Last Clearing Day

Contract Months	Monthly, January of the named vintage year through February of the year following the named Vintage year. At most 12 months from current month
Assignment	<p>Each Clearing Participant holding a net open Long Position (by option strike) with respect to an OTC SO2 Option Contract may notify The Clearing Corporation of its desire to exercise its net open position on Last Clearing Day (prior to 1:00 p.m. Chicago Time). <b>There will be no automatic exercise of any OTC SO2 Option Contract(s). If the buying Participant fails to exercise, the associated SO2 Option Contract(s) will expire worthless, at zero.</b> The Clearing Corporation shall assign such exercises to Participants holding net short open positions (by strike) on a random basis. In order to facilitate bookkeeping, exercised and assigned positions will result in bookkeeping futures contracts at the specific strike prices. The Clearing Corporation will thereafter assign deliveries between Participants based on their net long or net short bookkeeping futures position(s). The Clearing Corporation will inform Participants required to make delivery and those required to take delivery of the identity of their delivery-related counterparty and the number of EPA SO2 Allowances to be delivered between them. Delivery of allowances will be made at a price determined by The Clearing Corporation (based on the underlying cash market.)<sup>1</sup></p>

<sup>1</sup> As part of the final clearing process on the Last Clearing Day CCorp will create bookkeeping futures contracts to offset the net bookkeeping positions. Such offsetting bookkeeping futures contracts will be at a price determined by CCorp (based on the underlying cash market).

Delivery	<p>The Clearing Corporation shall calculate the delivery payment amount for each Participant obligated to take delivery of Allowances as part of its OTC SO2 option exercise/assignment cycle beginning at approximately 1:00 p.m. on the Last Clearing Day. For Participants obligated to take delivery such amounts will be incorporated into the end of day settlement process. Each Participant obligated to deliver allowances shall submit, electronically, the allowance transfer instructions via the EPA's Clean Air Market's Division Business System by no later than 10 a.m. on the first business day following Last Clearing Day. As soon as practicable, the Participant obligated to take delivery shall provide The Clearing Corporation with confirmation that it or its designated client(s) have received delivery of EPA SO2 Allowances. Upon receipt of such confirmation, The Clearing Corporation shall transfer payment to the Participant who made delivery in The Clearing Corporation's next payment cycle.</p>
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