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By E-Mail (submissions@cftc.gov)

Office of the Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: New York Portfolio Clearing, LLC/Proposed Expansion of Cross-Margining Program

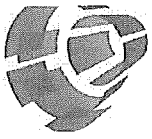
Ladies and Gentlemen:

Pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.5, New York Portfolio Clearing, LLC ("NYPC") is submitting for approval proposed amendments to its Rules to expand the scope of its cross-margining program with Fixed Income Clearing Corporation to include the accounts of market professionals.

Introduction

Under NYPC's current Rules, only a clearing member's proprietary accounts are eligible to participate in the cross-margining program between NYPC and Fixed Income Clearing Corporation ("FICC") (the "Cross-Margining Program"). The proposed amendments to NYPC's Rules would permit NYPC to expand the scope of the Cross-Margining Program to include non-proprietary accounts carried by participating NYPC clearing members on behalf of "market professionals." Under the proposed rule amendments, a "market professional" is defined by reference to the meaning of this term in the cross-margining agreement between NYPC and FICC (the "Cross-Margining Agreement"). Under the Cross-Margining Agreement, a "market professional" is defined as an entity, other than a "non-customer" (as defined therein), that is a member of a designated contract market and that actively trades for its own account products that are eligible under the Cross-Margining Agreement ("Market Professional"). Under the revisions that are proposed to be made to the Cross-Margining Agreement, positions and collateral held for Market Professionals will be maintained in accounts that are distinct from both proprietary cross-margining accounts and non-cross-margining accounts.

Under the proposed amendments to NYPC's Rules and the Cross-Margining Agreement, the Cross-Margining Program would be available to NYPC clearing members that carry accounts of Market Professionals and that are also clearing members of FICC's Government Securities Division or that have an affiliate that is a clearing member of FICC's Government Securities Division. Clearing members do not have to participate in NYPC's current Cross-Margining Program in order to permit the cross-margining of positions that they carry for Market Professionals (or vice versa).



Amended Rules

NYPC proposes to amend its Rules to accommodate the expansion of the Cross-Margining Program to include the accounts of Market Professionals. A brief description of these proposed amendments is set forth below. Capitalized terms used but not otherwise defined in this portion of the letter have the meanings given those terms in NYPC's Rules. Clean and marked versions of the proposed Rules are attached to this letter as Exhibit A.

Rule 101 (Definitions)

New definitions are being added for the following terms: "Clearing Member Cross Margining Agreement," "Cross-Margin Guaranty," "Market Professional," and "Proprietary Account." In addition, changes are proposed to the definitions of "Customer" and "Customer Account" to reference the concepts associated with the addition of Market Professional cross-margining to NYPC's Cross-Margining Program. Finally, the term "Cross-Margining Participant Agreement" has been replaced by "Clearing Member Cross-Margining Agreement" and has been expanded to include references to the agreements that will be entered into by NYPC with Clearing Members that wish to clear Market Professional accounts.

Rule 410 (Customer Accounts)

Rule 410 is proposed to be amended to make clear that Clearing Members that carry cross-margin accounts for Market Professionals must establish a separate Customer Account for this purpose. This Rule is also proposed to be revised to give Customers that are not Market Professionals a priority claim over Market Professionals in the event of a Default by a Clearing Member, with respect to any excess funds held in such Clearing Member's Proprietary Accounts.

Rule 411 (Cross Margining)

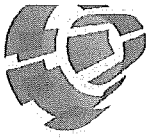
Rule 411 is proposed to be amended to reflect the addition of Market Professional cross-margining to NYPC's Cross-Margining Program. Rule 411 is also proposed to be amended to make clear that the Cross-Margin Payments and Cross-Margin Repayments referenced therein are intended to apply only to payments that would be made by or to NYPC and FICC in the event of a Clearing Member Default, and not intended to refer to routine transfers of Margin between the clearinghouses pursuant to the Cross-Margining Agreement.

Proposed Changes to the Cross-Margining Agreement

In addition to certain technical corrections and conforming changes, the proposed expansion of the Cross-Margining Program would require NYPC and FICC to make substantive amendments to the Cross-Margining Agreement. These amendments are described below. Capitalized terms used but not defined in this portion of the letter have the meanings given those terms in the Cross-Margining Agreement. Clean and marked copies of the Cross-Margining Agreement are attached to this letter as Exhibit B.

Recitals

The Recitals to the Cross-Margining Agreement would be amended to describe the proposed expansion of the existing Cross-Margining Agreement to provide for the cross-margining of the accounts of Market



Professionals, and also to reflect the fact that the current Cross-Margining Agreement was executed on March 4, 2011, after receipt of the necessary regulatory approvals by NYPC and FICC.

Section 1. Definitions

Section 1(f) (Available Assets) and Section 1(tt) (Margin)

The definition of "Available Assets" would be amended to include as assets available in the event of a clearing member default any margin posted to the Defaulting Member's Proprietary Cross-Margining Account, as well as any margin posted to the Defaulting Member's Market Professional Cross-Margining Account. The "Margin" definition would be similarly amended to include original margin, option premiums and other margin collateral held by or for the account of NYPC or FICC to secure the obligations of a Cross-Margining Participant's Proprietary Cross-Margining Account and/or its Market Professional Cross-Margining Account.

The "Available Assets" definition would be further amended to clarify that, consistent with the distributional convention established in Appendix B to Part 190 of the Commission's Regulations, the NYPC Guaranty Fund deposits of a Defaulting Member would first be applied to any deficit in the Customer Funds Account of the Defaulting Member carried by NYPC, and then, after any such deficit has been completely satisfied, to any Cross-Margin Loss in the Defaulting Member's Market Professional Cross-Margining Account carried by NYPC, and then finally to any Cross-Margin Loss in the Defaulting Member's Proprietary Cross-Margining Account carried by NYPC.

Section 1(t) (Cross-Margin Gain) and Section 1(u) (Cross-Margin Loss)

For ease of reference and to facilitate understanding of the loss allocation mechanism in the event of the liquidation of the cross-margined positions carried for a Defaulting Member by NYPC and FICC, the definitions of Cross-Margin Gain and Cross-Margin Loss would become a new subsection (b) of Section 7 of the Cross-Margining Agreement (Suspension and Liquidation of Cross-Margining Participant).

Section 1(y) (Customer Funds Account)

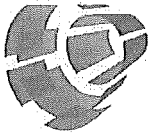
The term "Segregated Funds Account" in the existing Cross-Margining Agreement would be replaced by the term "Customer Funds Account" and modified in order to clearly distinguish non-cross-margining "customer" accounts established by NYPC from both Market Professional Cross-Margining Accounts and Proprietary Cross-Margining Accounts.

Section 1(ww) (Market Professional)

As described above, consistent with previously approved cross-margining programs, the term "Market Professional" would be defined as an entity, other than a "Non-Customer" (described below), that is a member of a designated contract market and that actively trades for its own account Eligible Products that are eligible for cross-margining under the Cross-Margining Agreement.

Section 1(bbb) (Non-Customer)

As described above, "Non-Customers" would be excluded from the definition of a Market Professional. In general, this term would be defined as (i) an NYPC Clearing Member or other person whose account with such NYPC Clearing Member would not be the account of a "customer" within the meaning of



Commission Regulation 1.3(y) and (ii) an FICC Clearing Member or other person whose account with such FICC Clearing Member would not, consistent with the approach taken in other, previously approved market professional cross-margining programs, be the account of a "customer" within the meaning of SEC Rules 8c-1 and 15c2-1.

Section 1(sss) (Securities Custody Account) and 1(uuu) (Settlement Account)

For ease of reference, the term "Cross-Margining Securities Account" would be replaced with the term "Securities Custody Account" and would be expanded to include a custody account to hold Margin in the form of securities deposited by a Cross-Margining Participant in respect of a Proprietary Cross-Margining Account or a Market Professional Cross-Margining Account.

Similarly, the definition of "Settlement Account" would be expanded to include a bank account established to hold cash Margin deposited by a Cross-Margining Participant in respect of a Proprietary Cross-Margining Account or a Market Professional Cross-Margining Account.

Section 2. Participation

Section 2(a) would be amended and Section 2(b) and 2(c) would be added in order to accommodate the additional documentation required to establish a Set of Market Professional Cross-Margining Accounts by either a Joint Clearing Member or by a Clearing Member and its Cross-Margining Affiliate.

Section 5. Forms of Margin; Holding Margin

Section 5(b) would be amended to reflect the fact that separate Settlement Accounts and Securities Custody Accounts would be maintained for proprietary and Market Professional cross-margining activity.

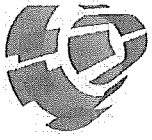
Section 5(c) would be amended to allow NYPC and FICC to hold cash and securities posted with respect to cross-margining activity in either separate accounts or, consistent with previously approved cross-margining programs, joint accounts titled in the names of NYPC and FICC.

Section 7. Suspension and Liquidation of Cross-Margining Participant

Section 7(a) would be amended to clarify that the positions and Margin of a Defaulting Member may be liquidated or transferred to one or more non-defaulting Clearing Members.

A new Section 7(b) would be added to define "Cross-Margin Gain" and "Cross-Margin Loss," as described above. New Section 7(b) would also make clear that in calculating its Cross-Margin Gain (or Cross-Margin Loss) or Net Gain (or Net Loss), NYPC and FICC would be required to make separate calculations with respect to the Defaulting Member's Proprietary Cross-Margining Account and its Market Professional Cross-Margining Account.

Section 7(g) would be amended to provide that to the extent that pursuant to the loss allocation prescribed in Section 7, both NYPC and FICC owe payments to each other (*i.e.*, one Clearing Organization owes a payment with respect to the Proprietary Cross-Margining Account of a Defaulting Member while the other owes a payment with respect to the Defaulting Member's Market Professional Cross-Margining Account), those two payments would be netted and setoff against each other.



Proposed Changes to Clearing Member Agreements

The Cross-Margining Agreement is solely between NYPC and FICC. Members of NYPC and of FICC that wish to participate in the Cross-Margining Program must become party to a Clearing Member Cross-Margining Agreement which, among other things, reflects the Clearing Member's agreement to be bound by the Rules applicable to cross-margining and to the provisions of the Cross-Margining Agreement (the "Clearing Member Agreements"). Capitalized terms used in this portion of the letter have the meanings given to them in the proposed Clearing Member Agreements.

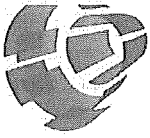
The current Cross-Margining Agreement includes two forms of Clearing Member Agreement — one for joint Clearing Members (*i.e.*, entities that are members of both NYPC and FICC), the other for Clearing Members that are Affiliates of each other (*i.e.*, a Clearing Member of either NYPC or FICC that directly or indirectly controls, is controlled by, or under common control with a Clearing Member of the other Clearing Organization). Those agreements, which are set forth as Appendix A and Appendix B to the Cross-Margining Agreement, would be renamed as Clearing Member Cross-Margining Agreement (Joint Clearing Member – Proprietary Accounts) and Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Proprietary Accounts), and references in those agreements to a "Member" would be replaced with references to a "Clearing Member" for consistency with the terminology used in the Cross-Margining Agreement.

The Clearing Member Agreements for Proprietary Accounts are proposed to be further modified to make clear that a Set of Proprietary Cross-Margining Accounts would be combined and treated as a single account for purposes of calculating Margin. This change is reflective of the current practice of the Clearing Organizations pursuant to the Cross-Margining Agreement and is proposed to be set out solely for purposes of clarity.

The Clearing Member Agreements would additionally be modified to reflect the practice of the Clearing Organizations regarding the use of Clearing Data (as that term is defined in the Clearing Member Cross-Margining Agreements). Specifically, the Clearing Member Agreements would be modified to provide that Clearing Data may only be disclosed (i) to an Affiliated Clearing Member, where applicable, (ii) in accordance with the provisions of Section 10 of the Cross-Margining Agreement, and (iii) in aggregated form, provided that such aggregated Clearing Data does not identify of the Clearing Member or Affiliated Clearing Members, as applicable, as the source thereof.

The termination provisions of the Clearing Member Agreements for Proprietary Accounts would also be modified to make clear that the required acknowledgment of a Clearing Member's termination of the Agreement will be given by the Clearing Organizations promptly after the two Business Day notice period required by the Clearing Member Agreements. The termination provisions would additionally be modified to make explicit that a Clearing Member's continuing obligations under the Clearing Member Agreements and the Cross-Margining Agreement survive the termination of the Clearing Member Agreement only to the extent those obligations arose prior to such termination.

Finally, the Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Proprietary Accounts) is proposed to be amended to include a waiver of the Clearing Members' and the Clearing Organizations' right to jury trial in any dispute arising in connection with that agreement. A comparable provision already is included in the Clearing Member Cross-Margining Agreement (Joint Clearing Member – Proprietary Accounts). The remaining revisions to the Clearing Member Agreements for Proprietary Accounts are non-substantive or conforming.



While it is anticipated that some Clearing Members will elect to participate in cross-margining for their Proprietary Accounts and also act as Clearing Member for Market Professionals, a Clearing Member could elect to act in only one of those capacities. The Clearing Member Agreements in Appendices A and B to the Cross-Margining Agreement, therefore, would be complemented by a Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts) and Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Market Professional Accounts), respectively, and a Clearing Member that elected to maintain a Set of Proprietary Cross-Margining Accounts and a Set of Market Professional Cross-Margining Accounts would be required to enter into Clearing Member Cross-Margining Agreements for both its Proprietary Accounts and for its Market Professional Accounts.

The proposed Clearing Member Agreements for Market Professional Accounts (Appendices C and D to the Cross-Margining Agreement) are based upon the Clearing Member Agreements for Proprietary Accounts, but have been modified as appropriate. For example, the Clearing Member Agreements for Market Professional Accounts would make explicit that the Set of Market Professional Cross-Margining Accounts that would be established by the Clearing Organizations for a Clearing Member are to be limited to transactions and positions established by Market Professionals who have signed a Market Professional Agreement for Cross-Margining in the form set forth as Exhibit 1 to Appendices C and D, respectively.

The Market Professional Agreements are derived from the form of Market Professional's Agreement for Cross-Margining that has previously been approved by the Commission. The NYPC-FICC Market Professional Agreements differ from the forms of agreement that have previously been approved in that they would be modified to reference the Eligible Products that are available for cross-margining under the Cross-Margining Agreement. The NYPC-FICC Market Professional Agreements additionally would be modified to reference the definitions of the term "Market Professional" that would be set forth in the Rules of NYPC and FICC, and to require a Market Professional to represent and warrant that it does, in fact, qualify as such. Moreover, the NYPC-FICC Market Professional Agreements would be amended to provide that, consistent with the requirements of Commission Regulation 39.13(g)(8)(i) (gross margin for customer accounts), positions of a Market Professional cleared by FICC will only be cross-margined with positions of the same Market Professional that are cleared by NYPC. The only other substantive change from the form of agreement previously approved by the Commission would be the elimination of a provision that would have conditioned the effectiveness of the Market Professional Agreements on the receipt of all necessary approvals by the Commission and the Securities and Exchange Commission. NYPC believes that a provision of this nature is unnecessary, given that NYPC and FICC will not permit Clearing Members to enter into Market Professional Agreements until all necessary regulatory approvals have been obtained.

Bankruptcy Considerations

The proposed Market Professional Cross-Margining Program addresses concerns regarding segregation and liquidation procedures under the Act, Title 11 of the United States Code (the "Bankruptcy Code") and the Securities Investor Protection Act of 1970 ("SIPA"). Section 4d(a)(2) of the Act requires that the property of customers be segregated from the proprietary property of a futures commission merchant. Because Market Professionals are "customers" within the meaning of Commission Regulations, the cross-margined positions of the Market Professionals and all property related thereto must be segregated from the cross-margined positions and property of the NYPC clearing member who carries their accounts.



Each NYPC clearing member electing to participate in the Market Professional Cross-Margining Program, therefore, must execute a Cross-Margining Participant Agreement for Market Professional Accounts (see Appendix C and Appendix D of the amended Cross-Margining Agreement) and must establish a separate cross-margining account for the benefit of Market Professionals for whom it carries cross-margined positions. NYPC and FICC clearing members who establish Market Professional Cross-Margining Accounts must also obtain the consent of each Market Professional whose cross-margined positions are carried in such account to the commingling of the Market Professional's assets with those of other electing Market Professionals of the same clearing member (or permitted affiliated clearing member at FICC). Consistent, however, with the requirements of Commission Regulation 39.13(g)(8)(i), the positions of a Market Professional at NYPC will only be cross-margined with its own positions, and not the positions of any other Market Professional.

The amended Cross-Margining Agreement addresses the potential for conflict between the Act, Part 190 of the Commission's Regulations, the commodity broker liquidation provisions of the Bankruptcy Code,¹ and SIPA in the event of the liquidation and distribution of the customer property of a clearing member that is registered both as a futures commission merchant and as a securities broker-dealer. To establish uniform results in the event of the bankruptcy or liquidation of such a clearing member, NYPC and FICC will require each participating clearing member who chooses to participate in the Market Professional Cross-Margining Program to require that the clearing member's participating Market Professionals agree that in the event of the bankruptcy or liquidation of the clearing member carrying its cross-margined positions, the Market Professional will subordinate its cross-margining related claims to the claims of the clearing member's non-cross-margining customers. Similarly, each participating Market Professional must acknowledge that all of the assets carried in a Market Professional cross-margining account will not be deemed "customer property" for purposes of SIPA or give rise to any claim thereunder. As a result, in the event of a clearing member bankruptcy, all claims to assets in Market Professional cross-margining accounts will be determined under Subchapter IV of chapter 7 of the Bankruptcy Code and applicable Commission regulations.

Consistent with applicable provisions of the Bankruptcy Code and Commission Regulations, which provide for the trustee, assuming it does not transfer customer accounts to another firm and determines to liquidate "customer accounts", to distribute "customer property" pro rata among to customers according to account class and generally give priority to customer claims, except those dealing with the administration of the bankrupt estate.² If there is a shortfall in the Market Professional cross-margining account and there is no shortfall or a lesser shortfall in the non-cross-margining customer account, Market Professionals will have a claim against the Market Professional cross-margining account and will be able to claim against the non-cross-margining customer account only after all non-cross-margining customer claims have been satisfied. If the shortfall in the non-cross-margining customer account is equal to or greater than the shortfall in the Market Professional cross-margining account, the two accounts will be combined and Market Professionals and non-cross-margining customers will share on a pro rata basis.³

¹ 11 U.S.C. §§ 761-767.

² 11 U.S.C. § 766(h); see 17 C.F.R. §190.08.

³ See 17 C.F.R. Part 190, Appendix B (Framework 1).



Commodity Exchange Act Core Principles

NYPC will continue to comply with the Core Principles applicable to derivatives clearing organizations under the Commodity Exchange Act (the "Act") after the proposed amendments to the NYPC Rulebook and to the Cross-Margining Agreement become effective. NYPC has further concluded that its compliance with Core Principles would not be adversely affected by these amendments. Further relevant information is provided below for the Core Principles that could potentially be affected by the introduction of Market Professional cross-margining:

Core Principle B: Financial Resources

The expansion of the Cross-Margining Program to include the accounts of Market Professionals will not adversely affect NYPC's compliance with Core Principle B. The purpose of cross-margining programs is to align the amount of margin required to be posted by a clearing member with the amount of risk posed by that clearing member's positions. The Commission has previously concluded that the mechanisms utilized by NYPC in connection with the cross-margining of proprietary positions are adequate to ensure that NYPC will satisfy its obligations in the event that the clearing member with the largest exposure to NYPC were to default. Expanding the scope of the Cross-Margining Program to include Market Professionals will not adversely affect the effectiveness of these mechanisms.

Core Principle D: Risk Management

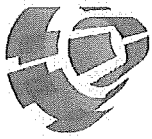
NYPC's current risk management mechanisms and contractual arrangements with FICC provide it with the ability to manage the risks associated with the Cross-Margining Program as it is currently configured. The implementation of the proposed amendments described above will result in the application of these risk management mechanisms and contractual protections to the accounts of Market Professionals. Because these amendments operate to properly align the risks associated with the positions carried for the accounts of Market Professionals with the amount of margin required to margin these positions, NYPC has concluded that it will continue to satisfy Core Principle D following the implementation of the proposed amendments to its Rules and to the Cross-Margin Agreement.

Substantive Opposing Views

There were no opposing views expressed to NYPC by members of its Board of Directors or any of its Committees, by NYPC clearing members or market participants.

Further Commission Action

NYPC anticipates that it will make the amended Rules effective shortly after their approval by the Commission and the approval of FICC's rule changes by the Securities and Exchange Commission. Further, because Section 4d(a)(2) of the Act prohibits the commingling of futures and securities in the absence of a Commission rule, regulation or order to the contrary, NYPC has this date filed with the Commission a petition for an order to permit Eligible Products (as such term is defined in the Cross-Margining Agreement) that are cleared by FICC and property received by a participating FICC clearing member to margin, guarantee, or secure trades or positions in or accruing as a result of such Eligible Products to be commingled in a Market Professional cross-margining account with Eligible Products cleared by NYPC and with property received by a participating NYPC clearing member to margin, guarantee, or secure trades or positions in or accruing as a result of such Eligible Products that would



otherwise be required by the Commission to be segregated under the Act. NYPC, therefore, will not make the amendments to its Rules effective prior to the issuance of such an order by the Commission.

Certification by NYPC

NYPC certifies to the Commission, in accordance with Commission Regulation 40.5, that the proposed amendments to its Rules and to the Cross-Margining Agreement comply with the Act and Commission Regulations promulgated thereunder.

NYPC hereby certifies that a notice of pending certification with the Commission of the proposed Rule amendments and a copy of this submission have been posted on NYPC's website at <http://www.nypclear.com/rule-amendments>.

The text of the proposed Rule amendments and a copy of the amended and restated Cross-Margining Agreement, marked to show all deletions and additions, are enclosed, together with the submission cover sheet required by Commission Regulation 40.5(a)(2).

Any questions should be directed to the attention of the undersigned at 212-855-5230 or laura.klimpel@nypclear.com.

Very truly yours,

A handwritten signature in cursive script that reads "Laura C. Klimpel".

Laura C. Klimpel
General Counsel

Encl.

RULES OF

NEW YORK PORTFOLIO CLEARING, LLC

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RULES OF NEW YORK PORTFOLIO CLEARING, LLC

CHAPTER 1. DEFINED TERMS

Rule 101. Definitions [*Amended 04/01/2011*]

Unless the context otherwise requires, the terms defined in this Rule have the meanings specified below for all purposes under the Rules:

“Appeal Panel” means a panel comprised of a chairman and two individuals appointed by the Board to consider appeals under Chapter 6 of the Rules.

“Authorized Representative” means an individual designated by a Clearing Member and registered with the Clearinghouse with authority to act on behalf of the Clearing Member.

“Board” means the Board of Directors of the Clearinghouse, as set forth in the Operating Agreement.

“Broker-Dealer” means a broker or dealer as such terms are defined in the Exchange Act and includes a government securities broker and government securities dealer as such terms are defined in the Exchange Act.

“Business Day” means any day on which the Clearinghouse is open for business.

“CEA” means the Commodity Exchange Act.

“CFTC” means the Commodity Futures Trading Commission.

“Chief Executive Officer” means the individual appointed by the Board as the chief executive officer of the Clearinghouse.

“Chairman” means the chairman of the Board.

“Class A Member” means any Person that is admitted as a Class A member of the Clearinghouse as provided in Rule 301. The membership of a Class A Member in the Clearinghouse is referred to as a “Class A Membership.”

“Class B Member” means any Person that is admitted as a Class B member of the Clearinghouse as provided in Rule 301. The membership of a Class B Member in the Clearinghouse is referred to as a “Class B Membership.”

“Clearinghouse” means New York Portfolio Clearing, LLC.

“Clearing Bank” means a bank, trust company or other institution designated by the Clearinghouse as a Clearing Bank that acts as a depository for Original Margin and in such other capacities as the Clearinghouse may approve.

“Clearing Member” means any Class A Member or any Class B Member. Class A Members and Class B Members are collectively referred to as “Clearing Members.”

“Clearing Member Cross-Margining Agreement” means, as applicable, the (i) Clearing Member Cross-Margining Agreement (Joint Clearing Member – Proprietary Accounts), (ii) Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Proprietary Accounts), (iii) Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts), or (iv) Clearing Member Cross-Margining Agreement (Affiliated

Clearing Members – Market Professional Accounts), in each case in the form set forth as an appendix to the Cross-Margining Agreement.

“Clearing System” means systems, software, hardware and other technology of any kind used by or on behalf of the Clearinghouse to perform its clearing functions.

“Committee” means a committee established by the Board.

“Contract” means any contract, agreement or transaction approved by the Clearinghouse for clearing under the Rules. Where the Clearinghouse provides clearing services for, or is party to a Cross-Margining Agreement with, more than one Exchange or market, the term “Contract” shall be construed to apply separately to each such Exchange or market.

“Cross-Guaranty Agreement” means an agreement between the Clearinghouse and one or more DCOs and/or one or more clearing agencies (as such term is defined in the Exchange Act) related to the cross-guaranty by the Clearinghouse and the other party or parties of certain obligations of a suspended Clearing Member to the parties to such agreement.

“Cross-Guaranty Defaulting Member” means a Clearing Member in Default on account of which the Clearinghouse has made or received a Cross-Guaranty Payment.

“Cross-Guaranty Party” means a party (other than the Clearinghouse) to a Cross-Guaranty Agreement.

“Cross-Margining Affiliate” means an affiliate of a Clearing Member that is a member of FICC and that has agreed to have its positions and margin at FICC margined together with Eligible Positions and Margin of the Clearing Member at the Clearinghouse, and to be bound by the Cross-Margining Agreement and by the Rules and the Rules of FICC that are applicable to cross-margining arrangements, all in accordance with the Clearing Member Cross-Margining Agreement.

“Cross-Margining Agreement” means the NYPC Cross-Margining Agreement, as it may be amended and restated from time to time, entered into between the Clearinghouse and FICC and providing for participation by the Clearinghouse, FICC, Joint Clearing Members and Cross-Margining Affiliates in an arrangement providing for the cross-margining of Contracts cleared by the Clearinghouse with interest rate instruments cleared by FICC.

“Customer” means any Person, including a Market Professional, that has a beneficial ownership interest in a Customer Account.

“Customer Account” means an account established by a Clearing Member with the Clearinghouse in which the Clearing Member maintains trades, positions and Margin solely for “customers,” as such term is defined in CFTC Regulation 1.3(k), of the Clearing Member. Except as the context otherwise requires, the term “Customer Account” includes an account established by a Clearing Member to maintain trades, positions and Margin for Market Professionals.

“DCO” means derivatives clearing organization, as such term is defined in the CEA.

“Default” means, with respect to a Clearing Member, if such Clearing Member or, as applicable, its Cross-Margining Affiliate: (i) fails to satisfy any of its Obligations to the Clearinghouse; (ii) fails to deliver funds or securities within the time established therefor by the Clearinghouse or, as applicable, FICC, and in such case, FICC ceases to act on behalf of the

Clearing Member, or, as applicable, its Cross-Margining Affiliate; (iii) is expelled or suspended from any Self-Regulatory Organization; (iv) fails to meet the minimum capital or other financial requirements of the Clearinghouse or, as applicable, FICC; (v) is Insolvent; (vi) holds a short position in a futures Contract and does not tender a delivery notice on or before the time specified by the rules of the Exchange on the last day on which such notices are permitted to be tendered or fails to make delivery by the time specified in the rules of the Exchange; or (vii) holds a long position in a futures Contract and does not accept delivery or does not make full payment when due as specified in the rules of the Exchange.

“Disciplinary Panel” means a panel comprised of a chairman and two individuals appointed by the Board to conduct disciplinary proceedings under Rule 604.

“DTC” means The Depository Trust Company.

“Eligible Position” means a position in certain Contracts or in certain securities, repurchase agreements or reverse repurchase agreements cleared by FICC, as identified in a Cross-Margining Agreement as eligible for cross-margining treatment.

“Eligible Securities” means, in each case subject to such criteria and requirements as may be established by the Clearinghouse from time to time: (i) direct obligations of the United States government; (ii) direct obligations of agencies of the United States and government-sponsored enterprises as the Clearinghouse may designate from time to time; and (iii) mortgage-backed pass-through obligations issued by agencies of the United States and government-sponsored enterprises as the Clearinghouse may designate from time to time.

“Exchange” means NYSE Liffe US and any other exchange or market for which the Clearinghouse acts as DCO.

“Exchange Act” means the Securities Exchange Act of 1934.

“FCM” means a futures commission merchant, as such term is defined in the CEA.

“FICC” means the Fixed Income Clearing Corporation.

“FINRA” means Financial Industry Regulatory Authority, Inc.

“Government Agency” means the CFTC and/or any other governmental agency or department regulating the activities of the Clearinghouse or a Clearing Member.

“Guaranty Fund” means the fund comprising the monies, securities, and instruments deposited by the Clearing Members pursuant to Rule 504 and the NYSE Guaranty.

“Insolvent” and “Insolvency” means the occurrence of any of the following events with respect to a Clearing Member:

(1) the Clearing Member is determined to be insolvent by a Government Agency or Self-Regulatory Organization;

(2) if the Clearing Member is a member of the Securities Investor Protection Corporation, a court of competent jurisdiction finds that the Clearing Member meets any one of the conditions set forth in clauses (A), (B), (C), or (D) of Section 5(b)(1) of the Securities Investor Protection Act of 1970;

(3) in the event of the entry or the making of a decree or order by a court, Government Agency or other supervisory authority of competent jurisdiction (i) adjudging the Clearing

Member as bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization, arrangement, liquidation, dissolution, adjustment or composition of or in respect of the Clearing Member under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar law, (iii) appointing a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Clearing Member or for any substantial part of its property, (iv) ordering the winding up or liquidation of the Clearing Member's affairs, or (v) consenting to the institution by the Clearing Member of proceedings to be adjudicated as a bankrupt or insolvent;

(4) the filing by the Clearing Member of a petition, or any case or proceeding, seeking reorganization or relief under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar law, or the consent by the Clearing Member to the filing of any such petition, case or proceeding or to the appointment of a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Clearing Member or for any substantial part of its property, or the making by the Clearing Member of an assignment for the benefit of its creditors, or the admission by the Clearing Member in writing of its inability to pay its debts generally as they become due, or the taking of corporate or similar action by the Clearing Member in furtherance of the foregoing; or

(5) if a Settlement Bank of a Clearing Member fails timely to make Margin payments on behalf of such Clearing Member.

As used in paragraphs (1) through (5) above, the term "Clearing Member" includes a Cross-Margining Affiliate or 5% Owner of such Clearing Member. Notwithstanding the foregoing, a Clearing Member shall not be deemed to be Insolvent in the event such Clearing Member (without being deemed to have admitted its liability thereunder) provides or posts a bond, indemnity, or guaranty from a third party that the Clearinghouse deems satisfactory to ensure the performance of the Clearing Member's Obligations.

"Joint Clearing Member" means a Class A Member that has agreed to have its positions and margin at FICC margined together with Eligible Positions and Margin at the Clearinghouse, and to be bound by the Cross-Margining Agreement and by the Rules and the Rules of FICC that are applicable to cross-margining arrangements, all in accordance with the Clearing Member Cross-Margining Agreement.

"Margin" means any Original Margin and Variation Margin paid or payable by or to a Clearing Member to or by the Clearinghouse.

"Market Professional" has the meaning given that term in the Cross-Margining Agreement.

"Net Settlement Amount" means (i) as to a Settlement Bank, the net Variation Margin payments and collections made by or to such Settlement Bank on behalf of the Clearing Members for which such Settlement Bank is acting and (ii) as to a Clearing Member, the net Variation Margin payments and collections made by or to such Clearing Member effected through such Clearing Member's Settlement Bank.

“NSS” means the National Settlement Service, a multilateral funds settlement service owned and operated by the Federal Reserve Banks.

“NYSE Guaranty” means the guaranty of payment by NYSE Euronext of Clearing Member Deficiencies in accordance with Rule 503(b), in an amount not to exceed \$50 million in the aggregate, and includes any cash collateral arrangement that secures such guaranty.

“Obligations” means all financial obligations of a Clearing Member arising under the Rules or such Clearing Member’s agreements with the Clearinghouse, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

“Operating Agreement” means the Amended and Restated Limited Liability Company Agreement of the Clearinghouse, as it may be further amended or restated from time to time.

“Original Margin” means, as to a Clearing Member, the minimum deposit required from such Clearing Member, in accordance with the Rules, in respect of Contracts in the accounts of such Clearing Member.

“Person” means an individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

“Proprietary Account” has the meaning given that term in CFTC Regulation 1.3(y).

References to a “Rule” or “Rules” are references to the rules, interpretations, orders and other directives of the Clearinghouse, all as in effect from time to time.

“Retained Earnings” means the net cash income of the Clearinghouse that has been retained by the Clearinghouse from prior years, plus any cash operating surplus of the Clearinghouse for the current year, in excess of amounts necessary for normal operations.

“Risk Committee” means the Risk Committee of the Board established pursuant to the Operating Agreement.

“SEC” means the Securities and Exchange Commission.

“Self-Regulatory Organization” shall mean any futures or securities exchange, derivatives clearing organization, securities clearing agency, the National Futures Association and FINRA.

“Settlement Bank” means an entity that has been approved to act as a Settlement Bank in accordance with Rule 403.

“Termination Event” means the occurrence of any of the following:

(1) the termination of the clearing member agreement between the Clearing Member and the Clearinghouse;

(2) with respect to a Joint Clearing Member, the expiration or termination of the clearing member agreement between the Joint Clearing Member and FICC.

(3) a representation or warranty made by the Clearing Member to the Clearinghouse under or in connection with any agreement between the Clearinghouse and the Clearing Member shall be false or misleading in any material respect as of the date on which made or repeated;

(4) the Clearing Member does not meet the qualifications for Clearing Members set forth in Rule 302; or

(5) the breach by the Clearing Member of the Rules or any of the terms or provisions of any agreement between the Clearinghouse and the Clearing Member.

“Treasury” means the United States Department of the Treasury.

“Variation Margin” means:

(1) with respect to futures contracts: (i) on the Business Day a Contract has been accepted for clearing by the Clearinghouse, the difference between the price at which such Contract was bought or sold and the Settlement Price for such Contract established by the Clearinghouse; and (ii) thereafter, the difference, as applicable, between (x) the Settlement Price on a given Business Day and the preceding Settlement Price for such Contract, or (y) the price at which such Contract was closed on the books of the Clearinghouse and the preceding Settlement Price for such Contract; and

(2) with respect to option contracts, on the Business Day a Contract has been accepted for clearing by the Clearinghouse, the agreed premium at which such Contract was bought or sold.

“Vice Chairman” means the vice chairman of the Board.

Rule 102. Other Defined Terms [Amended 04/01/2011]

Set forth below are certain other terms defined in the Rules and the place in the Rules where such terms are defined:

<u>Defined Term</u>	<u>Rule</u>
“Appropriate Regulatory Agency”	Rule 306(d)(1)
“Bankruptcy Event”	Rule 506(a)
“Call Report”	Rule 306(d)(2)
“Clearing Member Deficiency”	Rule 503(b)
“Clearinghouse Proceeding”	Rule 205(a)
“Close-out Amount”	Rule 506(d)
“Cross-Guaranty Beneficiary Member”	Rule 505(c)(1)
“Cross-Guaranty Payment”	Rule 505(f)
“Cross-Guaranty Repayment”	Rule 505(f)
“Cross-Guaranty Repayment Deposit”	Rule 505(d)
“Cross-Margin Beneficiary Member”	Rule 411(d)(1)
“Cross-Margin Guaranty”	Rule 411(g)(3)
“Cross-Margin Payment”	Rule 411(g)(1)
“Cross-Margin Repayment”	Rule 411(g)(2)
“Cross-Margin Repayment Deposit”	Rule 411(e)
“Emergency”	Rule 207(c)
“Emergency Rules”	Rule 207(a)
“FDICIA”	Rule 506(e)
“5% Owner”	Rule 307(a)
“Interested Person”	Rule 205(a)
“Reimbursement Obligation”	Rule 411(d)
“Respondent”	Rule 604(a)
“Settlement Price”	Rule 404

Rule 103. Rules of Construction

In the Rules, unless the context otherwise requires, (i) words in the singular include the plural and words in the plural include the singular; (ii) references to statutory provisions include those provisions, and any rules or regulations promulgated thereunder, as amended; (iii) any reference to a time means the time in New York, New York; and (iv) all uses of the word “including” should be construed to mean “including, but not limited to.”

CHAPTER 2. GOVERNANCE

Rule 201. Purpose, Powers and Authority

(a) The Clearinghouse operates to clear Contracts for its Clearing Members.

(b) The Clearinghouse has the power and authority to operate and regulate its clearance and settlement facilities to ensure that such facilities are not used for any improper purpose and to establish and enforce rules and procedures to reduce systemic risk and facilitate the orderly clearing of Contracts through the Clearinghouse by Clearing Members.

(c) These Rules specify the process by which a Person may become a Clearing Member and the terms and conditions on which the Clearinghouse will clear Contracts. These Rules are binding on all Clearing Members.

Rule 202. Board of Directors

The Board shall have control and management of the affairs and business of the Clearinghouse and shall have the powers and duties set forth in the Operating Agreement. Without limiting the generality of the foregoing, the Board shall have the power to: (a) adopt, amend, implement and repeal such Rules, not contrary to the Operating Agreement or applicable law, as will in its judgment best promote and safeguard the interests of the Clearinghouse; and (b) render interpretations of the Rules, which shall be binding on all persons having dealings with the Clearinghouse, directly or through Clearing Members.

Rule 203. Committees

(a) The Board may create, appoint Board members or other individuals to serve on, and delegate powers to, one or more Committees.

(b) A Committee shall operate in accordance with its charter and shall take such actions as may be required by the Rules or as otherwise delegated to it by the Board.

(c) All information and documents provided to a Committee and all deliberations and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further the business and affairs of the Clearinghouse or as required by law.

Rule 204. Officers

The Board shall appoint officers of the Clearinghouse and delegate to the officers, subject to its oversight, the power and authority to manage the business and affairs of the Clearinghouse and to establish and enforce rules and procedures for the conduct of business by the Clearinghouse.

Rule 205. Conflicts of Interest

(a) A Board member or an officer of the Clearinghouse, a member of a Committee or panel or other Person authorized to exercise the Clearinghouse's authority concerning any inquiry, investigation, disciplinary proceeding or any appeal from a disciplinary proceeding, summary suspension or other summary action, other than action that is taken or contemplated in response to an Emergency pursuant to Rule 207 (any such action, a "Clearinghouse Proceeding") who

knows that he or she has a material conflict of interest with respect to such Clearinghouse Proceeding (an "Interested Person"), shall not participate in any deliberations or votes of the Board, a Committee or panel of the Clearinghouse involved in such Clearinghouse Proceeding.

(b) For purposes of paragraph (a), a "material conflict of interest" shall mean, with respect to a member of the Board or an officer of the Clearinghouse, a Clearing Member or other Person:

(1) being named as a respondent or potential respondent in a Clearinghouse Proceeding;

(2) being an employer, employee, fellow employee or an affiliate of a respondent or potential respondent in a Clearinghouse Proceeding;

(3) having any significant, ongoing business relationship with a respondent or potential respondent in a Clearinghouse Proceeding;

(4) having a family relationship with a respondent or potential respondent in a Clearinghouse Proceeding (including the Person's spouse, co-habitator, parent, step-parent, child, step-child, sibling, step-brother, step-sister, father-in-law, mother-in-law, brother-in-law or sister-in-law); and/or

(5) having a direct and substantial financial interest in the result of the vote, other than based on a direct or indirect equity or other interest in the Clearinghouse, that could reasonably be expected to be affected by the Clearinghouse Proceeding. For purposes of this paragraph (5), a "direct and substantial financial interest" includes (but is not limited to) positions held in Contracts in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the vote.

(c) Prior to consideration of any Clearinghouse Proceeding, each Board member, officer of the Clearinghouse, member of a Committee or panel or other Person authorized to exercise the Clearinghouse's authority in connection with such Proceeding shall disclose in writing to the Board, Committee or panel, as applicable, whether such person has a material conflict of interest.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to paragraph (a) as a result of having a direct and substantial financial interest in the result of the vote may participate in deliberations, prior to a vote on the matter, if:

(1) the material facts about the Interested Person's interest in the matter are disclosed or known to the Board or Committee, as applicable;

(2) the Board, Committee or panel, as applicable, determines that the participation by the Interested Person would be consistent with the public interest; and

(3) a majority of the members of the Board, Committee or panel, as applicable, that are not Interested Persons with respect to the matter vote to allow the Interested Person to participate in deliberations on the matter.

(e) If a determination is made pursuant to paragraph (d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board, Committee or panel will reflect the determination and the reasons for the determination.

(f) If all of the members of the Board, Committee or panel, as applicable, are Interested Persons with respect to a matter subject to a vote by the Board, Committee or panel, as

applicable, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board, Committee or panel would have if the members thereof were not Interested Persons with respect to such matter.

(g) No member of the Board or any Committee or panel shall use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a member of the Board, a Committee or a panel any material, non-public information obtained as a result of the Person's duties and responsibilities as a member of the Board or a Committee. No member of the Board, a Committee or a panel shall, directly or indirectly, disclose or use at any time, either during his or her association with the Clearinghouse or thereafter, any confidential information of which the member of the Board, a Committee or a panel becomes aware except when reporting to or at the direction of the Board, when requested by a Government Agency or when compelled to testify in any judicial or administrative proceeding. Each member of the Board, a Committee or a panel in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft. For purposes of this paragraph (g), the terms "material" and "non-public information" have the meaning set forth in CFTC Regulation 1.59(a).

(h) Notwithstanding paragraph (g), a member of the Board, a Committee or a panel may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or a Government Agency with regulatory or oversight authority over the Clearinghouse or member of the Board or any Committee or panel.

Rule 206. Board, Committee, Disciplinary and Appeal Panel Positions

(a) A Person may not serve as a Board member or an officer of the Clearinghouse or on a Committee, a Disciplinary Panel or an Appeal Panel, if the Person:

(1) within the prior three years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, any Government Agency or any Self-Regulatory Organization, to have committed a disciplinary offense;

(2) within the prior three years has entered into a settlement agreement concerning allegations of a disciplinary offense charged (but not withdrawn), whether or not findings were made;

(3) is currently suspended from trading on any regulated market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty pursuant to either:

(i) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, Government Agency or Self-Regulatory Organization; or

(ii) a settlement agreement concerning allegations of a disciplinary offense charged (but not withdrawn);

(4) is currently subject to an agreement with a Government Agency or Self-Regulatory Organization not to apply for registration with such Government Agency or for membership in such Self-Regulatory Organization;

(5) is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC or has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA; or

(6) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization.

The Board may for good cause specifically exempt a Person from the provisions of paragraphs (1)-(5) above.

(b) Any Board member, officer of the Clearinghouse, member of a Committee, member of a Disciplinary Panel or Appeal Panel or Person nominated to serve in any such role shall immediately notify the Chief Executive Officer if he or she meets one or more of the criteria in paragraph (a).

(c) For purposes of paragraph (a), the terms “disciplinary offense,” “final decision” and “settlement agreement” have the meanings set forth in CFTC Regulation 1.63(a).

Rule 207. Emergencies

(a) During an Emergency, the Board may implement temporary emergency procedures and rules (“Emergency Rules”), subject to applicable provisions of the CEA and CFTC regulations. If the Chief Executive Officer (or, in the event that the Chief Executive Officer is unavailable, the Chairman or the Chief Risk Officer) determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer (or, if applicable, the Chairman or the Chief Risk Officer) shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. Without limiting the foregoing, the Clearinghouse shall use good faith efforts to consult with an appropriate representative of the Exchange prior to implementing any such Emergency Rules.

(b) Pursuant to this Rule, Emergency Rules may require or authorize the Clearinghouse, the Board, any Committee, the Chief Executive Officer (or, if the Chief Executive Officer is unavailable, the Chairman or Chief Risk Officer) or any other officer of the Clearinghouse to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following:

(1) suspending or curtailing clearing or limiting clearing to liquidation only (in whole or in part);

(2) extending or shortening the expiration date and/or the last settlement date for Contracts;

(3) providing alternative settlement mechanisms;

(4) ordering the liquidation of Contracts, the fixing of a Settlement Price, or the reduction of positions;

(5) extending, limiting or changing the hours of operation of the Clearinghouse;

(6) temporarily modifying or suspending any provision of the Rules;

(7) changing the amount of money to be paid in connection with a Contract, whether previously or thereafter delivered;

(8) requiring Clearing Members to meet special Margin requirements;

(9) imposing or modifying price limits; and/or

(10) imposing or modifying position limits.

(c) For the purposes of this Rule, "Emergency" is defined as any occurrence or circumstances which, in the opinion of the Board, the Chief Executive Officer, Chairman or Chief Risk Officer (as provided in paragraphs (a) and (b)), requires immediate action, and that threatens, or may threaten, the fair and orderly settlement or integrity of, any Contract, including, without limitation, the following:

(1) any circumstance that may materially affect the performance of a Contract;

(2) any action taken by the United States government, a foreign government, Government Agency, Self-Regulatory Organization, state or local governmental body, or market or exchange (foreign or domestic) that may have a material adverse effect on the clearing of Contracts through the Clearinghouse or the settlement, legality or enforceability of any Contract;

(3) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;

(4) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, pandemics, fire or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Clearing System, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

(5) the Insolvency of any Clearing Member or the imposition of any injunction or other restraint by any Government Agency, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to satisfy its Obligations;

(6) any circumstance in which it appears to the Board that a Clearing Member:

(i) has failed to perform on a Contract;

(ii) is Insolvent;

(iii) is otherwise in Default;

(iv) is in such financial or operational condition or is conducting business such that the Clearing Member cannot be permitted to continue in business without jeopardizing the safety of funds of Customers, Clearing Members or the Clearinghouse; or

(7) any other unusual, unforeseeable or adverse circumstance as determined by the Board or the Chief Executive Officer (or, as applicable, the Chairman or Chief Risk Officer).

When the Clearinghouse determines that the Emergency has been reduced sufficiently to allow the Clearinghouse to resume normal functioning, any such actions will be terminated.

(d) Whenever the Clearinghouse takes action to respond to an Emergency (including, without limitation, the actions set forth in paragraph (b) above), it will, where possible, ensure that notice is timely given to Clearing Members.

(e) The Clearinghouse will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Clearinghouse will notify the CFTC as soon as reasonably practicable, but in all circumstances within twelve hours of the implementation, modification or termination of such Emergency Rule.

Upon taking any action in response to an Emergency, the Clearinghouse will document the decisions and deliberations related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect the Clearinghouse, and all such documentation will be provided to the CFTC upon request.

CHAPTER 3. CLEARING MEMBERS

Rule 301. Clearing Membership Generally

(a) An applicant for Class A membership shall be subject to Rule 302(a), Rule 302(b), and, if applicable, Rule 302(d) during the pendency of its application and during its tenure as a Class A Member.

(b) An applicant for Class B membership shall be subject to Rule 302(a), Rule 302(c) and, if applicable, Rule 302(d) prior during the pendency of its application and during its tenure as a Class B Member.

(c) Only Persons found by the Clearinghouse to be appropriately qualified shall be permitted to be Clearing Members. For the purpose of determining whether an applicant is appropriately qualified, an applicant shall submit an application in such form as shall be prescribed by the Clearinghouse, which form shall include a certification that the applicant has reviewed and agrees to abide by the Rules and perform the duties and responsibilities of a Clearing Member. An applicant for Clearing Member status shall be conclusively deemed to have agreed to have no recourse against the Clearinghouse in the event that its application to become a Clearing Member is rejected.

(d) The Clearinghouse may establish minimum capital and other requirements for Clearing Members, examine the books and records of any applicant or Clearing Member, and take such other steps as it may deem necessary to ascertain the facts bearing upon the question of qualification.

Rule 302. Clearing Member Qualifications

(a) Qualification of Clearing Members. Each applicant for qualification as a Clearing Member shall satisfy the following requirements:

(1) it shall be a corporation, limited liability company, partnership or other entity approved by the Clearinghouse, in each case, in good standing in its jurisdiction of formation;

(2) it shall be qualified to conduct business in the State of New York or have an agency agreement in place with an entity qualified in the State of New York that provides an agent for service of process and other communications from the Clearinghouse in connection with the business of the Clearing Member;

(3) it shall demonstrate such fiscal integrity as would justify the Clearinghouse's assumption of the risks inherent in clearing its Contracts;

(4) it shall be engaged in or demonstrate its capacity to engage in the conduct of the business of a Clearing Member;

(5) it shall have received all necessary approvals and consents from all applicable regulatory authorities and Government Agencies to permit it to conduct the business of a Clearing Member;

(6) if it is clearing Contracts on behalf of Customers, it shall be registered with the CFTC as an FCM;

(7) it shall have established satisfactory relationships with, and have designated to the Clearinghouse, a Clearing Bank and a Settlement Bank for payment of Margin to the Clearinghouse; and

(8) it shall maintain back-office facilities staffed with experienced and competent personnel or have entered into a facilities management agreement in form and substance acceptable to the Clearinghouse.

(b) Class A Members. In addition to the requirements set forth above, each applicant for qualification as a Class A Member shall be (i) a member of the netting system of the Government Securities Division of FICC or (ii) upon implementation of central counterparty services by the Mortgage-Backed Securities Division of FICC, a clearing member of the Mortgage-Backed Securities Division. Notwithstanding the foregoing, none of (x) an Inter-Dealer Broker Netting Member, (y) a Dealer Netting Member with respect to its segregated brokered accounts, or (z) a Sponsored Member (as each such term is defined in FICC's rules) shall be eligible to become a Class A Member. In addition, a Bank Netting Member (as such term is defined in FICC's rules) shall not be eligible to become a Class A Member unless it can demonstrate, to the satisfaction of FICC and NYPC that, as a Class A Member, it would be in compliance with regulatory requirements applicable to it.

(c) Class B Members. In addition to the requirements set forth above, each applicant for qualification as a Class B Member shall enter into securities settlement arrangements with one or more FICC members in form and substance acceptable to the Clearinghouse. A Person that is qualified for Class A Membership shall not be admitted as a Class B Member.

(d) Foreign Clearing Members. In addition to the requirements set forth above, an applicant for qualification as a Clearing Member that is organized or established under the laws of a country other than the United States must:

(1) maintain a presence in the United States, either directly or through a suitable agent, that both has available individuals fluent in English who are knowledgeable about the applicant's business and can assist representatives of the Clearinghouse as necessary, and ensure that the applicant will be able to meet its data submission, settlement, and other obligations to the Clearinghouse as a Clearing Member in a timely manner;

(2) represent and certify to the Clearinghouse that it is in compliance with the financial reporting and responsibility standards of its home country and that it is regulated in its home country by a financial regulatory authority in the areas of maintenance of relevant books and records, regular inspections and examinations, and minimum capital standards, and make such other representations as the Clearinghouse deems necessary; and

(3) upon request by the Clearinghouse, submit an opinion of outside counsel on home country law and, if applicable, other relevant non-domestic law, in form and substance acceptable to the Clearinghouse.

Rule 303. Duties and Responsibilities of Clearing Members

Each Clearing Member shall, and shall cause its Authorized Representatives and employees to:

(a) comply with and act in a manner consistent with the Rules;

(b) guarantee and assume responsibility for all Contracts submitted by it or for which it authorizes another Person to submit in its name for clearing;

(c) immediately inform the Clearinghouse of any changes to the account information provided by the Clearing Member;

(d) keep the Clearing Member's Clearing System User IDs and passwords confidential;

(e) at all times have a Settlement Bank validly appointed and acting on its behalf to pay and receive Variation Margin payments in accordance with Rule 403;

(f) promptly review and, if necessary, respond to all communications sent by the Clearinghouse;

(g) be responsible for violations of the Rules committed by it, its Authorized Representative or employees;

(h) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained with the Clearinghouse or pursuant to the CEA or the CFTC Regulations, for at least five years, and make such books and records available for inspection by the Clearinghouse, the CFTC or other Government Agency;

(i) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Clearinghouse or in response to any Clearinghouse Proceeding;

(j) cooperate with the Clearinghouse and any Government Agency in any inquiry, investigation, audit, examination or proceeding;

(k) provide appropriate staff in their offices during specified hours, on Business Days and otherwise, when such is deemed necessary by the Clearinghouse to ensure the integrity of its systems or as otherwise deemed necessary for the protection of the Clearinghouse; and

(l) observe high standards of integrity, commercial honor, fair dealing, and just and equitable principles of trade in relation to any aspect of its business connected with or concerning the Clearinghouse.

Rule 304. Authorized Representatives

(a) Each Clearing Member shall designate one or more Authorized Representatives to sign all instruments, correct errors, perform such other duties as may be required under the Rules and transact all business in connection with the operations of the Clearinghouse. Each Clearing Member must provide the Clearinghouse with current contact and other requested information for each of its Authorized Representatives.

(b) To designate an Authorized Representative, a Clearing Member must provide the information requested and conform to the procedures and requirements established by the Clearinghouse. By agreeing to become an Authorized Representative, an individual agrees to be bound by the duties and responsibilities of an Authorized Representative and to be subject to, and comply with, the Rules and Obligations to the extent applicable.

(c) The Clearinghouse will promptly notify a Clearing Member of the approval of nominated Authorized Representatives and will maintain a list of all approved Authorized Representatives for each Clearing Member. The Clearinghouse shall promptly notify the

Clearing Member if the Clearinghouse (i) declines to approve the designation, (ii) revokes the designation, or (iii) suspends the designation of an Authorized Representative.

(d) An Authorized Representative who is suspended remains subject to the Rules and the Clearinghouse's jurisdiction throughout the period of suspension.

(e) To request the termination of the designation of an Authorized Representative, the Clearing Member or the Authorized Representative must notify the Clearinghouse providing the information and complying with the procedures and requirements established by the Clearinghouse.

(f) An Authorized Representative remains subject to the Rules and the jurisdiction of the Clearinghouse for acts done and omissions made while registered as such, and a Clearinghouse Proceeding relating to an individual whose designation as an Authorized Representative has been terminated or suspended shall occur as if the Authorized Representative were still registered as such.

Rule 305. Capital Requirements

Clearing Members must at all times maintain minimum regulatory capital in excess of the greater of (i) \$5,000,000, and (ii) the capital requirements imposed by any Government Agency, Self-Regulatory Organization or other examining authority or regulator to which it is subject by statute, regulation or agreement. The Clearinghouse may prescribe additional capital requirements with respect to any Clearing Member.

Rule 306. Financial Reporting Requirements [Amended 04/01/2011]

Each Clearing Member shall submit the following statements of its financial condition:

(a) Each Clearing Member shall submit to the Clearinghouse:

(1) a Form 1-FR-FCM, FOCUS Report or Form G-405 as submitted to the CFTC, SEC or FINRA; provided, that if the Clearing Member is a domestic bank (as such term is defined in section 3(a)(6) of the Exchange Act) or trust company, the Clearing Member shall submit to the Clearinghouse a copy of the Clearing Member's Call Report as submitted to its Appropriate Regulatory Agency and, to the extent not contained within such Call Report (or to the extent that a Call Report is not required to be filed), information containing the Clearing Member's capital levels and ratios, as such levels and ratios are required to be provided to the Clearing Member's Appropriate Regulatory Agency (or, if such Clearing Member's Appropriate Regulatory Agency does not require such information, as would be required to be provided, if such Clearing Member's Appropriate Regulatory Agency were the Board of Governors of the Federal Reserve System); provided further, that if the Clearing Member is not required to submit such reports to the CFTC, the SEC, FINRA or an Appropriate Regulatory Agency, the Clearing Member shall submit its financial information to the Clearinghouse on Form 1-FR-FCM and calculate its adjusted net capital in accordance with the requirements applicable thereto;

(2) information relating to capital scheduled to be withdrawn within 6 months;

(3) information relating to subordinated debt maturing within 6 months; and

(4) with respect to Clearing Members that are registered as Broker-Dealers, information relating to additional capital requirements for excess margin on reverse repurchase agreements.

A Clearing Member that has filed a FOCUS Report with FINRA shall be deemed to have authorized FINRA to provide such FOCUS Report and the data and other information contained therein to the Clearinghouse, and such Clearing Member shall not otherwise be required to submit a FOCUS Report to the Clearinghouse other than in response to a request therefor by the Clearinghouse.

(b) Each Clearing Member shall submit annual financial statements to the Clearinghouse that have been certified by an independent public accountant as submitted to the CFTC, SEC, FINRA or the Appropriate Regulatory Authority. A Clearing Member that is not a domestic bank (as such term is defined in section 3(a)(6) of the Exchange Act) or trust company and is not registered as a Broker-Dealer or FCM shall submit a Form 1-FR-FCM that has been certified by an independent public accountant in accordance with CFTC Regulation 1.10.

(c) All reports or other information required to be submitted to the Clearinghouse pursuant to paragraphs (a) or (b) shall be submitted at such times as specified by the Clearinghouse from time to time. A Clearing Member may be required to provide additional reports in such form and at such times as the Clearinghouse may require, including without limitation, submission of daily or weekly capital computations and segregated funds statements.

(d) As used in this Rule 306:

(1) "Appropriate Regulatory Agency" means, with respect to a Clearing Member that is a bank (as such term is defined in section 3(a)(6) of the Exchange Act) or a trust company:

(i) the Comptroller of the Currency, in the case of a national bank, the deposits of which are insured by the Federal Deposit Insurance Corporation;

(ii) the Board of Governors of the Federal Reserve System, in the case of a bank (other than a national bank) that is a member of the Federal Reserve System or a trust company that is a member of the Federal Reserve System; and

(iii) the Federal Deposit Insurance Corporation, in the case of a bank insured by the Federal Deposit Insurance Corporation (other than a member of the Federal Reserve System), the deposits of which are insured by the Federal Deposit Insurance Corporation.

(2) "Call Report" means, as applicable, Federal Financial Institutions Examination Council Form FFIEC 031 or FFIEC 041.

Rule 307. Parent Company, Cross-Ownership Guarantees

(a) Parent Guaranty Requirement

(1) Subject to the last sentence of this subparagraph (1), each Clearing Member shall provide and maintain with the Clearinghouse a roster of every Person (including natural persons) that directly or indirectly is the beneficial owner (determined in accordance with Rule 13d-3 under the Exchange Act) of 5% or more of any class of equity security of the Clearing Member (a "5% Owner"). For purposes of this Rule, the term "equity security" shall include any stock, partnership interest, membership interest or similar security, or any

security convertible into such a security, or any option, warrant or right to subscribe to or purchase such a security, or any other instrument or right that the Clearinghouse deems to be of similar nature and considers necessary or appropriate to treat as an equity security. If the intermediary's shareholders, partners or members are not natural persons or public reporting companies subject to Sections 12 or 15(d) of the Exchange Act, the Clearing Member shall continue the chain of ownership of 5% Owners until natural persons or public reporting companies subject to Sections 12 or 15(d) of the Exchange Act are listed.

(2) Each Clearing Member shall submit to the Clearinghouse a written guarantee, on a form provided by the Clearinghouse, from each 5% Owner pursuant to which such 5% Owner shall guarantee all Obligations arising out of accounts cleared by the Clearing Member that are:

(i) non-Customer Accounts, including Proprietary Accounts of the Clearing Member; and

(ii) accounts carried by another FCM if such accounts would be considered non-Customer Accounts, including Proprietary Accounts of the Clearing Member, if carried directly by the Clearing Member.

Notwithstanding anything herein to the contrary, the guarantee required by this paragraph (2) shall not apply to (A) any Obligations of the Clearing Member to pay an assessment to the Clearinghouse pursuant to Rule 504(b) or (B) any Obligations of the Clearing Member to the Clearinghouse arising under Rule 503(c)(2) resulting from a remaining deficiency in a Customer Account after the setoffs referred to in Rule 503(c)(1). In addition, each 5% Owner shall only be required to guarantee his, her or its share of the Clearing Member's Obligations pursuant to this paragraph (2) in proportion to his, her or its ownership interest in the Clearing Member (but not in duplication of amounts paid by another 5% Owner that controls, is controlled by or under common control with such 5% Owner); provided, however, that any 5% Owner owning 50% or more of the Clearing Member shall guarantee the full amount of the Clearing Member's Obligations pursuant to this paragraph (2).

(b) Cross-Ownership Guaranty

If any Person directly or indirectly controls, owns 10% or more of, or has the right to 10% or more of the profits of two or more Clearing Members, then each such Clearing Member shall submit to the Clearinghouse a written guarantee, on a form provided by the Clearinghouse, of the Obligations of the other such Clearing Member(s) to the Clearinghouse.

Rule 308. Notices Required of Clearing Members [Amended 04/01/2011]

(a) Financial and Other Notices

(1) A Clearing Member shall provide immediate notice to the Clearinghouse, orally and in writing, if the Clearing Member or, if applicable, its Cross-Margining Affiliate:

(i) is in Default or otherwise unable to meet its Obligations to the Clearinghouse;

(ii) fails to remain in compliance with the minimum capital or "early warning" requirements of any Government Agency or Self-Regulatory Organization;

(iii) if an FCM, fails to maintain funds in any Customer Account sufficient to comply with applicable CFTC requirements;

(iv) fails to maintain current books and records;

(v) determines the existence of a material inadequacy as provided in CFTC Regulation 1.16(d)(2) or SEC Rule 17a-5(g)(3), in each case as applicable to such Clearing Member; or

(vi) fails to comply with additional accounting, reporting, financial and/or operational requirements prescribed by the Clearinghouse.

(2) A Clearing Member shall provide prompt written notice to the Clearinghouse if:

(i) it experiences a reduction in adjusted net capital as reported on its Form 1-FR-FCM, net capital as reported on its FOCUS Report or liquid capital as reported on its Form G-405, as applicable, of 20% or more, from the most recent filing of such report or it has a planned reduction in equity capital that would cause a reduction in excess adjusted net capital, excess net capital or excess liquid capital of 30% or more, provided that no such notice shall be required in the case of a reduction in capital resulting from (a) the repayment or prepayment of subordinated liabilities for which notice has been given pursuant to applicable CFTC, SEC or Treasury requirements, or (b) any futures or securities transaction in the ordinary course of business between a Clearing Member and any affiliate where the Clearing Member makes payment to or on behalf of such affiliate for such transaction and then receives payment from such affiliate for such transaction within two Business Days from the date of the transaction;

(ii) Margin calls in one or more Customers' accounts exceed the Clearing Member's excess net capital and one or more of such Margin calls remains unsatisfied by the close of business on the Business Day following the issuance of the calls; or

(iii) it changes its fiscal year or its public accountants.

(b) Operational Notices

(1) A Clearing Member shall provide immediate notice to the Clearinghouse, orally and in writing, of:

(i) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Clearing Member used to perform the Clearing Member's Obligations under or in connection with Contracts that is not promptly remedied;

(ii) any suspension, expulsion, bar (including any refusal or denial of admission to or withdrawal of any application for membership, registration or license), cease-and-desist order, temporary or permanent injunction, denial of trading privileges or any other sanction or discipline (but excluding censures and fines or monetary penalties of \$25,000 or less), through an adverse determination, voluntary settlement or otherwise, by any Government Agency or Self-Regulatory Organization;

(iii) the imposition of any restriction or limitation on the business conducted by the Clearing Member, or by any Cross-Margining Affiliate or 5% Owner of such Clearing Member, on or with any securities or futures clearing organization or exchange other

than restrictions or limitations imposed generally on all members of or participants in such clearing organization or exchange;

(iv) any failure by the Clearing Member, or by any Cross-Margining Affiliate or guarantor (including any 5% Owner) of the Clearing Member, to perform any of its Obligations or any other material contract, guarantee, or agreement;

(v) any determination that the Clearing Member, any Cross-Margining Affiliate or guarantor (including any 5% Owner) of the Clearing Member, will be unable to perform any of its Obligations or any other material contract, guarantee, or agreement;

(vi) the institution of an Insolvency proceeding by or against the Clearing Member, any affiliate of the Clearing Member, or any guarantor (including any 5% Owner) of the Clearing Member;

(vii) the receipt by the Clearing Member, or a filing by the Clearing Member with a Self-Regulatory Organization, of a notice of material inadequacy pursuant to applicable CFTC, SEC or Treasury regulations; or

(viii) the receipt by the Clearing Member from its independent auditors of an audit opinion that is qualified.

(2) A Clearing Member shall provide prompt written notice to the Clearinghouse if:

(i) it changes its name, business address, 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 Clearinghouse;

(ii) any Person directly or indirectly becomes a 5% Owner.

(3) A Clearing Member shall, unless it is impractical to do so (in which case it shall provide written notice to the Clearinghouse as promptly as possible), provide at least ninety days prior written notice to the Clearinghouse of:

(i) any proposed change in the organizational or ownership structure or management of a Clearing Member, including any merger, combination or consolidation between the Clearing Member and another Person;

(ii) the assumption or guaranty by the Clearing Member of all or substantially all of the liabilities of another Person in connection with a direct or indirect acquisition of all or substantially all of that Person's assets;

(iii) the sale of all or a significant portion of the Clearing Member's business or assets to another Person;

(iv) a change in the direct or indirect beneficial ownership of 20% or more of the Clearing Member; or

(v) any change in the Clearing Member's systems provider or facilities manager used by the Clearing Member to process transactions in Contracts.

Rule 309. Adequate Assurances

If the Clearinghouse has reason to believe that a Clearing Member may fail to comply with any of the Rules, it may require the Clearing Member to provide it, within such timeframe, in

such detail, and in such manner as the Clearinghouse shall determine, with adequate assurances that the Clearing Member shall not violate any of the Rules.

Rule 310. Restrictions on Activity

(a) If (i) a Clearing Member is in Default, (ii) a Termination Event occurs with respect to such Clearing Member, or (iii) the Clearinghouse determines that the financial or operational condition of a Clearing Member or one of its affiliates is such that to allow that Clearing Member to continue its operation would adversely affect the Clearinghouse or adversely affect the financial markets (whether or not the Clearing Member continues to meet the required minimum financial requirements), the Clearinghouse may:

(1) allow such Clearing Member to submit Contracts solely for its Proprietary Accounts;

(2) limit or restrict the type of Contracts that may be cleared by such Clearing Member in any of its accounts with the Clearinghouse;

(3) limit or restrict the number of Contracts that are permitted to be maintained by such Clearing Member in any of its accounts with the Clearinghouse;

(4) decline to accept new trades or positions in Contracts for the accounts of the Clearing Member;

(5) increase such Clearing Member's Margin and Guaranty Fund requirements and/or require such Clearing Member to deposit the same in cash or Eligible Securities in proportions different than those that are applicable to Clearing Members generally;

(6) allow such Clearing Member to submit Contracts for liquidation only;

(7) prohibit such Clearing Member from withdrawing excess Original Margin;

(8) cause open Contracts in the Proprietary Accounts or Customer Accounts of the Clearing Member to be transferred to another Clearing Member;

(9) cause open Contracts to be settled in cash or liquidated;

(10) impose such additional capital, Margin, financial reporting or other requirements as the Clearinghouse shall deem appropriate for the protection of the Clearinghouse and its Clearing Members; and

(11) terminate the Clearing Member's membership in the Clearinghouse.

(b) In addition to the powers conferred by this Rule, the Clearinghouse shall have the authority conferred by Rule 503 when a Clearing Member is in Default.

Rule 311. Withdrawal of Clearing Membership

(a) When a Clearing Member withdraws from membership or its membership is terminated, all Obligations of the Clearing Member to the Clearinghouse, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date of such withdrawal or termination. The Clearing Member's Guaranty Fund deposit and any other deposits required by the Clearinghouse will not be released until the Clearinghouse determines that all such Clearing Member's Obligations have been settled and all sums owing to the Clearinghouse have been paid.

(b) A Clearing Member may withdraw from membership upon approval of the Clearinghouse, which approval shall be granted not later than thirty days after (1) the liquidation or, with the approval of the Clearinghouse, transfer to another Clearing Member of all open positions in the Clearing Member's accounts at the Clearinghouse; (2) the satisfaction of all Obligations of the withdrawing Clearing Member, including any assessment under Rule 504(b); and (3) if applicable, the payment of all amounts owing to FICC pursuant to a Clearing Member Cross-Margining Agreement.

Rule 312. Fees

The Clearinghouse shall have the right to instruct a Settlement Bank to debit the proprietary Margin account maintained by a Clearing Member, and/or any other account designated by such Clearing Member for purposes of this Rule, for any payment of fees, charges or other amounts (other than fines or penalties) due to the Clearinghouse or due to the Exchange (if and to the extent the Clearinghouse shall be acting as a collection agent for the Exchange).

CHAPTER 4. CLEARANCE AND SETTLEMENT

Rule 401. Submission of Contracts

(a) The submission of a Contract to the Clearinghouse by or on behalf of the buying and selling Clearing Members shall constitute a request, by such Clearing Members, for the clearing of such Contract by the Clearinghouse. Upon the acceptance thereof by the Clearinghouse, which shall be deemed to occur upon the receipt of matched trade data from the Exchange, the Contract shall be novated and the Clearinghouse shall be substituted as, and assume the position of, seller to the Clearing Member buying such Contract and buyer from the Clearing Member selling such Contract. Upon such substitution, such buying and selling Clearing Members shall be released from their obligations to each other, and the Clearinghouse shall be deemed to have succeeded to all the rights, and to have assumed all the Obligations, of the Clearing Members that were party to such Contracts, in each case as provided in the Rules.

(b) Notwithstanding the provisions of paragraph (a), the Clearinghouse shall be substituted at the time payment of the Original Margin and Variation Margin due for transfers of Contracts made pursuant to Rule 409 and trades made pursuant to exchanges of futures for physicals, exchanges of futures for swaps or similar transactions is made by or for both Clearing Members.

(c) Upon the written request of an Exchange, the Clearinghouse may, in its sole discretion, terminate the novation and substitution described above with respect to one or more Contracts upon notice thereof by the Clearinghouse to the relevant Clearing Members. The Clearinghouse shall have no further obligations to such Clearing Members with respect to such Contracts thereafter.

(d) The Rules shall constitute part of the terms of each Contract submitted to the Clearinghouse.

Rule 402. Original Margin

(a) The Clearinghouse shall, from time to time, calculate the amount of Original Margin which shall be deposited by Clearing Members to protect the Clearinghouse on Contracts accepted for clearing. Original Margin calls shall ordinarily be uniform, but where particular risks are deemed hazardous, the Clearinghouse may call for additional Margin from a particular Clearing Member.

(b) Clearing Members shall transfer Original Margin to a Clearing Bank for deposit in an account designated by the Clearinghouse. The Clearinghouse shall retain control over such Original Margin, which shall be and shall remain unencumbered by the lien or security interest of any party other than the Clearinghouse or, if applicable, FICC as provided in the Cross-Margining Agreement.

(c) One or more times on each Business Day, the Clearinghouse shall make available to each Clearing Member the amount of its Original Margin Obligations for all open Contracts. The Clearing Member shall transfer Original Margin to a Clearinghouse account at a Clearing Bank by no later than the time specified therefor by the Clearinghouse. Original Margin may be in the form of cash and securities of such types and in such amounts as may be determined by the Clearinghouse.

(d) Original Margin deposits may be withdrawn by the Clearing Member with authorization from the Clearinghouse upon the performance or closing out of Contracts thus secured. In the event it shall become necessary to apply all or part of a Clearing Member's Original Margin to meet Obligations of the Clearinghouse pursuant to Rule 503, such Clearing Member shall immediately restore any such deficiency in Original Margin.

(e) If a Clearing Member is in Default, the Clearinghouse may foreclose on and sell any of the Margin deposited by such Clearing Member without notice. In such an event, Margin that has been deposited for the Clearing Member's Customer Account and any proceeds thereof shall be applied against the Margin requirements for the Customer Account, and Margin deposited for the Clearing Member's Proprietary Accounts and any proceeds thereof shall be applied first to any Margin deficiency in the Customer Account and, thereafter, against the requirements for the Clearing Member's Proprietary Accounts.

Rule 403. Variation Margin

(a) Where Contracts are accepted for clearance in accordance with Rule 401 and the price of such Contracts is less than the Settlement Price therefor, the selling Clearing Member shall be obligated to pay Variation Margin to, and the buying Clearing Member shall be entitled to receive Variation Margin from, the Clearinghouse as set forth below and in the policies and procedures of the Clearinghouse. Where Contracts are accepted for clearance in accordance with Rule 401 and the price of such Contracts is greater than the Settlement Price, the buying Clearing Member shall be obligated to pay Variation Margin to, and the selling Clearing Member shall be entitled to receive Variation Margin from, the Clearinghouse in accordance with the process set forth below and any other policies and procedures of the Clearinghouse. Thereafter, Clearing Members shall be obligated to pay or entitled to receive Variation Margin on all open Contracts and on all Contracts that have been closed on the books of the Clearinghouse. All Variation Margin payments to the Clearinghouse shall be made in cash.

(b) All payments of Variation Margin by a Clearing Member to the Clearinghouse, and all collections of Variation Margin by a Clearing Member from the Clearinghouse, shall be effected through a Settlement Bank as follows:

(1) One or more times on each Business Day, the Clearinghouse shall make available (i) to each Clearing Member, its Net Settlement Amount, and (ii) to each Settlement Bank, the Net Settlement Amounts of all Clearing Members for which such Settlement Bank is acting and the Net Settlement Amount due from or owed to such Settlement Bank. If the Settlement Bank's net amount is a debit, it shall pay such amount to the Clearinghouse in Federal funds by no later than the time specified therefor by the Clearinghouse. If the Settlement Bank's net amount is a credit, it shall receive such amount from the Clearinghouse in Federal funds by no later than the time specified therefor by the Clearinghouse.

(2) By the deadline established by the Clearinghouse and in accordance with procedures as announced in notices issued by the Clearinghouse, a Settlement Bank must acknowledge to the Clearinghouse its Net Settlement Amount and (i) its intention to settle with the Clearinghouse its Net Settlement Amount by the applicable deadline, or (ii) its refusal to settle for one or more Clearing Members. A refusal to settle by a Settlement Bank for a particular Clearing Member is a refusal to settle all accounts of the Clearing Member.

Notwithstanding the foregoing, a Settlement Bank that is a Clearing Member and settles solely for its own account is not required to acknowledge its Variation Margin settlement obligation.

(3) If a Settlement Bank sends a refusal message in respect of one or more Clearing Members and its new Net Settlement Amount is a credit, it shall immediately acknowledge that amount. If its new Net Settlement Amount is a debit, it shall immediately acknowledge its intention to settle the new Net Settlement Amount with the Clearinghouse by the payment deadline.

(4) A Settlement Bank that is unable to transmit an acknowledgment or refusal message to the Clearinghouse because of operational difficulties may telephone its instructions to the Clearinghouse, using the number specified therefor by the Clearinghouse.

(5) DTC provides the Clearinghouse with services with respect to the Clearinghouse's settlement process as described herein. DTC acts as Settlement Agent (as that term is used in Federal Reserve Bank Operating Circular 12) for the Clearinghouse and for the Settlement Banks with respect to NSS, as the means of effecting settlement.

(6) Settlement Banks must settle their Net Settlement Amounts via NSS. The Settlement Agent will send a pre-advice to each Settlement Bank, notifying it that the Settlement Agent is about to send its NSS transmission to the relevant Federal Reserve Bank that will instruct such Federal Reserve Bank to debit or credit, as applicable, the Settlement Bank's account at the Federal Reserve Bank by the requisite amount.

(7) If a Settlement Bank is experiencing extenuating circumstances and, as a result, must opt out of NSS for one Business Day, the Settlement Bank must notify the Clearinghouse prior to the acknowledgment deadline. A Clearing Member that has appointed such Settlement Bank to act on its behalf shall in such circumstances remain obligated, pursuant to the Rules, to satisfy its Variation Margin obligations by the payment deadline and shall do so by causing such payment to be made to the depository institution designated by the Clearinghouse from time to time to receive such payment.

(8) No improper or unauthorized action, or failure to act, by a Settlement Bank or other depository institution on behalf of a Clearing Member shall excuse or otherwise affect such Clearing Member's obligations to the Clearinghouse pursuant to this Rule. Without limiting the generality of the foregoing:

(i) Each Settlement Bank shall monitor its Federal Reserve Bank account to ensure accuracy of debits and credits made through the NSS process. If the Settlement Bank's account at the Federal Reserve Bank has insufficient funds, DTC will receive notification from the Federal Reserve Bank that the account was not debited. The Clearinghouse will in such circumstances notify affected Clearing Members, who shall pay the required amounts by wire transfer of immediately available funds to the depository institution designated by the Clearinghouse for this purpose by the payment deadline.

(ii) In the event a Settlement Bank fails to make Variation Margin payments in the manner and at the time prescribed by the Clearinghouse, each Clearing Member represented by such Settlement Bank shall remain obligated to the Clearinghouse for such Clearing Member's Variation Margin payment. Such payment shall be made by

the payment deadline. If the Clearinghouse has made payment to a failed Settlement Bank, the Clearinghouse shall have no obligation to a Clearing Member that has appointed such Settlement Bank to act on its behalf for Variation Margin payments that were made by the Clearinghouse to the Settlement Bank for the account of such Clearing Member.

(iii) Pursuant to Federal Reserve Bank Operating Circular No. 12, an indemnity claim made by a Federal Reserve Bank as a result of processing Variation Margin payments and collections via NSS shall be apportioned by the Clearinghouse to the Clearing Members for whom the Settlement Bank to which the indemnity claim relates was acting. Such liability for each applicable Clearing Member shall be in proportion to the amount of all such Clearing Members' Net Settlement Amounts on the Business Day in question. If for any reason such allocation is not sufficient to fully satisfy the Federal Reserve Bank indemnity claim, the remaining loss shall be charged against the Guaranty Fund.

(9) Notwithstanding anything to the contrary in the Rules, on any Business Day on which a Clearing Member is notified by the Clearinghouse that it must deposit Original Margin or increase the amount of its Guaranty Fund deposit and the Clearing Member has Variation Margin due to it from the Clearinghouse, in lieu of paying Variation Margin to the Clearing Member, the Clearinghouse may retain the lesser of (x) the increase in the Original Margin and/or Guaranty Fund deposit or (y) such Variation Margin and apply such amount against the Clearing Member's Original Margin and/or Guaranty Fund obligations.

(c) The following entities shall be eligible to become Settlement Banks: (i) a bank or trust company that is a DTC Settling Bank as defined in FICC Government Securities Division Rule 1; (ii) a Clearing Member that is a bank, trust company or other entity and that has direct access to a relevant Federal Reserve Bank and the NSS; and (iii) any other bank or trust company that has direct access to a relevant Federal Reserve Bank and the NSS. Upon submission of such documentation as the Clearinghouse shall require, the Clearinghouse will determine whether to approve an entity as a Settlement Bank. An entity described in clause (i), (ii) or (iii) that desires to become a Settlement Bank shall sign and deliver to the Clearinghouse: (x) a Settlement Bank Agreement, in the form provided by the Clearinghouse, in which it shall agree to abide by the Rules applicable to Settlement Banks, agree to be bound by the provisions thereof (including any amendment thereto with respect to any transaction occurring subsequent to such time such amendment takes effect as fully as though such amendment were now a part of the Rules), and agree that the Clearinghouse shall have all the rights and remedies contemplated by the Rules; (y) an Appointment of Settlement Bank, in the form provided by the Clearinghouse, for each Clearing Member for which such Settlement Bank agrees to act as Settlement Bank; and (z) an agreement, in the form provided by the Clearinghouse, authorizing DTC to utilize NSS for funds-only settlement as the relevant Federal Reserve Bank may require.

(d) The following shall apply to all Settlement Banks:

(1) In addition to paragraph (b) of this Rule, this paragraph (d) and applicable provisions of Rule 101, the following Rules shall apply to Settlement Banks in the same manner as they apply to Clearing Members: Rule 207, Rule 303 (other than paragraph (b) thereof), Rule 304, Rule 501, Rule 601 through Rule 604, Rule 704, Rule 706, Rule 708, Rule 709 and Rule 712.

(2) A Settlement Bank that is a DTC Settling Bank or Clearing Member must maintain its status as such. A Settlement Bank that is not a DTC Settling Bank or Clearing Member must comply with such financial responsibility and operational capability standards as the Clearinghouse may establish from time to time.

(3) If required by the Clearinghouse, a Settlement Bank shall submit financial and other information as may be specified by the Clearinghouse from time to time.

(4) A Settlement Bank shall provide to the Clearinghouse written notice of its intention to terminate its status as a Settlement Bank or its representation of a Clearing Member. Such termination shall not be effective until accepted by the Clearinghouse, and affected Clearing Members shall be required to appoint replacement Settlement Banks prior to the effective date of termination.

(5) Based on its judgment that adequate cause exists to do so, the Clearinghouse may at any time terminate an entity's status as a Settlement Bank and its right to act as a Settlement Bank.

(6) A Settlement Bank's books and records relating to the Clearinghouse's settlement process shall be open to the inspection by duly authorized representatives of the Clearinghouse upon reasonable prior notice and during the Settlement Bank's normal business hours.

(7) Each Settlement Bank shall comply in all material respects with all applicable law, including applicable laws relating to taxation and anti-money laundering in connection with its activities as a Settlement Bank.

(8) Each Settlement Bank shall fulfill, within the timeframes established by the Clearinghouse, any operational testing requirements (the scope of such testing to be determined by the Clearinghouse in its sole discretion) and related reporting requirements that may be imposed by the Clearinghouse from time to time to ensure the continuing operational capability of the Settlement Bank.

Rule 404. Settlement Prices

As used in the Rules, the term "Settlement Price" means the settlement price for a Contract for each Contract for which positions remain open, as determined: (i) intra-day by the Clearinghouse based upon prices of Contracts made on the Exchange and other sources of information deemed reliable by the Clearinghouse; and (ii) by the Exchange in accordance with its rules at the close of trading on each Business Day, except in the case of manifest error or where the Clearinghouse believes that such settlement price does not reasonably reflect the value or price of the Contract, in which case the Clearinghouse, using its best efforts to consult with the Exchange, shall determine the official settlement price; provided, that the Clearinghouse shall in such circumstances promptly notify the Exchange and Clearing Members, and the reasons for that determination and the basis for the Settlement Price determined by the Clearinghouse shall be published in a notice to the Exchange and Clearing Members.

Rule 405. Long Position Reports

Clearing Members shall maintain and submit, at such times and in such manner as shall be prescribed by the Clearinghouse, a complete and accurate record of dates of all open purchases in

Contracts that are settled by physical delivery where the rules of the Exchange permit delivery to be made on more than one Business Day. Unless otherwise provided by the Clearinghouse, beginning on the day following the first day on which holders of long positions may be assigned delivery notices, all purchases and sales made in one day in the lead month Contract by a Person holding a long position in that Contract must first be netted out as day trades with only the excess buys being considered new long positions or the excess sales being considered offsets of the long position.

Rule 406. Offsets

Where, as the result of novation under Rule 401, a Clearing Member has bought and sold a Contract on or subject to the Rules of an Exchange with the same delivery month or a put or call option with the same strike price and expiration month, the purchase and sale will be offset by the Clearinghouse either automatically or, where the Clearinghouse has not offset such positions, through the timely submission of instructions by the Clearing Member containing such information as the Clearinghouse may require in accordance with its procedures. A Clearing Member shall be required to pay the loss or entitled to collect the profit, as the case may be, upon such offsetting transactions, and shall have no further rights or be under any further obligation with respect thereto. For purposes of this Rule, the first Contracts made shall be deemed the first Contracts offset.

Rule 407. Deliveries

Deliveries of Eligible Securities in satisfaction of Contracts shall be effected through FICC in accordance with its rules. The Clearinghouse shall cease to have any obligation for the performance of a Contract upon the receipt by FICC of instructions from the Clearinghouse relating thereto.

Rule 408. Cash Settlement

After trading ceases on the last day of trading for a Contract that is cash-settled, any open positions in Contracts will be settled in cash at the Settlement Price established therefor.

Rule 409. Transfers of Contracts [Amended 08/31/2011]

(a) Trades and positions may be transferred on the books of a Clearing Member or from one Clearing Member to another Clearing Member provided that:

- (1) the transfer constitutes a change from one account to another account where the underlying beneficial ownership in such accounts remains the same;
- (2) an error has occurred in the clearing of a trade and a transfer to correct such error is undertaken and is completed within two Business Days after the trade date;
- (3) the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities; or
- (4) if, in the judgment of the Clearinghouse, the situation so requires and such transfer is in the best interest of the Clearinghouse.

(b) Any transfer that is permitted pursuant to this Rule of a Contract that is physically settled must be recorded and carried on the books of the receiving Clearing Member at the original trade date(s); any transfer that is permitted pursuant to this Rule of a Contract that is not physically settled may be recorded and carried on the books of the receiving Clearing Member at the original trade date(s) or at the transfer date. Unless the Clearinghouse determines that it would be contrary to the best interests of the Clearinghouse, futures Contracts may be transferred using either the original trade price or the prior Business Day's Settlement Price and options Contracts may be transferred using either the original trade price or a trade price of zero.

Rule 410. Customer Accounts [*Amended 01-04-2012*]

(a) A Clearing Member required by law to segregate Customer transactions with the Clearinghouse shall maintain a segregated Customer Account for that purpose and shall comply with CFTC Regulations 1.20 through 1.30, 1.32, 1.36 and 1.49, as applicable. The Clearinghouse shall maintain all funds held in a Customer Account in accordance with the CEA and CFTC regulations. When so designated by the Clearing Member, a Customer Account shall be treated as to Margin and all other operations separately from the Proprietary Accounts of the Clearing Member, except as provided in paragraph (b). A Clearing Member that has been authorized by the Clearinghouse to cross-margin the Eligible Positions of Market Professionals shall maintain a separate Customer Account for such purpose.

(b) If the Clearing Member is in Default under Rule 503 or for any reason ceases to be a Clearing Member, any excess funds in the Proprietary Accounts of the Clearing Member may be applied against any deficit in such Clearing Member's Customer Accounts, in each case first to the Customer Account of such Clearing Member that is maintained for Customers that are not Market Professionals and, thereafter, to the Customer Account that is maintained for Customers that are Market Professionals.

(c) The Clearinghouse will, upon request by a Customer, promptly transfer, from the Customer Account of one Clearing Member (the "Transferor Clearing Member") to the Customer Account of another Clearing Member (the "Transferee Clearing Member"), all or a portion of such Customer's Contracts if:

(1) The Customer delivers to the Transferor Clearing Member a request, in form and substance satisfactory to the Clearinghouse, to effect the transfer of all or a specified portion of such Customer's Contracts and the Margin associated therewith to the Transferee Clearing Member ("Customer Request");

(2) The Transferor Clearing Member does not, within two Business Days following its receipt of the Customer Request, provide written notice to the Clearinghouse to the effect that the Customer's account on the books of the Transferor Clearing Member is not, or after giving effect to the Customer Request would not be, in compliance with applicable margin, performance bond or other collateral requirements;

(3) The Transferee Clearing Member provides written confirmation to the Clearinghouse that it consents to the transfers contemplated by the Customer Request and that giving effect thereto will not, to the knowledge of the Transferee Clearing Member, result in such Customer being undermargined on the books of the Transferee Clearing Member; and

(4) Neither the Transferee Clearing Member nor the Transferor Clearing Member is in Default or has been suspended pursuant to Rule 601.

Without prejudice to its right to provide notice pursuant to paragraph (2), the Transferor Clearing Member shall transmit the Customer Request to the Clearinghouse promptly upon receipt thereof by the Transferor Clearing Member. If the Customer Request relates to all of the Customer's Contracts on the books of the Transferee Clearing Member, the Clearinghouse will transfer any Margin associated therewith to the Transferee Clearing Member. If the Customer Request relates to fewer than all of the Contracts carried on the books of the Transferor Clearing Member for such Customer, the Clearinghouse will determine the Margin required for those Contracts that will remain in the Customer Account of the Transferor Clearing Member (the "Residual Margin Requirement") and transfer to the Transferee Clearing Member any Margin held by the Clearinghouse for all such Contracts being transferred, less the Residual Margin Requirement.

Rule 411. Cross-Margining

(a) General

(1) The Clearinghouse may enter into a Cross-Margining Agreement pursuant to which a Joint Clearing Member or a Clearing Member and its Cross-Margining Affiliate may, at the discretion of the Clearinghouse and in accordance with the provisions of the Rules, elect to have its or their Margin requirements in respect of Eligible Positions at the Clearinghouse and at FICC calculated:

(i) in respect of such Clearing Member's (and, if applicable, its Cross-Margining Affiliate's) Proprietary Accounts cleared by such Clearing Member (and, if applicable, its Cross-Margining Affiliate) by taking into consideration the net risk of such Eligible Positions at the Clearinghouse and FICC; and

(ii) in respect of the accounts of Market Professionals cleared by such Clearing Member (and, if applicable, its Cross-Margining Affiliate) by taking into consideration the net risk of Eligible Positions held for each such Market Professional (but not any other Market Professional) at the Clearinghouse and FICC.

The following provisions of this Rule and the provisions of the Cross-Margining Agreement and the Clearing Member Cross-Margining Agreement, which shall be deemed to be Rules, shall be applicable to any such Clearing Member.

(2) A Clearing Member desiring to elect cross-margining as described in this Rule shall execute the Clearing Member Cross-Margining Agreement and such other documents as the Clearinghouse may specify. Such election shall be subject to the approval of the Clearinghouse and FICC and shall remain in effect until the applicable Clearing Member Cross-Margining Agreement is terminated in accordance with its terms. Failure to comply with the terms of such Agreement may constitute an act detrimental to the interest or welfare of the Clearinghouse and result in the suspension or termination of clearing privileges.

(3) A Clearing Member that is an affiliate of a Clearing Member that elects cross-margining will be deemed to have consented to provisions of the Cross-Margining Agreement that permit or require the Clearinghouse to furnish information relating to such non-cross-margining Clearing Member to FICC.

(4) The provisions of this Rule shall apply to all Contracts and positions held pursuant to a Clearing Member Cross-Margining Agreement and shall supersede all other provisions of the Rules to the extent inconsistent therewith.

(b) Margin for Cross-Margin Positions

Margin requirements for cross-margined positions shall be determined as set forth in the Cross-Margining Agreement, which Agreement shall govern the forms of Margin that are permitted and how such Margin is held.

(c) Close-Out of Cross-Margin Positions

The cross-margin account of a Clearing Member may be liquidated by the Clearinghouse at the request of FICC, whether or not the Clearinghouse suspends such Clearing Member. Upon the suspension of a Joint Clearing Member, or upon receiving notice from FICC of its suspension of a Clearing Member or its Cross-Margining Affiliate, the Clearinghouse shall, in addition to the rights otherwise conferred by the Rules, have the right to liquidate the positions in the cross-margin account, convert the Margin in such account to cash, and dispose of the proceeds thereof, in accordance with the terms of the Cross-Margining Agreement, the Clearing Member Cross-Margining Agreement and the Rules.

(d) Payment Obligations

In addition to a Clearing Member's other obligations to the Clearinghouse under the Rules, in the event that the Clearinghouse becomes obligated to make a Cross-Margin Payment to FICC under the Cross-Margining Agreement, the Clearing Member responsible therefor shall thereupon immediately be obligated, whether or not the Clearinghouse has then made payment to FICC, to pay to the Clearinghouse an amount equal to the Cross-Margin Payment. In such an event, the Clearinghouse shall either:

(1) apply any Cross-Margin Payment received by the Clearinghouse in accordance with the Cross-Margining Agreement: (i) to the unpaid obligations of the Clearing Member to the Clearinghouse, and (ii) to reduce the assessments made or that otherwise would be made against other Clearing Members pursuant to Rule 504(b) (each, a "Cross-Margin Beneficiary Member"); or

(2) retain any Cross-Margin Payment received by the Clearinghouse and not apply such Cross-Margin Payment to reduce any such assessments against the Cross-Margin Beneficiary Members until the Clearinghouse determines that the Clearinghouse is no longer liable for any Cross-Margin Repayment, at which point the Cross-Margin Payment shall be treated as an amount that has been recovered and will be credited ratably to the account of the Cross-Margin Beneficiary Members.

(e) Cross-Margin Repayment Deposits

Except to the extent the Clearinghouse otherwise determines: (1) in addition to the other deposits to the Guaranty Fund, a Cross-Margin Beneficiary Member shall be required to make a deposit to the Guaranty Fund (a "Cross-Margin Repayment Deposit") in an amount equal to the amount of the reduction in the assessment made or that otherwise would have been made against such Cross-Margin Beneficiary Member if the Clearinghouse had not received a Cross-Margin Payment, and (2) such Cross-Margin Repayment Deposit shall be

retained by the Clearinghouse for so long as the Clearinghouse determines that it may be liable for a Cross-Guaranty Repayment.

(f) Cross-Margin Beneficiary Member Obligations

Except to the extent the Clearinghouse otherwise determines: (1) if the Clearinghouse makes a Cross-Margin Repayment in respect of any Cross-Margin Payment, the appropriate Cross-Margin Beneficiary Members shall be obligated to reimburse the Clearinghouse for such Cross-Margin Repayment pro rata up to the full amount of such Cross-Margin Repayment Deposits, and (2) the Clearinghouse shall be entitled to apply the deposits of its Cross-Margin Beneficiary Members to the Guaranty Fund in satisfaction of such obligation to reimburse the Clearinghouse.

(g) Certain Definitions

As used in this Rule 411:

(1) The term “Cross-Margin Payment” means any payment, other than a Cross-Margin Repayment, that the Clearinghouse makes or receives pursuant to a Cross-Margin Guaranty.

(2) The term “Cross-Margin Repayment” means (i) any amount of a Cross-Margin Payment received by the Clearinghouse that the Clearinghouse (A) repays to FICC pursuant to the Cross-Margining Agreement or (B) pays over to a Clearing Member or its legal representative pursuant to a court order or judgment, or (ii) any amount of a Cross-Margin Payment made by the Clearinghouse that the Clearinghouse receives back from FICC pursuant to a Cross-Margining Agreement.

(3) The term “Cross-Margin Guaranty” means a guaranty by the Clearinghouse of the obligations of a Clearing Member to FICC or, as the context requires, a guaranty by FICC of the obligations of an FICC clearing member.

CHAPTER 5. OBLIGATIONS OF THE CLEARINGHOUSE

Rule 501. Limitation of Liability

(a) The liability of the Clearinghouse relating to or arising out of Contracts shall be limited to losses resulting from the novation of the Contracts in accordance with the Rules. Subject to the foregoing, the Clearinghouse shall not be responsible for any action taken, or any delay or failure to take any action, hereunder or otherwise to fulfill the Clearinghouse's obligations to Clearing Members, other than for losses caused directly by the Clearinghouse's gross negligence or willful misconduct and shall not be liable for any other obligations, including but not limited to obligations of a non-Clearing Member, obligations of a Clearing Member to a Customer or other non-Clearing Member or obligations of a Clearing Member to another Clearing Member that is acting for it as broker; nor shall the Clearinghouse become liable to make deliveries to or accept deliveries from Clearing Members or Customers. Under no circumstances will the Clearinghouse be liable for the acts, delays, omissions, bankruptcy, or insolvency, of any third party, including, without limitation, any depository, custodian, subcustodian, clearing or settlement system unless the Clearinghouse was grossly negligent or engaged in willful misconduct. Under no circumstances will the Clearinghouse be liable for any indirect, consequential, incidental, special, punitive or exemplary loss or damage (including, but not limited to, loss of business, loss of profits, trading losses, loss of opportunity and loss of use) howsoever suffered or incurred, regardless of whether the Clearinghouse has been advised of the possibility of such damages or whether such damages otherwise could have been foreseen or prevented.

(b) Except as otherwise expressly provided by written agreement between the Clearinghouse and any other entity, including FICC:

(1) the Clearinghouse shall not be liable for any obligations of such other entity nor shall any funds or any other assets of the Clearinghouse be available to such other entity (or any Person claiming through such other entity) for any purpose, and no Clearing Member shall assert against the Clearinghouse any claim based upon any obligations of any other entity to such Clearing Member; and

(2) such other entity shall not be liable for any obligations of the Clearinghouse nor shall any funds or any other assets of such other entity be available to the Clearinghouse (or any Person claiming through the Clearinghouse) for any purpose, and no Clearing Member shall assert against such other entity any claim based upon any obligations of the Clearinghouse to such Clearing Member.

(c) The Clearinghouse may accept and rely upon any information or instruction given to the Clearinghouse by a Clearing Member or its Authorized Representative, which reasonably is understood by the Clearinghouse to have been delivered to the Clearinghouse by the Clearing Member and such Clearing Member shall indemnify the Clearinghouse, and any of its employees, officers, directors, members, agents and Clearing Members against any loss, liability or expense as a result of any act done in reliance upon the authenticity of any information or instruction received by the Clearinghouse, the inaccuracy of the information contained therein or effecting transactions in reliance upon such information or instruction.

(d) A Clearing Member shall reimburse the Clearinghouse for all fees, expenses, charges and costs assessed by a depository against the Clearinghouse with respect to Margin maintained

in such Clearing Member's account, and the Clearinghouse shall not have any obligation or responsibility to preserve, protect, collect or realize upon, and under no circumstances shall the Clearinghouse be liable for, any loss or diminution in value or depreciation in Margin deposited by Clearing Members. Clearing Members that deposit Margin with a Clearing Bank pursuant to the Rules shall hold the Clearinghouse harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such Margin.

(e) Any obligation of the Clearinghouse to a Clearing Member arising from a Contract 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 herein. The rights of the Clearinghouse set forth herein shall be in addition to other rights that the Clearinghouse may have under applicable law and governmental regulations, other provisions of the Rules, additional agreements with the Clearing Member or any other source.

Rule 502. Liens Held by the Clearinghouse

The Clearinghouse shall have a first lien and perfected security interest in, and right of setoff against, all Margin, Guaranty Fund deposits, Contracts, collateral and other property held in or for the accounts of a Clearing Member in connection with its Obligations and all proceeds of any of the foregoing. The Clearinghouse may assign, pledge, repledge or otherwise create a lien on or security interest in, and enter into repurchase agreements involving, Margin, Guaranty Fund deposits, Contracts, collateral and other property held in or for the accounts of a Clearing Member to secure the repayment of funds that may be borrowed by the Clearinghouse.

Rule 503. Clearing Member Default; Application of Clearinghouse Resources

(a) If a Clearing Member is in Default, its Margin, Guaranty Fund deposit and any other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 307, shall be applied by the Clearinghouse to discharge the Obligations of such Clearing Member to the Clearinghouse (including any amounts owed by the Clearinghouse to FICC under the Cross-Margining Agreement, and costs and expenses associated with the liquidation, transfer or management of Contracts held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member), and the Clearinghouse may cause all Contracts of such Clearing Member (whether or not carried in a Customer Account) to be closed or offset, transferred to any other Clearing Member, or otherwise resolved as provided in Rule 601. If a Clearing Member that is in Default is a party to a Clearing Member Cross-Margining Agreement, the Clearing Member's Contracts and Margin and the positions and margin deposits of its Cross-Margining Affiliate, if applicable, in either case in an account established pursuant to the Clearing Member Cross-Margining Agreement, shall be considered assets of the Clearing Member available to the Clearinghouse to the extent provided in the Cross-Margining Agreement.

(b) If the Margin, Guaranty Fund deposit and other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 307, are insufficient to satisfy the defaulting Clearing Member's Obligations to the Clearinghouse after giving effect to the application of such amounts pursuant to paragraph (a), such defaulting Clearing Member shall continue to be liable therefor. In such event, the amount of the deficiency, exclusive of any fees, assessments and fines that may have been imposed by the Clearinghouse (the "Clearing Member Deficiency") shall, until collected, be met from the

following sources of funds, with each such source being completely exhausted, to the extent practicable, before the next following source is applied:

(1) twenty-five percent of the Retained Earnings of the Clearinghouse;

(2) the Guaranty Fund deposits of all Clearing Members (other than a Clearing Member that is in Default), in direct proportion to the total Guaranty Fund deposits of each Clearing Member (other than a Clearing Member that is in Default);

(3) cash operating surplus of the Clearinghouse for the current year in excess of amounts necessary for normal operations remaining after the deduction required by subparagraph (1);

(4) the NYSE Guaranty; and

(5) assessments levied by the Clearinghouse upon all the Clearing Members (other than the Clearing Member that is in Default) as provided in Rule 504(b).

(c) In closing, offsetting, transferring or otherwise resolving the Contracts of a Clearing Member as provided herein and in Rule 601, the Clearinghouse shall have the right:

(1) with respect to Contracts in a Customer Account of such Clearing Member, to set off (i) any proceeds received by the Clearinghouse from the disposition of such Contracts and any property or proceeds thereof deposited with or held by the Clearinghouse as Margin for such Customer Account against (ii) any amounts paid by the Clearinghouse in the disposition of such Contracts, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such Customer Account and any other amounts owed to the Clearinghouse as a result of transactions in or otherwise lawfully chargeable against such Customer Account; and

(2) with respect to the Contracts in any other account of such Clearing Member, to set off (i) any proceeds received by the Clearinghouse from the disposition of such Contracts, any property or proceeds thereof deposited with or held by the Clearinghouse as Margin for such accounts and any other property of the Clearing Member within the possession or control of the Clearinghouse other than property that has been identified by such Clearing Member as required to be segregated as provided for in Rule 410, against (ii) any amounts paid by the Clearinghouse in the disposition of such Contracts, 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 Clearing Member to the Clearinghouse, including Obligations of the Clearing Member to the Clearinghouse remaining after the setoffs referred to in paragraph (1) above, and any Obligations arising from any other accounts maintained by the Clearing Member with the Clearinghouse.

(d) For purposes of this Rule, each Default by a Clearing Member will be considered a separate Default.

(e) If a Clearing Member is in Default and a payment is made to the Clearinghouse pursuant to the NYSE Guaranty, the Clearinghouse may assign to NYSE Euronext all of the Clearinghouse's rights and remedies against such Clearing Member under the Rules and the Clearinghouse's agreements with such Clearing Member. Upon such assignment, NYSE

Euronext shall have such rights and remedies, and may bring a claim in its own name, to pursue recovery of any amounts paid by NYSE Euronext under the NYSE Guaranty.

(f) A Clearing Member shall take no action, including but not limited to attempting to obtain a court order, that would interfere with the ability of the Clearinghouse or, as provided in paragraph (e), NYSE Euronext to exercise its rights under the Rules and its agreements with such Clearing Member.

Rule 504. Guaranty Fund

(a) Each Clearing Member shall deposit and maintain a contribution to the Guaranty Fund in such form and in such amount as determined by the Clearinghouse from time to time. The Clearinghouse shall determine the appropriate size of the Guaranty Fund. If at any time the Clearing Member does not have a sufficient deposit in the Guaranty Fund, any such deficiency shall remain a liability of the Clearing Member to the Clearinghouse, which it may collect from any other assets of such Clearing Member or by legal process. Additionally, the Clearinghouse may deposit, or may cause to be deposited, such amount to the Guaranty Fund as it determines, which amount shall not be subject to the restrictions on return set forth in paragraph (4) below.

(1) Calculation

The amount required to be deposited by each Clearing Member shall be determined by a formula that reflects certain components of risk and volume and shall be calculated by the Clearinghouse daily. A Clearing Member whose requirement has increased relative to its current contribution shall be required to deposit cash, securities or other property acceptable to the Clearinghouse to remedy such deficiency, subject to certain thresholds established by the Clearinghouse from time to time. A Clearing Member whose Guaranty Fund requirement has decreased relative to its current contribution may withdraw its excess contribution upon request and at intervals established by the Clearinghouse from time to time.

(2) Custody

(i) The Guaranty Fund shall be deposited in a special account in the name of the Clearinghouse in such depositories or other acceptable locations as may be designated by the Clearinghouse.

(ii) The Clearinghouse shall be empowered to invest and reinvest all or part of the funds constituting the Guaranty Fund. Such investments and deposits shall be for the account and risk of the Clearinghouse, and any income and gains on such investments and interest on such deposits shall belong to the Clearinghouse and may be withdrawn from the Guaranty Fund and deposited with the general funds of the Clearinghouse. No interest shall be paid to any Clearing Member on any funds deposited in the Guaranty Fund.

(3) Impairment

If the Guaranty Fund or any part thereof shall be lost or become unavailable from any cause other than the Default of the depositing Clearing Member, the amount so lost or made unavailable shall be forthwith restored by transferring thereto such of the surplus funds of the Clearinghouse as may be necessary, except such amount as the Clearinghouse may, in its discretion, decide to retain as surplus for future operating

expenses, and if the amount thus transferred from surplus is insufficient to cover the entire loss, the balance of such loss shall be made up by an assessment upon each Clearing Member pursuant to paragraph (b). Such assessment shall be paid by a Clearing Member immediately after the issuance of notice to such Clearing Member.

(4) Return of Clearing Member Guaranty Fund Deposit

After a Clearing Member ceases to be a Clearing Member of the Clearinghouse and after all Obligations of such Clearing Member to the Clearinghouse shall have been discharged in full, the amount of the Guaranty Fund to which such Clearing Member is entitled shall be returned. Expenses incurred by the Clearinghouse in connection with a Clearing Member's deposit or the return thereof may be charged to the Clearing Member.

(5) Certain Borrowings

(i) The Clearinghouse may at any time and from time to time assign, pledge, repledge or otherwise create a lien on or security interest in the Guaranty Fund and/or the cash, securities and other property held in the Guaranty Fund to secure the repayment of funds borrowed by the Clearinghouse and any interest, fees and other amounts payable in connection therewith.

(ii) Any funds so borrowed shall be used and applied by the Clearinghouse solely for the purposes for which cash, securities and other property held in the Guaranty Fund are authorized to be used pursuant to the Rules; provided that the failure of the Clearinghouse to use such funds in accordance with this Rule shall not impair any of the rights or remedies of any assignee, pledgee or holder of any such lien or security interest.

(iii) Any such borrowing shall be on terms and conditions deemed necessary or advisable by the Clearinghouse, and may be in amounts greater, and extend for periods of time longer than the Obligations, if any, of any Clearing Member to the Clearinghouse for which such cash, securities or other property was pledged to or deposited with the Clearinghouse.

(iv) Cash, securities and other property held in the Guaranty Fund shall remain the property of the Clearing Members depositing such cash securities and other property, except that:

(A) such property shall be subject to the rights and powers of the Clearinghouse with respect thereto as set forth in the Rules and the agreements between such Clearing Member and the Clearinghouse, including any Clearing Member Cross-Margining Agreement; and

(B) such property shall be subject to the rights and powers of any Person to which the Guaranty Fund or any of the cash, securities or other property held therein shall have been assigned, pledged, repledged or otherwise subjected to a lien or security interest.

(b) Clearing Member Assessment

(1) The balance of the Clearinghouse loss remaining after application of the funds set forth in Rule 503(b)(1) through Rule 503(b)(4) shall be assessed against all Clearing

Members (excluding any Clearing Member that is in Default). Each Clearing Member (excluding any Clearing Member that is in Default) shall be subject to an assessment in an amount, as determined by the Clearinghouse, that is proportional to such Clearing Member's Guaranty Fund requirement compared to the total Guaranty Fund requirement of all Clearing Members.

(2) Notwithstanding the foregoing and except as provided for below, a Clearing Member will not be liable to make good more than an additional 100% of the amount of its Guaranty Fund requirement, as calculated by the Clearinghouse pursuant to paragraph (a) prior to the Default that gave rise to the assessment, if (i) within five business days following such assessment, the Clearing Member notifies the Clearinghouse in writing that it is terminating its status as a Clearing Member, (ii) no Contracts are submitted for clearing through any of the Clearing Member's accounts after the giving of such notice other than for the purpose of liquidating open positions, and (iii) the Clearing Member closes out or transfers all of its open positions with the Clearinghouse as promptly as practicable after the giving of such notice; provided, that a Clearing Member which so terminates its status as a Clearing Member shall be ineligible to be readmitted to the Clearinghouse unless the Clearing Member agrees to such reimbursement of the persons who were Clearing Members at the time of such termination as the Clearinghouse deems fair and equitable in the circumstances. A Clearing Member that has satisfied the foregoing conditions shall not be subject to assessment under this paragraph (b) for a Default that occurs after the time such Clearing Member has notified the Clearinghouse that it is terminating its status as a Clearing Member.

(3) The difference, if any, between the amount that would be assessed against any Clearing Member pursuant to subparagraph (1) and subparagraph (2) shall be considered a deficiency and shall be assessed against Clearing Members (other than a Clearing Member that is in Default and any Clearing Member that has paid the maximum amount set forth in subparagraph (2)) in accordance with paragraph (1) of this Rule until the entire deficiency is paid or every Clearing Member (other than a Clearing Member that is in Default or a Clearing Member that has paid the maximum amount set forth in subparagraph (2)) has paid the amount set forth in subparagraph (2).

(4) A Clearing Member shall pay the amount of any assessment made pursuant to this Rule in immediately available funds not later than one Business Day after written notice of such assessment shall have been delivered to such Clearing Member. Any Clearing Member that does not satisfy an assessment timely and in full shall be in Default. Any Clearinghouse loss that remains as a result of such Default shall be assessed to the non-defaulting Clearing Members.

Rule 505. Cross-Guaranty Agreements

(a) The Clearinghouse may, from time to time, enter into one or more Cross-Guaranty Agreements.

(b) In addition to a Clearing Member's other obligations to the Clearinghouse under the Rules, a Cross-Guaranty Defaulting Member on whose account the Clearinghouse has made a Cross-Guaranty Payment shall be obligated to the Clearinghouse for the amount of such Cross-

Guaranty Payment less the amount of any Cross-Guaranty Repayment received by the Clearinghouse in respect thereof.

(c) The Clearinghouse shall either:

(1) apply any Cross-Guaranty Payment received by the Clearinghouse on account of a Cross-Guaranty Defaulting Member: (i) to the unpaid obligations of such Cross-Guaranty Defaulting Member to the Clearinghouse, and (ii) to reduce the assessments made or that otherwise would be made against other Clearing Members pursuant to Rule 504(b) (each, a “Cross-Guaranty Beneficiary Member”); or

(2) retain any Cross-Guaranty Payment received by the Clearinghouse and not apply such Cross-Guaranty Payment to reduce any such assessments against other Clearing Members until the Clearinghouse determines that the Clearinghouse is no longer liable for any Cross-Guaranty Repayment, at which point the Cross-Guaranty Payment shall be treated as an amount that has been recovered and will be credited ratably to the account of Cross-Guaranty Beneficiary Members.

(d) Except to the extent the Clearinghouse otherwise determines, (1) in addition to the other deposits to the Guaranty Fund, a Cross-Guaranty Beneficiary Member shall be required to make a deposit to the Guaranty Fund (a “Cross-Guaranty Repayment Deposit”) in an amount equal to the amount of the reduction in the assessment made or that otherwise would have been made against such Cross-Guaranty Beneficiary Member if the Clearinghouse had not received a Cross-Guaranty Payment on account of a Cross-Guaranty Defaulting Member and (2) such Cross-Guaranty Repayment Deposit shall be retained by the Clearinghouse for so long as the Clearinghouse determines that it may be liable for a Cross-Guaranty Repayment.

(e) Except to the extent the Clearinghouse otherwise determines, (1) if the Clearinghouse makes a Cross-Guaranty Repayment in respect of any Cross-Guaranty Payment, the appropriate Cross-Guaranty Beneficiary Members shall be obligated to reimburse the Clearinghouse for such Cross-Guaranty Repayment pro rata up to the full amount of their respective Cross-Guaranty Repayment Deposits, and (2) the Clearinghouse shall be entitled to apply the deposits of such Cross-Guaranty Beneficiary Members to the Guaranty Fund in satisfaction of such obligation to reimburse the Clearinghouse.

(f) As used in this Rule 505:

(1) The term “Cross-Guaranty Payment” means any payment, other than a Cross-Guaranty Repayment, that the Clearinghouse makes or receives pursuant to a Cross-Guaranty Agreement.

(2) The term “Cross-Guaranty Repayment” means (i) any amount of a Cross-Guaranty Payment received by the Clearinghouse that the Clearinghouse (A) repays to a Cross-Guaranty Counterparty pursuant to a Cross-Guaranty Agreement or (B) pays over to a Cross-Guaranty Defaulting Member or its legal representative pursuant to a court order or judgment, or (ii) any amount of a Cross-Guaranty Payment made by the Clearinghouse that the Clearinghouse receives back from a Cross-Guaranty Counterparty pursuant to a Cross-Guaranty Agreement.

Rule 506. Close-Out Netting [Amended 01-04-2012]

(a) Insolvency of the Clearinghouse

If at any time the Clearinghouse: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (ii) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or presents or has presented against it a petition for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for the Clearinghouse's winding-up or liquidation that remains unstayed for a period of at least 90 days from the issue thereof, (iii) approves resolutions authorizing any proceeding or petition described in clause (ii) above or (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets, which if not sought by the Clearinghouse, remains unstayed for a period of at least 90 days from the issue thereof (any such event, a "Bankruptcy Event"), all open positions in the Clearinghouse shall be closed promptly.

(b) Default of the Clearinghouse

If at any time the Clearinghouse fails to comply with an undisputed obligation to pay money or deliver property to a Clearing Member that is due and owing in connection with a transaction on the Clearinghouse or cleared by the Clearinghouse, for a period of 30 days from the date that the Clearinghouse receives notice from the Clearing Member of the past due obligation, the Clearing Member's open proprietary and Customer positions at the Clearinghouse shall, at the election of that Clearing Member, be closed promptly.

(c) Netting and Close Out

As promptly as reasonably practicable, but in any event within 30 days of the time that the Clearing Member's positions are closed in accordance with paragraph (a) or (b) of this Rule, the obligations of the Clearinghouse to such Clearing Member in respect of all of its proprietary positions, accounts, collateral and deposits to the Guaranty Fund shall be netted, in accordance with the Bankruptcy Code, the CEA and the regulations adopted thereunder in each case, against the obligations of that Clearing Member in respect of its proprietary positions, accounts, collateral and its obligations to the Guaranty Fund to the Clearinghouse. All obligations of the Clearinghouse to such Clearing Member in respect of its Customer positions, accounts, and collateral shall be separately netted against the positions, accounts and collateral of its Customers in accordance with the requirements of the Bankruptcy Code, the CEA and the regulations adopted thereunder. Any amounts due upon such netting shall be promptly paid from the applicable Clearing Member to the Clearinghouse or from the Clearinghouse to the applicable Clearing Member, as the case may be. At the time a Bankruptcy Event takes place or the time a Clearing Member elects to have its open positions closed as described in paragraph (b) of this Rule, the authority of the Clearinghouse, pursuant to Rule 504(b), to make new assessments and/or require each Clearing Member or the applicable Clearing Member, as the case may be, to cure a deficiency in its Guaranty Fund deposit, arising after the Bankruptcy Event or election, as

the case may be, shall terminate, and each applicable position open immediately prior to the close-out shall be valued in accordance with the procedures of paragraph (d) of this Rule.

(d) Valuation

Whenever a Clearing Member's positions are closed in accordance with paragraph (a) or (b) of this Rule, the Clearinghouse shall fix a U.S. dollar amount (the "Close-out Amount") to be paid to or received from the Clearinghouse with respect to each position in each account of such Clearing Member. In fixing Close-out Amounts, the Clearinghouse shall exercise its discretion, acting in good faith and in a commercially reasonable manner, in adopting methods of valuation expected to produce reasonably accurate substitutes for the values that would have been obtained from the relevant market if it were operating normally, including but not limited to the use of pricing models to determine a value for a cleared Contract based on the market price of the underlying interest or the market prices of its components. In determining a Close-out Amount, the Clearinghouse may consider any information that it deems relevant, including, but not limited to, any of the following:

(1) prices for underlying interests in recent transactions, as reported by the market or markets for such interests;

(2) quotations from leading dealers in the underlying interest, setting forth the price (which may be a dealing price or an indicative price) that the quoting dealer would charge or pay for a specified quantity of the underlying interest;

(3) relevant historical and current market data for the relevant market, provided by reputable outside sources or generated internally; and

(4) values derived from theoretical pricing models using available prices for the underlying interest or a related interest and other relevant data.

Amounts stated in a currency other than U.S. dollars shall be converted to U.S. dollars at the current rate of exchange, as determined by the Clearinghouse.

(e) Interpretation in Relation to FDICIA

The Clearinghouse intends that certain provisions of this Rule be interpreted in relation to certain terms identified by quotation marks that are defined in the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), as amended, as follows:

(1) The Clearinghouse is a "clearing organization."

(2) An obligation of a Clearing Member to make a payment to the Clearinghouse, or of the Clearinghouse to make a payment to a Clearing Member, subject to a netting agreement, is a "covered clearing obligation" and a "covered contractual payment obligation."

(3) An entitlement of a Clearing Member to receive a payment from the Clearinghouse, or of the Clearinghouse to receive a payment from a Clearing Member, subject to a netting contract, is a "covered contractual payment entitlement."

(4) The Clearinghouse is a "member," and each Clearing Member is a "member."

(5) The amount by which the covered contractual payment entitlements of a Clearing Member or the Clearinghouse exceed the covered contractual payment obligations of such

Clearing Member or the Clearinghouse after netting under a netting contract is its “net entitlement.”

(6) The amount by which the covered contractual payment obligations of a Clearing Member or the Clearinghouse exceed the covered contractual payment entitlements of such Clearing Member or the Clearinghouse after netting under a netting contract is its “net obligation.”

(7) The Rules of the Clearinghouse, including this Rule 506, are a “netting contract.”

(f) Cross-Margining Agreement

If a Bankruptcy Event should occur, the Clearinghouse shall immediately seek to exercise its authority under the Cross-Margining Agreement to cause the immediate liquidation of all assets and liabilities in all cross-margining accounts of each Clearing Member subject to such Agreement and to reduce all such accounts to a single net obligation to or from such Clearing Member or its Cross-Margining Affiliate to be settled in accordance with the terms of the Cross-Margining Agreement.

CHAPTER 6. SUSPENSION; DISCIPLINARY PROCEEDINGS

Rule 601. Suspension

(a) General

The Board or the Risk Committee may summarily suspend any Clearing Member if the Clearing Member or its Cross-Margining Affiliate is in Default or is in such financial or operating difficulty that the Board or the Risk Committee determines that suspension is necessary for the protection of the Clearinghouse, other Clearing Members, or the general public.

(b) Notice of Suspension to Clearing Members

Upon the suspension of a Clearing Member, the Clearinghouse shall as soon as possible notify all Clearing Members of the suspension. Such notice shall state to the extent practicable in general terms how pending transactions, open positions and other pending matters will be affected and what steps are to be taken in connection therewith.

(c) Pending Transactions

Notwithstanding any other provision of the Rules, the Clearinghouse shall have no obligation to accept any transaction of a suspended Clearing Member that was effected after the time at which the Clearing Member was suspended. In the event a transaction of a suspended Clearing Member is rejected by the Clearinghouse, such transaction shall be closed by the other party thereto in accordance with the rules of the Exchange or other market on which the transaction was effected.

(d) Open Positions

The Clearinghouse shall have the right to cause open positions in Contracts in any of the accounts of a suspended Clearing Member:

(1) to be closed in the most orderly manner practicable, including through exchanges of futures for physicals or exchanges of futures for swaps;

(2) to be transferred to the account of one or more other Clearing Members;

(3) to be offset against each other and, to the extent of any remaining imbalance, against the Contracts of other Clearing Members; or

(4) to be settled at the Settlement Price for such Contracts, or at such other price or prices as the Clearinghouse may deem fair and reasonable under the circumstances, in which event the Clearinghouse may cause Contracts in the accounts of other Clearing Members to be settled at such price or prices.

In connection with any action undertaken by the Clearinghouse pursuant to subparagraphs (1) through (4) above, the Clearinghouse shall have the right to apply the Margin and Guaranty Fund deposit of the applicable Clearing Member and any other assets of such Clearing Member held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 307, to discharge the Obligations of such Clearing Member to the Clearinghouse (including any amounts owed by the Clearinghouse to FICC under the Cross-Margining Agreement, and costs and expenses associated with the liquidation, transfer or management of Contracts held in or for the accounts of such Clearing

Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member).

The Clearinghouse may delegate to specified officers or agents of the Clearinghouse the authority to determine, within such guidelines, if any, as the Clearinghouse shall prescribe, the nature and timing of transactions of the type described in subparagraph (1). Notwithstanding the preceding provisions of this paragraph (d), if the Clearinghouse shall determine, taking into account the size and nature of a suspended Clearing Member's positions, market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Clearinghouse, and such other circumstances as the Clearinghouse deems relevant, that the closing out of some or all of the suspended Clearing Member's positions would not be in the best interests of the Clearinghouse, other Clearing Members, or the general public, such positions need not be closed out.

(e) Protective Action

If the Clearinghouse (i) is unable, for any reason, to close out in a prompt and orderly manner any positions or to convert to cash any Margin deposits of a suspended Clearing Member, or (ii) elects pursuant to paragraph (d) of this Rule not to close out any such positions, the Clearinghouse may authorize the execution of hedging transactions from time to time for the account of the Clearinghouse, solely for the purpose of reducing the risk to the Clearinghouse resulting from the continued maintenance of such positions or the continued holding of such Margin deposits. The Clearinghouse may delegate to specified officers or agents of the Clearinghouse the authority to determine, within such guidelines, if any, as the Clearinghouse shall prescribe, the nature and timing of such hedging transactions.

(f) Reimbursement of Costs and Expenses

Any costs or expenses, including losses, sustained by the Clearinghouse in connection with transactions effected for its account pursuant to this Rule shall be charged to the suspended Clearing Member, and any gains realized on such transactions shall be credited to such Clearing Member; provided, however, that costs, expenses, and gains allocable to the hedging of positions in a Customer Account shall be charged or credited, as the case may be, to the Customer Account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Clearing Member. Reasonable allocations of costs, expenses, and gains among accounts made by the Clearinghouse for the purpose of implementing the proviso to the preceding sentence shall be binding on the Clearing Member and any persons claiming through the Clearing Member and their respective successors and assigns.

Rule 602. Right of Appeal

A Clearing Member suspended pursuant to Rule 601 shall be entitled, upon request, to a written statement of the grounds for its suspension and shall have the right to appeal its suspension in accordance with the following procedure:

(1) A suspended Clearing Member may appeal its suspension by filing a written notice of appeal within five Business Days after the date of the suspension.

(2) Appeals shall be considered and decided by the Appeal Panel. Appeals shall be heard as promptly as possible, and in no event more than five Business Days after the filing

of the notice of appeal. The appellant shall be notified of the time, place and date of the hearing not less than three Business Days in advance of such date. At the hearing, the appellant shall be afforded an opportunity to be heard and to present evidence in its own behalf, and may, if it so desires, be represented by counsel. As promptly as possible after the hearing, the Appeal Panel shall, by the vote of a majority of its members, affirm or reverse the suspension or modify the terms thereof. The appellant shall be notified in writing of the Appeal Panel's decision; and if the decision shall have been to affirm or modify the suspension, the appellant shall be given a written statement of the grounds therefor.

(3) Any decision by the Appeal Panel to affirm or modify a suspension shall be reviewable by the Board on its own motion or on written demand by the appellant filed with the Clearinghouse within three Business Days after receipt of notice of the Appeal Panel's decision. The Board may afford the appellant a further opportunity to be heard or to present evidence. The appellant shall be notified in writing of the decision of the Board; and if the decision shall have been to affirm or modify the suspension, the appellant shall be given a written statement of the grounds therefor.

(4) The filing of an appeal pursuant to this Rule shall not impair the validity or stay the effect of the suspension appealed from. The reversal or modification of a suspension shall not invalidate any acts of the Clearinghouse taken pursuant to such suspension prior to such reversal or modification, and the rights of any person which may arise out of any such acts shall not be affected by such reversal or modification.

(5) A record shall be kept of any hearing held pursuant hereto. The cost of the transcript may, in the discretion of the body holding the hearing, be charged in whole or in part to the suspended Clearing Member in the event that the suspension is finally affirmed.

Rule 603. Sanctions from Disciplinary Proceedings

(a) The Clearinghouse may censure, suspend, expel or limit the activities, functions or operations of, and/or impose a fine on, a Clearing Member for (i) a violation of the Rules or its agreements with the Clearinghouse, (ii) any neglect or refusal by such Clearing Member to comply with any applicable order or direction of the Clearinghouse, (iii) any error, delay or other conduct that materially and adversely affects the operations of the Clearinghouse, or (iv) a failure to provide adequate personnel or facilities for its transactions with the Clearinghouse.

(b) The Clearinghouse shall provide prompt notice to the CFTC of any action taken in accordance with this Rule 603.

Rule 604. Procedures for Disciplinary Proceedings [Amended 08/31/2011]

(a) Before any sanction is imposed, the Clearinghouse shall furnish the person against whom the sanction is sought to be imposed ("Respondent") with a concise written statement of the charges against the Respondent. The Respondent shall have ten Business Days after the service of such statement to file with the Clearinghouse a written answer thereto. The answer shall admit or deny each allegation contained in the statement of charges and may also contain any defense which the Respondent wishes to submit. Allegations contained in the statement of charges which are not denied in the answer shall be deemed to have been admitted, and any defense not raised in the answer shall be deemed to have been waived. If an answer is not filed

within the time prescribed above or any extension thereof granted pursuant to paragraph (d) of this Rule, the allegations contained in the statement of charges shall be deemed to have been admitted, and any sanction specified in the statement of charges shall be imposed without further proceedings and the Respondent shall be notified thereof in writing. If an answer is timely filed, the Clearinghouse shall (unless the Respondent and the Clearinghouse shall have stipulated to the imposition of an agreed sanction) schedule an early hearing before the Disciplinary Panel. The Respondent shall be given not less than three Business Days advance notice of the place and time of such hearing. At the hearing, the Respondent shall be afforded the opportunity to be heard and to present evidence in its behalf and may be represented by counsel. A record of the hearing shall be prepared and the cost of the transcript may, in the discretion of the Disciplinary Panel, be charged in whole or in part to the Respondent in the event any sanction is imposed on the Respondent. As soon as practicable after the conclusion of the hearing, the Disciplinary Panel shall furnish the Respondent and the Board with a written statement of its decision. If the decision shall have been to impose a disciplinary sanction, the written statement shall set forth (i) any act or practice in which the Respondent has been found to have engaged, or which the Respondent has been found to have omitted; (ii) the specific provisions of the Rules which any such act, practice or omission has been deemed to violate; and (iii) the sanction imposed and the reasons therefor.

(b) In the event that the Disciplinary Panel censures, fines, suspends, expels or limits the activities, functions or operations of any Respondent, any affected person may apply for review to the Board, by written motion filed with the Clearinghouse within five Business Days after issuance of the Disciplinary Panel's written statement of its decision.

(c) The granting of any such motion shall be within the discretion of the Board. In addition, the Board may determine to review any such action by a Disciplinary Panel on its own motion. Review by the Board shall be on the basis of the written record of the proceedings in which the sanction was imposed, but the Board may, in its discretion, afford the Respondent a further opportunity to be heard or to present evidence. A record shall be kept of any such further proceedings. Based upon such review, the Board may affirm, reverse or modify, in whole or in part, the decision of the Disciplinary Panel. The Respondent shall be notified in writing of the decision of the Board and if the decision shall have been to affirm or modify the imposition of any disciplinary sanction, the Respondent shall be given a written statement setting forth (i) any act or practice in which the Respondent has been found to have engaged, or which the Respondent has been found to have omitted; (ii) the Rules which any such act, practice or omission has been deemed to violate; and (iii) the sanction imposed and the reasons therefor.

(d) Any time limit set forth in this Rule may be extended by the body having jurisdiction over the matter in respect of which the time limit is imposed.

(e) Any action taken by the Disciplinary Panel hereunder shall be deemed to be final upon (i) expiration of the time provided for the filing of a motion for review, or any extension thereof granted pursuant to paragraph (d) hereof; or (ii) if a motion for review is timely filed, when the Respondent is notified of the denial of the motion or the decision of the Board on review, as the case may be; or (iii) if the Board shall determine on its own motion to review the action by the Disciplinary Panel, when the Respondent is notified of the decision of the Board on review.

(f) The summary suspension of a Clearing Member pursuant to Rule 601 shall not be deemed to be a “sanction” within the meaning of this Rule, and the provisions of this Rule shall be inapplicable to any such summary suspension.

Rule 605. Discipline by Other Self-Regulatory Organizations

Nothing in this Chapter 6 shall affect the right of any Self-Regulatory Organization to discipline its members pursuant to the provisions of its rules for a violation of the Rules of the Clearinghouse.

CHAPTER 7. MISCELLANEOUS

Rule 701. Force Majeure

(a) Notwithstanding any other provision of the Rules, the Clearinghouse shall not be obligated to perform its obligations under the Rules or any agreement with a Clearing Member, 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 any circumstance that may have a severe, adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, fire or other natural disasters, bomb threats, acts of terrorism or war or severely inclement weather.

(b) If the Clearinghouse 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 Clearinghouse shall give written notice thereof to such Clearing Member, as soon as it is reasonably practicable and attempt diligently to remove such condition.

Rule 702. Material Non-Public Information

(a) No member of the Board or of any committee or panel of the Clearinghouse shall use or disclose, for any purpose other than the performance of such person's official duties as a member of the Board or such committee or panel, any material non-public information obtained by such person as a result of such person's participation on the Board or on any such committee or panel; provided, however, that if any such person who effects any transactions after having received any such material, non-public information so obtained can show that such transaction was effected in the ordinary course of such person's business, such person shall not be deemed to have used such information in violation of this Rule 702, unless it can be shown that such person would not have effected such transaction in the absence of such information.

(b) For the purposes of this Rule 702, the terms "material" and "non-public information" have the meaning set forth in CFTC Regulation 1.59(a).

Rule 703. Trading Prohibition

(a) No employee of the Clearinghouse shall trade, directly or indirectly, any commodity interest cleared by the Clearinghouse or any related commodity interest, or any commodity interest cleared by any other DCO where the employee of the Clearinghouse has access to material non-public information concerning such commodity interest.

(b) The Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) may grant exemptions from the provisions of paragraph (a) to employees on a case-by-case basis under circumstances which are not contrary to the purposes of this Rule, the CEA, CFTC Regulation 1.59, the public interest, or just and equitable principles of trade. Such circumstances may include, but are not necessarily limited to:

- (1) participation in pooled investment vehicles where the employee of the Clearinghouse has no direct or indirect control over transactions executed by the pool;
- (2) service as an executor or administrator of an estate;

(3) service in any other fiduciary capacity, such as an officer of a charitable organization, in which the employee receives no pecuniary benefit from the trading of commodity interests;

(4) trading in commodity interests cleared by any other DCO or transactions cleared by FICC under circumstances in which the employee's access to material non-public information as to those commodity interests is sufficiently minimal or attenuated so as to be insignificant; and

(5) such other circumstances as the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) may determine.

Participation in a Clearinghouse-sponsored savings or retirement plan shall not be deemed to constitute trading directly or indirectly in a commodity interest, notwithstanding such plan's use of pooled funds which utilize commodity interests or the trading thereof.

(c) Any employee that has received an exemption under paragraph (b) must:

(1) furnish to the Clearinghouse at the request of the Chief Executive Officer (or, in the case of the Chief Executive Officer, at the request of the Board) account statements and other documents relevant to the trading activities that are so exempted; and

(2) inform the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) within one Business Day of any material change of information that may affect the employee's qualification for such exemption.

(d) Terms used in this Rule 703 and not otherwise defined in the Rules shall have the meanings set forth in CFTC Regulation 1.59(a).

(e) If the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) finds that any employee has committed a violation of this Rule 703, such employee shall be subject to such sanctions, including but not limited to demotion, suspension or discharge, as the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) deems appropriate.

Rule 704. Market Data

(a) Subject to paragraph (b), all Clearing Members, Authorized Representatives, and all employees, agents, vendors, and other Persons affiliated with the foregoing hereby acknowledge and agree that the Clearinghouse (or the Exchange, as applicable) is the owner of all right, title and interest in and to all intellectual property and proprietary rights, including all copyright, patent, trademark or trade secret rights, in the items set forth in paragraphs (1) through (6) below and further agree not to use the items set forth in paragraphs (1) through (6) below in any way without the prior written consent of the Clearinghouse, which consent may be withheld in the Clearinghouse's discretion:

(1) the price and quantity data from each and every transaction executed by the Clearing System, including the time at which the transaction was executed by, or submitted to, the Clearing System;

(2) the price and quantity data for each and every Contract submitted for entry into the Clearing System, including the time at which the Contract was entered into the Clearing System;

(3) the daily Settlement Price and the expiration value of each Contract;

(4) any data or other information derived from any of the foregoing, including the format, compilation and presentation thereof;

(5) all derivative works of the foregoing; and

(6) any data or information transmitted, published or disseminated to Clearing Members, Authorized Representatives, any publisher of the data or information with whom the Clearinghouse has a written agreement, and any other Persons.

(b) The Clearinghouse, all Clearing Members, Authorized Representatives, and all employees, agents, vendors, and other Persons affiliated with the foregoing hereby acknowledge and agree that, as between the Clearinghouse (or the Exchange, as applicable) and a Clearing Member, the Clearing Member retains such rights as it may enjoy under applicable law with respect to all data regarding transactions and Contracts in the form submitted to the Clearing System by such Clearing Member in circumstances where such data is not aggregated with the data of any other Clearing Member.

(c) Absent legal process or as otherwise provided elsewhere in the Rules, data relating to transactions of a Clearing Member which identifies such Clearing Member or could reasonably link such data back to such Clearing Member will be released by the Clearinghouse only to such Clearing Member, a Government Agency or a Self-Regulatory Organization.

Rule 705. Books and Records

The Clearinghouse shall keep, or cause to be kept, complete and accurate books and records of accounts of the Clearinghouse, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC Regulations. The Clearinghouse shall retain all such books and records for at least five years, or such longer time as may be required by applicable law, and shall make such books and records readily accessible for inspection by any Government Agency as may be required by applicable law.

Rule 706. Information-Sharing Agreements

(a) The Clearinghouse may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with FICC and with other markets or clearing organizations on which Contracts or financial instruments related to Contracts trade or are cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Clearinghouse may, among other things:

(1) provide market surveillance reports to other markets and clearing organizations;

(2) share information and documents concerning current and former Clearing Members with other markets and clearing organizations;

(3) share information and documents concerning ongoing and completed investigations with other markets and clearing organizations; and/or

(4) require its Clearing Members to provide information and documents to the Clearinghouse at the request of other markets or clearing organizations with which the Clearinghouse has an information-sharing agreement or other arrangements or procedures.

(b) The Clearinghouse may enter into an information-sharing arrangement with any Person or body (including, without limitation, any Governmental Authority or any Self-Regulatory Organization) if the Clearinghouse (i) believes that such Person or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of the Clearinghouse's purpose or duties under applicable law. The Clearinghouse may disclose to any Person or body information concerning or associated with a Clearing Member or other Person that the Clearinghouse believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of the business of the Clearinghouse) whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Rule 707. Confidentiality

All information received by the Clearinghouse concerning positions carried by the Clearinghouse or any other clearing organization for a Clearing Member, margin payments between the Clearinghouse or any other clearing organization and a Clearing Member, or deliveries made by or to a Clearing Member, and any other information provided by a Clearing Member to the Clearinghouse, including, without limitation, financial statements filed with the Clearinghouse by a Clearing Member, shall be held in confidence by the Clearinghouse and shall not be made known to any other Person except as follows:

- (a) With the consent of the Clearing Member;
- (b) To a Government Agency or the regulatory authority of any foreign jurisdiction, if the Clearinghouse is requested or legally required to do so by such Government Agency;
- (c) Pursuant to legal process;
- (d) To an Exchange of which such Clearing Member is a member; provided that information relating to positions, margin payments and deliveries that is furnished to an Exchange shall relate solely to Contracts traded on that Exchange;
- (e) To any Person providing services to the Clearinghouse, subject to appropriate confidentiality requirements;
- (f) To the Board, any Committee, the Clearinghouse's officers, employees, attorneys and auditors, and to agents and independent contractors that have been engaged by the Clearinghouse who require such information in connection with the discharge of their duties to the Clearinghouse; and
- (g) As otherwise permitted under the Rules.

Rule 708. Extension or Waiver of Rules [Amended 08/31/2011]

The performance of any act required by the Rules or the time fixed by the Rules for the performance thereof may be waived or extended by the Clearinghouse if such waiver or extension is necessary or in the best interest of the Clearinghouse. A written report of any such

waiver or extension, stating the pertinent facts and the reason such waiver or extension was deemed necessary or expedient, shall be presented to the Board at its next regular meeting.

Rule 709. Anti-Money Laundering

Each Clearing Member that is a “financial institution” under the Bank Secrecy Act (31 U.S.C. 5311 et seq.) shall develop and implement a written anti-money laundering program that is approved in writing by such Clearing Member’s senior management and that is reasonably designed to achieve and monitor the Clearing Member’s compliance with applicable requirements of the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Treasury and, as applicable, the CFTC. That anti-money laundering program shall, at a minimum:

- (a) establish and implement policies, procedures and internal controls reasonably designed to assure compliance with the applicable provisions of the Bank Secrecy Act and the implementing regulations thereunder;
- (b) provide for independent testing for compliance to be conducted by Clearing Member personnel or by a qualified outside party;
- (c) designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; and
- (d) provide ongoing training for appropriate personnel.

Rule 710. Disaster Recovery; Business Continuity

(a) Each Clearing Member shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations. At a minimum, the following areas must be considered in the Clearing Member’s policies and procedures:

(1) The Clearing Member must have procedures in place to allow it to continue to operate during periods of stress or to transfer accounts to another fully operational Clearing Member with minimal disruption to either the Clearinghouse or its Customers. The Clearing Members must perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information; and

(2) The Clearing Member must maintain and, at the request of the Clearinghouse, provide accurate and complete information for its key personnel. A Clearing Member must inform the Clearinghouse in a timely manner whenever a change to its key personnel is made.

(b) Clearinghouse staff may prescribe additional and/or alternative requirements for Clearing Members’ compliance with this Rule.

Rule 711. Just and Equitable Principles of Trade; Acts Detrimental

(a) The Clearinghouse shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Clearing Members for engaging in conduct inconsistent with just and equitable principles of trade.

(b) The Clearinghouse shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Clearing Members for engaging in acts detrimental to the interest or welfare of the Clearinghouse.

Rule 712. Signatures

(a) The Clearinghouse may, at its option, in lieu of relying on an original signature, rely on a signature as if it were (and the signature shall be considered and have the same effect as) a valid and binding original signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex).

Rule 713. Governing Law

The Rules, and the rights and obligations of the Clearinghouse and Clearing Members under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed wholly within the State of New York.

CHAPTER 8. LIMITED PURPOSE PARTICIPANTS

Rule 801. Limited Purpose Participants

(a) A Limited Purpose Participant shall have the ability to have access, through the Clearinghouse, to the arrangement that is the subject of the Cross-Margining Agreement.

(b) Except as otherwise provided in the LPP Agreement:

(1) Trades that are within the scope of the LPP Agreement and that would otherwise be cleared by such Limited Purpose Participant shall instead be submitted to the Clearinghouse, which shall act as central counterparty and DCO in respect thereof and shall include such trades in the arrangement that is the subject of the Cross-Margining Agreement;

(2) Members of the Limited Purpose Participant shall be bound by the Rules as fully as if they were Clearing Members of the Clearinghouse, and the Clearinghouse shall have all of its rights, under the Rules and otherwise, in the event of a Default by a member of the Limited Purpose Participant;

(3) A Limited Purpose Participant shall make a contribution to the Guaranty Fund, in form and substance similar to and in an amount that is no less than the amount of, the NYSE Guaranty;

(4) The Clearinghouse shall not be required to accept trades in any product that is not eligible for clearing pursuant to the Cross-Margining Agreement; and

(5) Clearing fees shall be allocated between the Clearinghouse and the Limited Purpose Participant as may be agreed by the Clearinghouse and the Limited Purpose Participant, taking into account the cost of services (including capital expenditures incurred by the Clearinghouse), technology that may be contributed by the Limited Purpose Participant, the volume of transactions, and such other factors as may be relevant.

(c) As used in this Rule 801:

(1) "Limited Purpose Participant" means a clearinghouse or clearing organization, other than the Clearinghouse or FICC, that (i) does not limit its provision of clearing services on a vertical basis to a single Market or limited number of Markets and operates pursuant to a business model that requires such clearinghouse or clearing organization to provide clearing services to any qualified Market, (ii) agrees to participate using the uniform risk methodology and risk management policies, systems and procedures that have been adopted by the Clearinghouse and FICC for implementation and administration of the arrangement that is the subject of the Cross-Margining Agreement; and (iii) is party to an LPP Agreement.

(2) "LPP Agreement" means an agreement between the Clearinghouse and a Limited Purpose Participant which provides, *inter alia*, that the Limited Purpose Participant shall be deemed to be a Clearing Member for purposes of the Rules, except to the extent otherwise provided in such agreement, the Cross-Margining Agreement or in this Rule 801.

(3) "Market" means a "trading facility" or "organized exchange," as such terms are defined in the CEA as in effect on April 16, 2010; provided, that the term "trading facility" shall for this purpose include the entities otherwise excluded by Section 1a(34)(B) of the CEA as in effect on such date.

Effective January 4, 2012

RULES OF
NEW YORK PORTFOLIO CLEARING, LLC

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RULES OF NEW YORK PORTFOLIO CLEARING, LLC

CHAPTER 1. DEFINED TERMS

Rule 101. Definitions [*Amended 04/01/2011*]

Unless the context otherwise requires, the terms defined in this Rule have the meanings specified below for all purposes under the Rules:

“Appeal Panel” means a panel comprised of a chairman and two individuals appointed by the Board to consider appeals under Chapter 6 of the Rules.

“Authorized Representative” means an individual designated by a Clearing Member and registered with the Clearinghouse with authority to act on behalf of the Clearing Member.

“Board” means the Board of Directors of the Clearinghouse, as set forth in the Operating Agreement.

“Broker-Dealer” means a broker or dealer as such terms are defined in the Exchange Act and includes a government securities broker and government securities dealer as such terms are defined in the Exchange Act.

“Business Day” means any day on which the Clearinghouse is open for business.

“CEA” means the Commodity Exchange Act.

“CFTC” means the Commodity Futures Trading Commission.

“Chief Executive Officer” means the individual appointed by the Board as the chief executive officer of the Clearinghouse.

“Chairman” means the chairman of the Board.

“Class A Member” means any Person that is admitted as a Class A member of the Clearinghouse as provided in Rule 301. The membership of a Class A Member in the Clearinghouse is referred to as a “Class A Membership.”

“Class B Member” means any Person that is admitted as a Class B member of the Clearinghouse as provided in Rule 301. The membership of a Class B Member in the Clearinghouse is referred to as a “Class B Membership.”

“Clearinghouse” means New York Portfolio Clearing, LLC.

“Clearing Bank” means a bank, trust company or other institution designated by the Clearinghouse as a Clearing Bank that acts as a depository for Original Margin and in such other capacities as the Clearinghouse may approve.

“Clearing Member” means any Class A Member or any Class B Member. Class A Members and Class B Members are collectively referred to as “Clearing Members.”

“Clearing Member Cross-Margining Agreement” means, as applicable, the (i) Clearing Member Cross-Margining Agreement (Joint Clearing Member – Proprietary Accounts), (ii) Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Proprietary Accounts), (iii) Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts), or (iv) Clearing Member Cross-Margining Agreement (Affiliated

Clearing Members – Market Professional Accounts), in each case in the form set forth as an appendix to the Cross-Margining Agreement.

“Clearing System” means systems, software, hardware and other technology of any kind used by or on behalf of the Clearinghouse to perform its clearing functions.

“Committee” means a committee established by the Board.

“Contract” means any contract, agreement or transaction approved by the Clearinghouse for clearing under the Rules. Where the Clearinghouse provides clearing services for, or is party to a Cross-Margining Agreement with, more than one Exchange or market, the term “Contract” shall be construed to apply separately to each such Exchange or market.

“Cross-Guaranty Agreement” means an agreement between the Clearinghouse and one or more DCOs and/or one or more clearing agencies (as such term is defined in the Exchange Act) related to the cross-guaranty by the Clearinghouse and the other party or parties of certain obligations of a suspended Clearing Member to the parties to such agreement.

“Cross-Guaranty Defaulting Member” means a Clearing Member in Default on account of which the Clearinghouse has made or received a Cross-Guaranty Payment.

“Cross-Guaranty Party” means a party (other than the Clearinghouse) to a Cross-Guaranty Agreement.

“Cross-Margining Affiliate” means an affiliate of a Clearing Member that is a member of FICC and that has agreed to have its positions and margin at FICC margined together with Eligible Positions and Margin of the Clearing Member at the Clearinghouse, and to be bound by the Cross-Margining Agreement and by the Rules and the Rules of FICC that are applicable to cross-margining arrangements, all in accordance with the Clearing Member Cross-Margining Participant Agreement.

“Cross-Margining Agreement” means the NYPC Cross-Margining Agreement, dated ~~March 4, 2011~~ and as it may be amended and restated from time to time, entered into between the Clearinghouse and FICC and providing for participation by the Clearinghouse, FICC, Joint Clearing Members and Cross-Margining Affiliates in an arrangement providing for the cross-margining of Contracts cleared by the Clearinghouse with interest rate instruments cleared by FICC.

~~“Cross-Margining Participant Agreement” means an agreement among (i) the Clearinghouse, (ii) FICC and (iii) either (A) a Joint Clearing Member or (B) a Clearing Member and its Cross-Margining Affiliate relating to the cross-margining accounts established by the Clearinghouse and FICC for such Joint Clearing Member or such Clearing Member and its Cross-Margining Affiliate.~~

“Customer” means any Person, including a Market Professional, that has a beneficial ownership interest in a Customer Account.

“Customer Account” means an account established by a Clearing Member with the Clearinghouse in which the Clearing Member maintains trades, positions and Margin solely for “customers,” of the Clearing Member, as such term is defined in CFTC Regulation 1.3(k), of the Clearing Member. Except as the context otherwise requires, the term “Customer Account” includes an account established by a Clearing Member to maintain trades, positions and Margin for Market Professionals.

“DCO” means derivatives clearing organization, as such term is defined in the CEA.

“Default” means, with respect to a Clearing Member, if such Clearing Member or, as applicable, its Cross-Margining Affiliate: (i) fails to satisfy any of its Obligations to the Clearinghouse; (ii) fails to deliver funds or securities within the time established therefor by the Clearinghouse or, as applicable, FICC, and in such case, FICC ceases to act on behalf of the Clearing Member, or, as applicable, its Cross-Margining Affiliate; (iii) is expelled or suspended from any Self-Regulatory Organization; (iv) fails to meet the minimum capital or other financial requirements of the Clearinghouse or, as applicable, FICC; (v) is Insolvent; (vi) holds a short position in a futures Contract and does not tender a delivery notice on or before the time specified by the rules of the Exchange on the last day on which such notices are permitted to be tendered or fails to make delivery by the time specified in the rules of the Exchange; or (vii) holds a long position in a futures Contract and does not accept delivery or does not make full payment when due as specified in the rules of the Exchange.

“Disciplinary Panel” means a panel comprised of a chairman and two individuals appointed by the Board to conduct disciplinary proceedings under Rule 604.

“DTC” means The Depository Trust Company.

“Eligible Position” means a position in certain Contracts or in certain securities, repurchase agreements or reverse repurchase agreements cleared by FICC, as identified in a Cross-Margining Agreement as eligible for cross-margining treatment.

“Eligible Securities” means, in each case subject to such criteria and requirements as may be established by the Clearinghouse from time to time: (i) direct obligations of the United States government; (ii) direct obligations of agencies of the United States and government-sponsored enterprises as the Clearinghouse may designate from time to time; and (iii) mortgage-backed pass-through obligations issued by agencies of the United States and government-sponsored enterprises as the Clearinghouse may designate from time to time.

“Exchange” means NYSE Liffe US and any other exchange or market for which the Clearinghouse acts as DCO.

“Exchange Act” means the Securities Exchange Act of 1934.

“FCM” means a futures commission merchant, as such term is defined in the CEA.

“FICC” means the Fixed Income Clearing Corporation.

“FINRA” means Financial Industry Regulatory Authority, Inc.

“Government Agency” means the CFTC and/or any other governmental agency or department regulating the activities of the Clearinghouse or a Clearing Member.

“Guaranty Fund” means the fund comprising the monies, securities, and instruments deposited by the Clearing Members pursuant to Rule 504 and the NYSE Guaranty.

“Insolvent” and “Insolvency” means the occurrence of any of the following events with respect to a Clearing Member:

(1) the Clearing Member is determined to be insolvent by a Government Agency or Self-Regulatory Organization;

(2) if the Clearing Member is a member of the Securities Investor Protection Corporation, a court of competent jurisdiction finds that the Clearing Member meets any one of the conditions set forth in clauses (A), (B), (C), or (D) of Section 5(b)(1) of the Securities Investor Protection Act of 1970;

(3) in the event of the entry or the making of a decree or order by a court, Government Agency or other supervisory authority of competent jurisdiction (i) adjudging the Clearing Member as bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization, arrangement, liquidation, dissolution, adjustment or composition of or in respect of the Clearing Member under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar law, (iii) appointing a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Clearing Member or for any substantial part of its property, (iv) ordering the winding up or liquidation of the Clearing Member's affairs, or (v) consenting to the institution by the Clearing Member of proceedings to be adjudicated as a bankrupt or insolvent;

(4) the filing by the Clearing Member of a petition, or any case or proceeding, seeking reorganization or relief under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar law, or the consent by the Clearing Member to the filing of any such petition, case or proceeding or to the appointment of a receiver, custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Clearing Member or for any substantial part of its property, or the making by the Clearing Member of an assignment for the benefit of its creditors, or the admission by the Clearing Member in writing of its inability to pay its debts generally as they become due, or the taking of corporate or similar action by the Clearing Member in furtherance of the foregoing; or

(5) if a Settlement Bank of a Clearing Member fails timely to make Margin payments on behalf of such Clearing Member.

As used in paragraphs (1) through (5) above, the term "Clearing Member" includes a Cross-Margining Affiliate or 5% Owner of such Clearing Member. Notwithstanding the foregoing, a Clearing Member shall not be deemed to be Insolvent in the event such Clearing Member (without being deemed to have admitted its liability thereunder) provides or posts a bond, indemnity, or guaranty from a third party that the Clearinghouse deems satisfactory to ensure the performance of the Clearing Member's Obligations.

"Joint Clearing Member" means a Class A Member that has agreed to have its positions and margin at FICC margined together with Eligible Positions and Margin at the Clearinghouse, and to be bound by the Cross-Margining Agreement and by the Rules and the Rules of FICC that are applicable to cross-margining arrangements, all in accordance with the Clearing Member Cross-Margining Participant Agreement.

"Margin" means any Original Margin and Variation Margin paid or payable by or to a Clearing Member to or by the Clearinghouse.

"Market Professional" has the meaning given that term in the Cross-Margining Agreement.

“Net Settlement Amount” means (i) as to a Settlement Bank, the net Variation Margin payments and collections made by or to such Settlement Bank on behalf of the Clearing Members for which such Settlement Bank is acting and (ii) as to a Clearing Member, the net Variation Margin payments and collections made by or to such Clearing Member effected through such Clearing Member’s Settlement Bank.

“NSS” means the National Settlement Service, a multilateral funds settlement service owned and operated by the Federal Reserve Banks.

“NYSE Guaranty” means the guaranty of payment by NYSE Euronext of Clearing Member Deficiencies in accordance with Rule 503(b), in an amount not to exceed \$50 million in the aggregate, and includes any cash collateral arrangement that secures such guaranty.

“Obligations” means all financial obligations of a Clearing Member arising under the Rules or such Clearing Member’s agreements with the Clearinghouse, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

“Operating Agreement” means the Amended and Restated Limited Liability Company Agreement of the Clearinghouse, as it may be further amended or restated from time to time.

“Original Margin” means, as to a Clearing Member, the minimum deposit required from such Clearing Member, in accordance with the Rules, in respect of Contracts in the accounts of such Clearing Member.

“Person” means an individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

“Proprietary Account” has the meaning given that term in CFTC Regulation 1.3(y).

References to a “Rule” or “Rules” are references to the rules, interpretations, orders and other directives of the Clearinghouse, all as in effect from time to time.

“Retained Earnings” means the net cash income of the Clearinghouse that has been retained by the Clearinghouse from prior years, plus any cash operating surplus of the Clearinghouse for the current year, in excess of amounts necessary for normal operations.

“Risk Committee” means the Risk Committee of the Board established pursuant to the Operating Agreement.

“SEC” means the Securities and Exchange Commission.

“Self-Regulatory Organization” shall mean any futures or securities exchange, derivatives clearing organization, securities clearing agency, the National Futures Association and FINRA.

“Settlement Bank” means an entity that has been approved to act as a Settlement Bank in accordance with Rule 403.

“Termination Event” means the occurrence of any of the following:

- (1) the termination of the clearing member agreement between the Clearing Member and the Clearinghouse;
- (2) with respect to a Joint Clearing Member, the expiration or termination of the clearing member agreement between the Joint Clearing Member and FICC.

(3) a representation or warranty made by the Clearing Member to the Clearinghouse under or in connection with any agreement between the Clearinghouse and the Clearing Member shall be false or misleading in any material respect as of the date on which made or repeated;

(4) the Clearing Member does not meet the qualifications for Clearing Members set forth in Rule 302; or

(5) the breach by the Clearing Member of the Rules or any of the terms or provisions of any agreement between the Clearinghouse and the Clearing Member.

“Treasury” means the United States Department of the Treasury.

“Variation Margin” means:

(1) with respect to futures contracts: (i) on the Business Day a Contract has been accepted for clearing by the Clearinghouse, the difference between the price at which such Contract was bought or sold and the Settlement Price for such Contract established by the Clearinghouse; and (ii) thereafter, the difference, as applicable, between (x) the Settlement Price on a given Business Day and the preceding Settlement Price for such Contract, or (y) the price at which such Contract was closed on the books of the Clearinghouse and the preceding Settlement Price for such Contract; and

(2) with respect to option contracts, on the Business Day a Contract has been accepted for clearing by the Clearinghouse, the agreed premium at which such Contract was bought or sold.

“Vice Chairman” means the vice chairman of the Board.

Rule 102. Other Defined Terms [Amended 04/01/2011]

Set forth below are certain other terms defined in the Rules and the place in the Rules where such terms are defined:

<u>Defined Term</u>	<u>Rule</u>
“Appropriate Regulatory Agency”	Rule 306(d)(1)
“Bankruptcy Event”	Rule 506(a)
“Call Report”	Rule 306(d)(2)
“Clearing Member Deficiency”	Rule 503(b)
“Clearinghouse Proceeding”	Rule 205(a)
“Close-out Amount”	Rule 506(d)
“Cross-Guaranty Beneficiary Member”	Rule 505(c)(1)
“Cross-Guaranty Payment”	Rule 505(f)
“Cross-Guaranty Repayment”	Rule 505(f)
“Cross-Guaranty Repayment Deposit”	Rule 505(d)
“Cross-Margin Beneficiary Member”	Rule 411(d)(2)(i)1
“Cross-Margin Guaranty”	Rule 411(g)(3)
“Cross-Margin Payment”	Rule 411(g)(1)
“Cross-Margin Repayment”	Rule 411(g)(2)
“Cross-Margin Repayment Deposit”	Rule 411(e)
“Emergency”	Rule 207(c)

“Emergency Rules”	Rule 207(a)
“FDICIA”	Rule 506(e)
“5% Owner”	Rule 307(a)
“Interested Person”	Rule 205(a)
“Reimbursement Obligation”	Rule 411(d)
“Respondent”	Rule 604(a)
“Settlement Price”	Rule 404

Rule 103. Rules of Construction

In the Rules, unless the context otherwise requires, (i) words in the singular include the plural and words in the plural include the singular; (ii) references to statutory provisions include those provisions, and any rules or regulations promulgated thereunder, as amended; (iii) any reference to a time means the time in New York, New York; and (iv) all uses of the word “including” should be construed to mean “including, but not limited to.”

CHAPTER 2. GOVERNANCE

Rule 201. Purpose, Powers and Authority

- (a) The Clearinghouse operates to clear Contracts for its Clearing Members.
- (b) The Clearinghouse has the power and authority to operate and regulate its clearance and settlement facilities to ensure that such facilities are not used for any improper purpose and to establish and enforce rules and procedures to reduce systemic risk and facilitate the orderly clearing of Contracts through the Clearinghouse by Clearing Members.
- (c) These Rules specify the process by which a Person may become a Clearing Member and the terms and conditions on which the Clearinghouse will clear Contracts. These Rules are binding on all Clearing Members.

Rule 202. Board of Directors

The Board shall have control and management of the affairs and business of the Clearinghouse and shall have the powers and duties set forth in the Operating Agreement. Without limiting the generality of the foregoing, the Board shall have the power to: (a) adopt, amend, implement and repeal such Rules, not contrary to the Operating Agreement or applicable law, as will in its judgment best promote and safeguard the interests of the Clearinghouse; and (b) render interpretations of the Rules, which shall be binding on all persons having dealings with the Clearinghouse, directly or through Clearing Members.

Rule 203. Committees

- (a) The Board may create, appoint Board members or other individuals to serve on, and delegate powers to, one or more Committees.
- (b) A Committee shall operate in accordance with its charter and shall take such actions as may be required by the Rules or as otherwise delegated to it by the Board.
- (c) All information and documents provided to a Committee and all deliberations and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further the business and affairs of the Clearinghouse or as required by law.

Rule 204. Officers

The Board shall appoint officers of the Clearinghouse and delegate to the officers, subject to its oversight, the power and authority to manage the business and affairs of the Clearinghouse and to establish and enforce rules and procedures for the conduct of business by the Clearinghouse.

Rule 205. Conflicts of Interest

- (a) A Board member or an officer of the Clearinghouse, a member of a Committee or panel or other Person authorized to exercise the Clearinghouse's authority concerning any inquiry, investigation, disciplinary proceeding or any appeal from a disciplinary proceeding, summary suspension or other summary action, other than action that is taken or contemplated in response to an Emergency pursuant to Rule 207 (any such action, a "Clearinghouse Proceeding") who

knows that he or she has a material conflict of interest with respect to such Clearinghouse Proceeding (an "Interested Person"), shall not participate in any deliberations or votes of the Board, a Committee or panel of the Clearinghouse involved in such Clearinghouse Proceeding.

(b) For purposes of paragraph (a), a "material conflict of interest" shall mean, with respect to a member of the Board or an officer of the Clearinghouse, a Clearing Member or other Person:

(1) being named as a respondent or potential respondent in a Clearinghouse Proceeding;

(2) being an employer, employee, fellow employee or an affiliate of a respondent or potential respondent in a Clearinghouse Proceeding;

(3) having any significant, ongoing business relationship with a respondent or potential respondent in a Clearinghouse Proceeding;

(4) having a family relationship with a respondent or potential respondent in a Clearinghouse Proceeding (including the Person's spouse, co-habitator, parent, step-parent, child, step-child, sibling, step-brother, step-sister, father-in-law, mother-in-law, brother-in-law or sister-in-law); and/or

(5) having a direct and substantial financial interest in the result of the vote, other than based on a direct or indirect equity or other interest in the Clearinghouse, that could reasonably be expected to be affected by the Clearinghouse Proceeding. For purposes of this paragraph (5), a "direct and substantial financial interest" includes (but is not limited to) positions held in Contracts in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the vote.

(c) Prior to consideration of any Clearinghouse Proceeding, each Board member, officer of the Clearinghouse, member of a Committee or panel or other Person authorized to exercise the Clearinghouse's authority in connection with such Proceeding shall disclose in writing to the Board, Committee or panel, as applicable, whether such person has a material conflict of interest.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to paragraph (a) as a result of having a direct and substantial financial interest in the result of the vote may participate in deliberations, prior to a vote on the matter, if:

(1) the material facts about the Interested Person's interest in the matter are disclosed or known to the Board or Committee, as applicable;

(2) the Board, Committee or panel, as applicable, determines that the participation by the Interested Person would be consistent with the public interest; and

(3) a majority of the members of the Board, Committee or panel, as applicable, that are not Interested Persons with respect to the matter vote to allow the Interested Person to participate in deliberations on the matter.

(e) If a determination is made pursuant to paragraph (d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board, Committee or panel will reflect the determination and the reasons for the determination.

(f) If all of the members of the Board, Committee or panel, as applicable, are Interested Persons with respect to a matter subject to a vote by the Board, Committee or panel, as

applicable, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board, Committee or panel would have if the members thereof were not Interested Persons with respect to such matter.

(g) No member of the Board or any Committee or panel shall use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a member of the Board, a Committee or a panel any material, non-public information obtained as a result of the Person's duties and responsibilities as a member of the Board or a Committee. No member of the Board, a Committee or a panel shall, directly or indirectly, disclose or use at any time, either during his or her association with the Clearinghouse or thereafter, any confidential information of which the member of the Board, a Committee or a panel becomes aware except when reporting to or at the direction of the Board, when requested by a Government Agency or when compelled to testify in any judicial or administrative proceeding. Each member of the Board, a Committee or a panel in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft. For purposes of this paragraph (g), the terms "material" and "non-public information" have the meaning set forth in CFTC Regulation 1.59(a).

(h) Notwithstanding paragraph (g), a member of the Board, a Committee or a panel may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or a Government Agency with regulatory or oversight authority over the Clearinghouse or member of the Board or any Committee or panel.

Rule 206. Board, Committee, Disciplinary and Appeal Panel Positions

(a) A Person may not serve as a Board member or an officer of the Clearinghouse or on a Committee, a Disciplinary Panel or an Appeal Panel, if the Person:

(1) within the prior three years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, any Government Agency or any Self-Regulatory Organization, to have committed a disciplinary offense;

(2) within the prior three years has entered into a settlement agreement concerning allegations of a disciplinary offense charged (but not withdrawn), whether or not findings were made;

(3) is currently suspended from trading on any regulated market, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty pursuant to either:

(i) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, Government Agency or Self-Regulatory Organization; or

(ii) a settlement agreement concerning allegations of a disciplinary offense charged (but not withdrawn);

(4) is currently subject to an agreement with a Government Agency or Self-Regulatory Organization not to apply for registration with such Government Agency or for membership in such Self-Regulatory Organization;

(5) is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC or has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA; or

(6) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization.

The Board may for good cause specifically exempt a Person from the provisions of paragraphs (1)-(5) above.

(b) Any Board member, officer of the Clearinghouse, member of a Committee, member of a Disciplinary Panel or Appeal Panel or Person nominated to serve in any such role shall immediately notify the Chief Executive Officer if he or she meets one or more of the criteria in paragraph (a).

(c) For purposes of paragraph (a), the terms “disciplinary offense,” “final decision” and “settlement agreement” have the meanings set forth in CFTC Regulation 1.63(a).

Rule 207. Emergencies

(a) During an Emergency, the Board may implement temporary emergency procedures and rules (“Emergency Rules”), subject to applicable provisions of the CEA and CFTC regulations. If the Chief Executive Officer (or, in the event that the Chief Executive Officer is unavailable, the Chairman or the Chief Risk Officer) determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer (or, if applicable, the Chairman or the Chief Risk Officer) shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. Without limiting the foregoing, the Clearinghouse shall use good faith efforts to consult with an appropriate representative of the Exchange prior to implementing any such Emergency Rules.

(b) Pursuant to this Rule, Emergency Rules may require or authorize the Clearinghouse, the Board, any Committee, the Chief Executive Officer (or, if the Chief Executive Officer is unavailable, the Chairman or Chief Risk Officer) or any other officer of the Clearinghouse to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following:

(1) suspending or curtailing clearing or limiting clearing to liquidation only (in whole or in part);

(2) extending or shortening the expiration date and/or the last settlement date for Contracts;

(3) providing alternative settlement mechanisms;

(4) ordering the liquidation of Contracts, the fixing of a Settlement Price, or the reduction of positions;

(5) extending, limiting or changing the hours of operation of the Clearinghouse;

(6) temporarily modifying or suspending any provision of the Rules;

(7) changing the amount of money to be paid in connection with a Contract, whether previously or thereafter delivered;

(8) requiring Clearing Members to meet special Margin requirements;

(9) imposing or modifying price limits; and/or

(10) imposing or modifying position limits.

(c) For the purposes of this Rule, "Emergency" is defined as any occurrence or circumstances which, in the opinion of the Board, the Chief Executive Officer, Chairman or Chief Risk Officer (as provided in paragraphs (a) and (b)), requires immediate action, and that threatens, or may threaten, the fair and orderly settlement or integrity of, any Contract, including, without limitation, the following:

(1) any circumstance that may materially affect the performance of a Contract;

(2) any action taken by the United States government, a foreign government, Government Agency, Self-Regulatory Organization, state or local governmental body, or market or exchange (foreign or domestic) that may have a material adverse effect on the clearing of Contracts through the Clearinghouse or the settlement, legality or enforceability of any Contract;

(3) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions in a Contract;

(4) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, pandemics, fire or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Clearing System, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

(5) the Insolvency of any Clearing Member or the imposition of any injunction or other restraint by any Government Agency, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to satisfy its Obligations;

(6) any circumstance in which it appears to the Board that a Clearing Member:

(i) has failed to perform on a Contract;

(ii) is Insolvent;

(iii) is otherwise in Default;

(iv) is in such financial or operational condition or is conducting business such that the Clearing Member cannot be permitted to continue in business without jeopardizing the safety of funds of Customers, Clearing Members or the Clearinghouse; or

(7) any other unusual, unforeseeable or adverse circumstance as determined by the Board or the Chief Executive Officer (or, as applicable, the Chairman or Chief Risk Officer).

When the Clearinghouse determines that the Emergency has been reduced sufficiently to allow the Clearinghouse to resume normal functioning, any such actions will be terminated.

(d) Whenever the Clearinghouse takes action to respond to an Emergency (including, without limitation, the actions set forth in paragraph (b) above), it will, where possible, ensure that notice is timely given to Clearing Members.

(e) The Clearinghouse will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Clearinghouse will notify the CFTC as soon as reasonably practicable, but in all circumstances within twelve hours of the implementation, modification or termination of such Emergency Rule.

Upon taking any action in response to an Emergency, the Clearinghouse will document the decisions and deliberations related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect the Clearinghouse, and all such documentation will be provided to the CFTC upon request.

CHAPTER 3. CLEARING MEMBERS

Rule 301. Clearing Membership Generally

(a) An applicant for Class A membership shall be subject to Rule 302(a), Rule 302(b), and, if applicable, Rule 302(d) during the pendency of its application and during its tenure as a Class A Member.

(b) An applicant for Class B membership shall be subject to Rule 302(a), Rule 302(c) and, if applicable, Rule 302(d) prior during the pendency of its application and during its tenure as a Class B Member.

(c) Only Persons found by the Clearinghouse to be appropriately qualified shall be permitted to be Clearing Members. For the purpose of determining whether an applicant is appropriately qualified, an applicant shall submit an application in such form as shall be prescribed by the Clearinghouse, which form shall include a certification that the applicant has reviewed and agrees to abide by the Rules and perform the duties and responsibilities of a Clearing Member. An applicant for Clearing Member status shall be conclusively deemed to have agreed to have no recourse against the Clearinghouse in the event that its application to become a Clearing Member is rejected.

(d) The Clearinghouse may establish minimum capital and other requirements for Clearing Members, examine the books and records of any applicant or Clearing Member, and take such other steps as it may deem necessary to ascertain the facts bearing upon the question of qualification.

Rule 302. Clearing Member Qualifications

(a) Qualification of Clearing Members. Each applicant for qualification as a Clearing Member shall satisfy the following requirements:

(1) it shall be a corporation, limited liability company, partnership or other entity approved by the Clearinghouse, in each case, in good standing in its jurisdiction of formation;

(2) it shall be qualified to conduct business in the State of New York or have an agency agreement in place with an entity qualified in the State of New York that provides an agent for service of process and other communications from the Clearinghouse in connection with the business of the Clearing Member;

(3) it shall demonstrate such fiscal integrity as would justify the Clearinghouse's assumption of the risks inherent in clearing its Contracts;

(4) it shall be engaged in or demonstrate its capacity to engage in the conduct of the business of a Clearing Member;

(5) it shall have received all necessary approvals and consents from all applicable regulatory authorities and Government Agencies to permit it to conduct the business of a Clearing Member;

(6) if it is clearing Contracts on behalf of Customers, it shall be registered with the CFTC as an FCM;

(7) it shall have established satisfactory relationships with, and have designated to the Clearinghouse, a Clearing Bank and a Settlement Bank for payment of Margin to the Clearinghouse; and

(8) it shall maintain back-office facilities staffed with experienced and competent personnel or have entered into a facilities management agreement in form and substance acceptable to the Clearinghouse.

(b) Class A Members. In addition to the requirements set forth above, each applicant for qualification as a Class A Member shall be (i) a member of the netting system of the Government Securities Division of FICC or (ii) upon implementation of central counterparty services by the Mortgage-Backed Securities Division of FICC, a clearing member of the Mortgage-Backed Securities Division. Notwithstanding the foregoing, none of (x) an Inter-Dealer Broker Netting Member, (y) a Dealer Netting Member with respect to its segregated brokered accounts, or (z) a Sponsored Member (as each such term is defined in FICC's rules) shall be eligible to become a Class A Member. In addition, a Bank Netting Member (as such term is defined in FICC's rules) shall not be eligible to become a Class A Member unless it can demonstrate, to the satisfaction of FICC and NYPC that, as a Class A Member, it would be in compliance with regulatory requirements applicable to it.

(c) Class B Members. In addition to the requirements set forth above, each applicant for qualification as a Class B Member shall enter into securities settlement arrangements with one or more FICC members in form and substance acceptable to the Clearinghouse. A Person that is qualified for Class A Membership shall not be admitted as a Class B Member.

(d) Foreign Clearing Members. In addition to the requirements set forth above, an applicant for qualification as a Clearing Member that is organized or established under the laws of a country other than the United States must:

(1) maintain a presence in the United States, either directly or through a suitable agent, that both has available individuals fluent in English who are knowledgeable about the applicant's business and can assist representatives of the Clearinghouse as necessary, and ensure that the applicant will be able to meet its data submission, settlement, and other obligations to the Clearinghouse as a Clearing Member in a timely manner;

(2) represent and certify to the Clearinghouse that it is in compliance with the financial reporting and responsibility standards of its home country and that it is regulated in its home country by a financial regulatory authority in the areas of maintenance of relevant books and records, regular inspections and examinations, and minimum capital standards, and make such other representations as the Clearinghouse deems necessary; and

(3) upon request by the Clearinghouse, submit an opinion of outside counsel on home country law and, if applicable, other relevant non-domestic law, in form and substance acceptable to the Clearinghouse.

Rule 303. Duties and Responsibilities of Clearing Members

Each Clearing Member shall, and shall cause its Authorized Representatives and employees to:

(a) comply with and act in a manner consistent with the Rules;

(b) guarantee and assume responsibility for all Contracts submitted by it or for which it authorizes another Person to submit in its name for clearing;

(c) immediately inform the Clearinghouse of any changes to the account information provided by the Clearing Member;

(d) keep the Clearing Member's Clearing System User IDs and passwords confidential;

(e) at all times have a Settlement Bank validly appointed and acting on its behalf to pay and receive Variation Margin payments in accordance with Rule 403;

(f) promptly review and, if necessary, respond to all communications sent by the Clearinghouse;

(g) be responsible for violations of the Rules committed by it, its Authorized Representative or employees;

(h) keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained with the Clearinghouse or pursuant to the CEA or the CFTC Regulations, for at least five years, and make such books and records available for inspection by the Clearinghouse, the CFTC or other Government Agency;

(i) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Clearinghouse or in response to any Clearinghouse Proceeding;

(j) cooperate with the Clearinghouse and any Government Agency in any inquiry, investigation, audit, examination or proceeding;

(k) provide appropriate staff in their offices during specified hours, on Business Days and otherwise, when such is deemed necessary by the Clearinghouse to ensure the integrity of its systems or as otherwise deemed necessary for the protection of the Clearinghouse; and

(l) observe high standards of integrity, commercial honor, fair dealing, and just and equitable principles of trade in relation to any aspect of its business connected with or concerning the Clearinghouse.

Rule 304. Authorized Representatives

(a) Each Clearing Member shall designate one or more Authorized Representatives to sign all instruments, correct errors, perform such other duties as may be required under the Rules and transact all business in connection with the operations of the Clearinghouse. Each Clearing Member must provide the Clearinghouse with current contact and other requested information for each of its Authorized Representatives.

(b) To designate an Authorized Representative, a Clearing Member must provide the information requested and conform to the procedures and requirements established by the Clearinghouse. By agreeing to become an Authorized Representative, an individual agrees to be bound by the duties and responsibilities of an Authorized Representative and to be subject to, and comply with, the Rules and Obligations to the extent applicable.

(c) The Clearinghouse will promptly notify a Clearing Member of the approval of nominated Authorized Representatives and will maintain a list of all approved Authorized Representatives for each Clearing Member. The Clearinghouse shall promptly notify the

Clearing Member if the Clearinghouse (i) declines to approve the designation, (ii) revokes the designation, or (iii) suspends the designation of an Authorized Representative.

(d) An Authorized Representative who is suspended remains subject to the Rules and the Clearinghouse's jurisdiction throughout the period of suspension.

(e) To request the termination of the designation of an Authorized Representative, the Clearing Member or the Authorized Representative must notify the Clearinghouse providing the information and complying with the procedures and requirements established by the Clearinghouse.

(f) An Authorized Representative remains subject to the Rules and the jurisdiction of the Clearinghouse for acts done and omissions made while registered as such, and a Clearinghouse Proceeding relating to an individual whose designation as an Authorized Representative has been terminated or suspended shall occur as if the Authorized Representative were still registered as such.

Rule 305. Capital Requirements

Clearing Members must at all times maintain minimum regulatory capital in excess of the greater of (i) \$5,000,000, and (ii) the capital requirements imposed by any Government Agency, Self-Regulatory Organization or other examining authority or regulator to which it is subject by statute, regulation or agreement. The Clearinghouse may prescribe additional capital requirements with respect to any Clearing Member.

Rule 306. Financial Reporting Requirements [Amended 04/01/2011]

Each Clearing Member shall submit the following statements of its financial condition:

(a) Each Clearing Member shall submit to the Clearinghouse:

(1) a Form 1-FR-FCM, FOCUS Report or Form G-405 as submitted to the CFTC, SEC or FINRA; provided, that if the Clearing Member is a domestic bank (as such term is defined in section 3(a)(6) of the Exchange Act) or trust company, the Clearing Member shall submit to the Clearinghouse a copy of the Clearing Member's Call Report as submitted to its Appropriate Regulatory Agency and, to the extent not contained within such Call Report (or to the extent that a Call Report is not required to be filed), information containing the Clearing Member's capital levels and ratios, as such levels and ratios are required to be provided to the Clearing Member's Appropriate Regulatory Agency (or, if such Clearing Member's Appropriate Regulatory Agency does not require such information, as would be required to be provided, if such Clearing Member's Appropriate Regulatory Agency were the Board of Governors of the Federal Reserve System); provided further, that if the Clearing Member is not required to submit such reports to the CFTC, the SEC, FINRA or an Appropriate Regulatory Agency, the Clearing Member shall submit its financial information to the Clearinghouse on Form 1-FR-FCM and calculate its adjusted net capital in accordance with the requirements applicable thereto;

(2) information relating to capital scheduled to be withdrawn within 6 months;

(3) information relating to subordinated debt maturing within 6 months; and

(4) with respect to Clearing Members that are registered as Broker-Dealers, information relating to additional capital requirements for excess margin on reverse repurchase agreements.

A Clearing Member that has filed a FOCUS Report with FINRA shall be deemed to have authorized FINRA to provide such FOCUS Report and the data and other information contained therein to the Clearinghouse, and such Clearing Member shall not otherwise be required to submit a FOCUS Report to the Clearinghouse other than in response to a request therefor by the Clearinghouse.

(b) Each Clearing Member shall submit annual financial statements to the Clearinghouse that have been certified by an independent public accountant as submitted to the CFTC, SEC, FINRA or the Appropriate Regulatory Authority. A Clearing Member that is not a domestic bank (as such term is defined in section 3(a)(6) of the Exchange Act) or trust company and is not registered as a Broker-Dealer or FCM shall submit a Form 1-FR-FCM that has been certified by an independent public accountant in accordance with CFTC Regulation 1.10.

(c) All reports or other information required to be submitted to the Clearinghouse pursuant to paragraphs (a) or (b) shall be submitted at such times as specified by the Clearinghouse from time to time. A Clearing Member may be required to provide additional reports in such form and at such times as the Clearinghouse may require, including without limitation, submission of daily or weekly capital computations and segregated funds statements.

(d) As used in this Rule 306:

(1) "Appropriate Regulatory Agency" means, with respect to a Clearing Member that is a bank (as such term is defined in section 3(a)(6) of the Exchange Act) or a trust company:

(i) the Comptroller of the Currency, in the case of a national bank, the deposits of which are insured by the Federal Deposit Insurance Corporation;

(ii) the Board of Governors of the Federal Reserve System, in the case of a bank (other than a national bank) that is a member of the Federal Reserve System or a trust company that is a member of the Federal Reserve System; and

(iii) the Federal Deposit Insurance Corporation, in the case of a bank insured by the Federal Deposit Insurance Corporation (other than a member of the Federal Reserve System), the deposits of which are insured by the Federal Deposit Insurance Corporation.

(2) "Call Report" means, as applicable, Federal Financial Institutions Examination Council Form FFIEC 031 or FFIEC 041.

Rule 307. Parent Company, Cross-Ownership Guarantees

(a) Parent Guaranty Requirement

(1) Subject to the last sentence of this subparagraph (1), each Clearing Member shall provide and maintain with the Clearinghouse a roster of every Person (including natural persons) that directly or indirectly is the beneficial owner (determined in accordance with Rule 13d-3 under the Exchange Act) of 5% or more of any class of equity security of the Clearing Member (a "5% Owner"). For purposes of this Rule, the term "equity security" shall include any stock, partnership interest, membership interest or similar security, or any

security convertible into such a security, or any option, warrant or right to subscribe to or purchase such a security, or any other instrument or right that the Clearinghouse deems to be of similar nature and considers necessary or appropriate to treat as an equity security. If the intermediary's shareholders, partners or members are not natural persons or public reporting companies subject to Sections 12 or 15(d) of the Exchange Act, the Clearing Member shall continue the chain of ownership of 5% Owners until natural persons or public reporting companies subject to Sections 12 or 15(d) of the Exchange Act are listed.

(2) Each Clearing Member shall submit to the Clearinghouse a written guarantee, on a form provided by the Clearinghouse, from each 5% Owner pursuant to which such 5% Owner shall guarantee all Obligations arising out of accounts cleared by the Clearing Member that are:

(i) non-Customer Accounts, including ~~proprietary accounts as defined in CFTC Regulation 1.3(y),~~ Proprietary Accounts of the Clearing Member; and

(ii) accounts carried by another FCM if such accounts would be considered non-Customer Accounts, including ~~proprietary accounts as defined in CFTC Regulation 1.3(y),~~ Proprietary Accounts of the Clearing Member, if carried directly by the Clearing Member.

Notwithstanding anything herein to the contrary, the guarantee required by this paragraph (2) shall not apply to (A) any Obligations of the Clearing Member to pay an assessment to the Clearinghouse pursuant to Rule 504(b) or (B) any Obligations of the Clearing Member to the Clearinghouse arising under Rule 503(c)(2) resulting from a remaining deficiency in a Customer Account after the setoffs referred to in Rule 503(c)(1). In addition, each 5% Owner shall only be required to guarantee his, her or its share of the Clearing Member's Obligations pursuant to this paragraph (2) in proportion to his, her or its ownership interest in the Clearing Member (but not in duplication of amounts paid by another 5% Owner that controls, is controlled by or under common control with such 5% Owner); provided, however, that any 5% Owner owning 50% or more of the Clearing Member shall guarantee the full amount of the Clearing Member's Obligations pursuant to this paragraph (2).

(b) Cross-Ownership Guaranty

If any Person directly or indirectly controls, owns 10% or more of, or has the right to 10% or more of the profits of two or more Clearing Members, then each such Clearing Member shall submit to the Clearinghouse a written guarantee, on a form provided by the Clearinghouse, of the Obligations of the other such Clearing Member(s) to the Clearinghouse.

Rule 308. Notices Required of Clearing Members [Amended 04/01/2011]

(a) Financial and Other Notices

(1) A Clearing Member shall provide immediate notice to the Clearinghouse, orally and in writing, if the Clearing Member or, if applicable, its Cross-Margining Affiliate:

(i) is in Default or otherwise unable to meet its Obligations to the Clearinghouse;

(ii) fails to remain in compliance with the minimum capital or "early warning" requirements of any Government Agency or Self-Regulatory Organization;

(iii) if an FCM, fails to maintain funds in any Customer Account sufficient to comply with applicable CFTC requirements;

(iv) fails to maintain current books and records;

(v) determines the existence of a material inadequacy as provided in CFTC Regulation 1.16(d)(2) or SEC Rule 17a-5(g)(3), in each case as applicable to such Clearing Member; or

(vi) fails to comply with additional accounting, reporting, financial and/or operational requirements prescribed by the Clearinghouse.

(2) A Clearing Member shall provide prompt written notice to the Clearinghouse if:

(i) it experiences a reduction in adjusted net capital as reported on its Form 1-FR-FCM, net capital as reported on its FOCUS Report or liquid capital as reported on its Form G-405, as applicable, of 20% or more, from the most recent filing of such report or it has a planned reduction in equity capital that would cause a reduction in excess adjusted net capital, excess net capital or excess liquid capital of 30% or more, provided that no such notice shall be required in the case of a reduction in capital resulting from (a) the repayment or prepayment of subordinated liabilities for which notice has been given pursuant to applicable CFTC, SEC or Treasury requirements, or (b) any futures or securities transaction in the ordinary course of business between a Clearing Member and any affiliate where the Clearing Member makes payment to or on behalf of such affiliate for such transaction and then receives payment from such affiliate for such transaction within two Business Days from the date of the transaction;

(ii) Margin calls in one or more Customers' accounts exceed the Clearing Member's excess net capital and one or more of such Margin calls remains unsatisfied by the close of business on the Business Day following the issuance of the calls; or

(iii) it changes its fiscal year or its public accountants.

(b) Operational Notices

(1) A Clearing Member shall provide immediate notice to the Clearinghouse, orally and in writing, of:

(i) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Clearing Member used to perform the Clearing Member's Obligations under or in connection with Contracts that is not promptly remedied;

(ii) any suspension, expulsion, bar (including any refusal or denial of admission to or withdrawal of any application for membership, registration or license), cease-and-desist order, temporary or permanent injunction, denial of trading privileges or any other sanction or discipline (but excluding censures and fines or monetary penalties of \$25,000 or less), through an adverse determination, voluntary settlement or otherwise, by any Government Agency or Self-Regulatory Organization;

(iii) the imposition of any restriction or limitation on the business conducted by the Clearing Member, or by any Cross-Margining Affiliate or 5% Owner of such Clearing Member, on or with any securities or futures clearing organization or exchange other

than restrictions or limitations imposed generally on all members of or participants in such clearing organization or exchange;

(iv) any failure by the Clearing Member, or by any Cross-Margining Affiliate or guarantor (including any 5% Owner) of the Clearing Member, to perform any of its Obligations or any other material contract, guarantee, or agreement;

(v) any determination that the Clearing Member, any Cross-Margining Affiliate or guarantor (including any 5% Owner) of the Clearing Member, will be unable to perform any of its Obligations or any other material contract, guarantee, or agreement;

(vi) the institution of an Insolvency proceeding by or against the Clearing Member, any affiliate of the Clearing Member, or any guarantor (including any 5% Owner) of the Clearing Member;

(vii) the receipt by the Clearing Member, or a filing by the Clearing Member with a Self-Regulatory Organization, of a notice of material inadequacy pursuant to applicable CFTC, SEC or Treasury regulations; or

(viii) the receipt by the Clearing Member from its independent auditors of an audit opinion that is qualified.

(2) A Clearing Member shall provide prompt written notice to the Clearinghouse if:

(i) it changes its name, business address, 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 Clearinghouse;

(ii) any Person directly or indirectly becomes a 5% Owner.

(3) A Clearing Member shall, unless it is impractical to do so (in which case it shall provide written notice to the Clearinghouse as promptly as possible), provide at least ninety days prior written notice to the Clearinghouse of:

(i) any proposed change in the organizational or ownership structure or management of a Clearing Member, including any merger, combination or consolidation between the Clearing Member and another Person;

(ii) the assumption or guaranty by the Clearing Member of all or substantially all of the liabilities of another Person in connection with a direct or indirect acquisition of all or substantially all of that Person's assets;

(iii) the sale of all or a significant portion of the Clearing Member's business or assets to another Person;

(iv) a change in the direct or indirect beneficial ownership of 20% or more of the Clearing Member; or

(v) any change in the Clearing Member's systems provider or facilities manager used by the Clearing Member to process transactions in Contracts.

Rule 309. Adequate Assurances

If the Clearinghouse has reason to believe that a Clearing Member may fail to comply with any of the Rules, it may require the Clearing Member to provide it, within such timeframe, in

such detail, and in such manner as the Clearinghouse shall determine, with adequate assurances that the Clearing Member shall not violate any of the Rules.

Rule 310. Restrictions on Activity

(a) If (i) a Clearing Member is in Default, (ii) a Termination Event occurs with respect to such Clearing Member, or (iii) the Clearinghouse determines that the financial or operational condition of a Clearing Member or one of its affiliates is such that to allow that Clearing Member to continue its operation would adversely affect the Clearinghouse or adversely affect the financial markets (whether or not the Clearing Member continues to meet the required minimum financial requirements), the Clearinghouse may:

(1) allow such Clearing Member to submit Contracts solely for its ~~proprietary account~~ Proprietary Accounts;

(2) limit or restrict the type of Contracts that may be cleared by such Clearing Member in any of its accounts with the Clearinghouse; or

(3) limit or restrict the number of Contracts that are permitted to be maintained by such Clearing Member in any of its accounts with the Clearinghouse;

(4) decline to accept new trades or positions in Contracts for the accounts of the Clearing Member;

(5) increase such Clearing Member's Margin and Guaranty Fund requirements and/or require such Clearing Member to deposit the same in cash or Eligible Securities in proportions different than those that are applicable to Clearing Members generally;

(6) allow such Clearing Member to submit Contracts for liquidation only;

(7) prohibit such Clearing Member from withdrawing excess Original Margin;

(8) cause open Contracts in the ~~proprietary accounts~~ Proprietary Accounts or Customer ~~Account~~ Accounts of the Clearing Member to be transferred to another Clearing Member;

(9) cause open Contracts to be settled in cash or liquidated;

(10) impose such additional capital, Margin, financial reporting or other requirements as the Clearinghouse shall deem appropriate for the protection of the Clearinghouse and its Clearing Members; and

(11) terminate the Clearing Member's membership in the Clearinghouse.

(b) In addition to the powers conferred by this Rule, the Clearinghouse shall have the authority conferred by Rule 503 when a Clearing Member is in Default.

Rule 311. Withdrawal of Clearing Membership

(a) When a Clearing Member withdraws from membership or its membership is terminated, all Obligations of the Clearing Member to the Clearinghouse, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date of such withdrawal or termination. The Clearing Member's Guaranty Fund deposit and any other deposits required by the Clearinghouse will not be released until the Clearinghouse determines that all such Clearing Member's Obligations have been settled and all sums owing to the Clearinghouse have been paid.

(b) A Clearing Member may withdraw from membership upon approval of the Clearinghouse, which approval shall be granted not later than thirty days after (1) the liquidation or, with the approval of the Clearinghouse, transfer to another Clearing Member of all open positions in the Clearing Member's accounts at the Clearinghouse; (2) the satisfaction of all Obligations of the withdrawing Clearing Member, including any assessment under Rule 504(b); and (3) if applicable, the payment of all amounts owing to FICC pursuant to a Clearing Member Cross-Margining Participant Agreement.

Rule 312. Fees

The Clearinghouse shall have the right to instruct a Settlement Bank to debit the proprietary Margin account maintained by a Clearing Member, and/or any other account designated by such Clearing Member for purposes of this Rule, for any payment of fees, charges or other amounts (other than fines or penalties) due to the Clearinghouse or due to the Exchange (if and to the extent the Clearinghouse shall be acting as a collection agent for the Exchange).

CHAPTER 4. CLEARANCE AND SETTLEMENT

Rule 401. Submission of Contracts

(a) The submission of a Contract to the Clearinghouse by or on behalf of the buying and selling Clearing Members shall constitute a request, by such Clearing Members, for the clearing of such Contract by the Clearinghouse. Upon the acceptance thereof by the Clearinghouse, which shall be deemed to occur upon the receipt of matched trade data from the Exchange, the Contract shall be novated and the Clearinghouse shall be substituted as, and assume the position of, seller to the Clearing Member buying such Contract and buyer from the Clearing Member selling such Contract. Upon such substitution, such buying and selling Clearing Members shall be released from their obligations to each other, and the Clearinghouse shall be deemed to have succeeded to all the rights, and to have assumed all the Obligations, of the Clearing Members that were party to such Contracts, in each case as provided in the Rules.

(b) Notwithstanding the provisions of paragraph (a), the Clearinghouse shall be substituted at the time payment of the Original Margin and Variation Margin due for transfers of Contracts made pursuant to Rule 409 and trades made pursuant to exchanges of futures for physicals, exchanges of futures for swaps or similar transactions is made by or for both Clearing Members.

(c) Upon the written request of an Exchange, the Clearinghouse may, in its sole discretion, terminate the novation and substitution described above with respect to one or more Contracts upon notice thereof by the Clearinghouse to the relevant Clearing Members. The Clearinghouse shall have no further obligations to such Clearing Members with respect to such Contracts thereafter.

(d) The Rules shall constitute part of the terms of each Contract submitted to the Clearinghouse.

Rule 402. Original Margin

(a) The Clearinghouse shall, from time to time, calculate the amount of Original Margin which shall be deposited by Clearing Members to protect the Clearinghouse on Contracts accepted for clearing. Original Margin calls shall ordinarily be uniform, but where particular risks are deemed hazardous, the Clearinghouse may call for additional Margin from a particular Clearing Member.

(b) Clearing Members shall transfer Original Margin to a Clearing Bank for deposit in an account designated by the Clearinghouse. The Clearinghouse shall retain control over such Original Margin, which shall be and shall remain unencumbered by the lien or security interest of any party other than the Clearinghouse or, if applicable, FICC as provided in the Cross-Margining Agreement.

(c) One or more times on each Business Day, the Clearinghouse shall make available to each Clearing Member the amount of its Original Margin Obligations for all open Contracts. The Clearing Member shall transfer Original Margin to a Clearinghouse account at a Clearing Bank by no later than the time specified therefor by the Clearinghouse. Original Margin may be in the form of cash and securities of such types and in such amounts as may be determined by the Clearinghouse.

(d) Original Margin deposits may be withdrawn by the Clearing Member with authorization from the Clearinghouse upon the performance or closing out of Contracts thus secured. In the event it shall become necessary to apply all or part of a Clearing Member's Original Margin to meet Obligations of the Clearinghouse pursuant to Rule 503, such Clearing Member shall immediately restore any such deficiency in Original Margin.

(e) If a Clearing Member is in Default, the Clearinghouse may foreclose on and sell any of the Margin deposited by such Clearing Member without notice. In such an event, Margin that has been deposited for the Clearing Member's Customer Account and any proceeds thereof shall be applied against the Margin requirements for the Customer Account, and Margin deposited for the Clearing Member's ~~proprietary accounts~~ Proprietary Accounts and any proceeds thereof shall be applied first to any Margin deficiency in the Customer Account and, thereafter, against the requirements for the Clearing Member's ~~proprietary accounts~~ Proprietary Accounts.

Rule 403. Variation Margin

(a) Where Contracts are accepted for clearance in accordance with Rule 401 and the price of such Contracts is less than the Settlement Price therefor, the selling Clearing Member shall be obligated to pay Variation Margin to, and the buying Clearing Member shall be entitled to receive Variation Margin from, the Clearinghouse as set forth below and in the policies and procedures of the Clearinghouse. Where Contracts are accepted for clearance in accordance with Rule 401 and the price of such Contracts is greater than the Settlement Price, the buying Clearing Member shall be obligated to pay Variation Margin to, and the selling Clearing Member shall be entitled to receive Variation Margin from, the Clearinghouse in accordance with the process set forth below and any other policies and procedures of the Clearinghouse. Thereafter, Clearing Members shall be obligated to pay or entitled to receive Variation Margin on all open Contracts and on all Contracts that have been closed on the books of the Clearinghouse. All Variation Margin payments to the Clearinghouse shall be made in cash.

(b) All payments of Variation Margin by a Clearing Member to the Clearinghouse, and all collections of Variation Margin by a Clearing Member from the Clearinghouse, shall be effected through a Settlement Bank as follows:

(1) One or more times on each Business Day, the Clearinghouse shall make available (i) to each Clearing Member, its Net Settlement Amount, and (ii) to each Settlement Bank, the Net Settlement Amounts of all Clearing Members for which such Settlement Bank is acting and the Net Settlement Amount due from or owed to such Settlement Bank. If the Settlement Bank's net amount is a debit, it shall pay such amount to the Clearinghouse in Federal funds by no later than the time specified therefor by the Clearinghouse. If the Settlement Bank's net amount is a credit, it shall receive such amount from the Clearinghouse in Federal funds by no later than the time specified therefor by the Clearinghouse.

(2) By the deadline established by the Clearinghouse and in accordance with procedures as announced in notices issued by the Clearinghouse, a Settlement Bank must acknowledge to the Clearinghouse its Net Settlement Amount and (i) its intention to settle with the Clearinghouse its Net Settlement Amount by the applicable deadline, or (ii) its refusal to settle for one or more Clearing Members. A refusal to settle by a Settlement Bank for a particular Clearing Member is a refusal to settle all accounts of the Clearing Member.

Notwithstanding the foregoing, a Settlement Bank that is a Clearing Member and settles solely for its own account is not required to acknowledge its Variation Margin settlement obligation.

(3) If a Settlement Bank sends a refusal message in respect of one or more Clearing Members and its new Net Settlement Amount is a credit, it shall immediately acknowledge that amount. If its new Net Settlement Amount is a debit, it shall immediately acknowledge its intention to settle the new Net Settlement Amount with the Clearinghouse by the payment deadline.

(4) A Settlement Bank that is unable to transmit an acknowledgment or refusal message to the Clearinghouse because of operational difficulties may telephone its instructions to the Clearinghouse, using the number specified therefor by the Clearinghouse.

(5) DTC provides the Clearinghouse with services with respect to the Clearinghouse's settlement process as described herein. DTC acts as Settlement Agent (as that term is used in Federal Reserve Bank Operating Circular 12) for the Clearinghouse and for the Settlement Banks with respect to NSS, as the means of effecting settlement.

(6) Settlement Banks must settle their Net Settlement Amounts via NSS. The Settlement Agent will send a pre-advice to each Settlement Bank, notifying it that the Settlement Agent is about to send its NSS transmission to the relevant Federal Reserve Bank that will instruct such Federal Reserve Bank to debit or credit, as applicable, the Settlement Bank's account at the Federal Reserve Bank by the requisite amount.

(7) If a Settlement Bank is experiencing extenuating circumstances and, as a result, must opt out of NSS for one Business Day, the Settlement Bank must notify the Clearinghouse prior to the acknowledgment deadline. A Clearing Member that has appointed such Settlement Bank to act on its behalf shall in such circumstances remain obligated, pursuant to the Rules, to satisfy its Variation Margin obligations by the payment deadline and shall do so by causing such payment to be made to the depository institution designated by the Clearinghouse from time to time to receive such payment.

(8) No improper or unauthorized action, or failure to act, by a Settlement Bank or other depository institution on behalf of a Clearing Member shall excuse or otherwise affect such Clearing Member's obligations to the Clearinghouse pursuant to this Rule. Without limiting the generality of the foregoing:

(i) Each Settlement Bank shall monitor its Federal Reserve Bank account to ensure accuracy of debits and credits made through the NSS process. If the Settlement Bank's account at the Federal Reserve Bank has insufficient funds, DTC will receive notification from the Federal Reserve Bank that the account was not debited. The Clearinghouse will in such circumstances notify affected Clearing Members, who shall pay the required amounts by wire transfer of immediately available funds to the depository institution designated by the Clearinghouse for this purpose by the payment deadline.

(ii) In the event a Settlement Bank fails to make Variation Margin payments in the manner and at the time prescribed by the Clearinghouse, each Clearing Member represented by such Settlement Bank shall remain obligated to the Clearinghouse for such Clearing Member's Variation Margin payment. Such payment shall be made by

the payment deadline. If the Clearinghouse has made payment to a failed Settlement Bank, the Clearinghouse shall have no obligation to a Clearing Member that has appointed such Settlement Bank to act on its behalf for Variation Margin payments that were made by the Clearinghouse to the Settlement Bank for the account of such Clearing Member.

(iii) Pursuant to Federal Reserve Bank Operating Circular No. 12, an indemnity claim made by a Federal Reserve Bank as a result of processing Variation Margin payments and collections via NSS shall be apportioned by the Clearinghouse to the Clearing Members for whom the Settlement Bank to which the indemnity claim relates was acting. Such liability for each applicable Clearing Member shall be in proportion to the amount of all such Clearing Members' Net Settlement Amounts on the Business Day in question. If for any reason such allocation is not sufficient to fully satisfy the Federal Reserve Bank indemnity claim, the remaining loss shall be charged against the Guaranty Fund.

(9) Notwithstanding anything to the contrary in the Rules, on any Business Day on which a Clearing Member is notified by the Clearinghouse that it must deposit Original Margin or increase the amount of its Guaranty Fund deposit and the Clearing Member has Variation Margin due to it from the Clearinghouse, in lieu of paying Variation Margin to the Clearing Member, the Clearinghouse may retain the lesser of (x) the increase in the Original Margin and/or Guaranty Fund deposit or (y) such Variation Margin and apply such amount against the Clearing Member's Original Margin and/or Guaranty Fund obligations.

(c) The following entities shall be eligible to become Settlement Banks: (i) a bank or trust company that is a DTC Settling Bank as defined in FICC Government Securities Division Rule 1; (ii) a Clearing Member that is a bank, trust company or other entity and that has direct access to a relevant Federal Reserve Bank and the NSS; and (iii) any other bank or trust company that has direct access to a relevant Federal Reserve Bank and the NSS. Upon submission of such documentation as the Clearinghouse shall require, the Clearinghouse will determine whether to approve an entity as a Settlement Bank. An entity described in clause (i), (ii) or (iii) that desires to become a Settlement Bank shall sign and deliver to the Clearinghouse: (x) a Settlement Bank Agreement, in the form provided by the Clearinghouse, in which it shall agree to abide by the Rules applicable to Settlement Banks, agree to be bound by the provisions thereof (including any amendment thereto with respect to any transaction occurring subsequent to such time such amendment takes effect as fully as though such amendment were now a part of the Rules), and agree that the Clearinghouse shall have all the rights and remedies contemplated by the Rules; (y) an Appointment of Settlement Bank, in the form provided by the Clearinghouse, for each Clearing Member for which such Settlement Bank agrees to act as Settlement Bank; and (z) an agreement, in the form provided by the Clearinghouse, authorizing DTC to utilize NSS for funds-only settlement as the relevant Federal Reserve Bank may require.

(d) The following shall apply to all Settlement Banks:

(1) In addition to paragraph (b) of this Rule, this paragraph (d) and applicable provisions of Rule 101, the following Rules shall apply to Settlement Banks in the same manner as they apply to Clearing Members: Rule 207, Rule 303 (other than paragraph (b) thereof), Rule 304, Rule 501, Rule 601 through Rule 604, Rule 704, Rule 706, Rule 708, Rule 709 and Rule 712.

(2) A Settlement Bank that is a DTC Settling Bank or Clearing Member must maintain its status as such. A Settlement Bank that is not a DTC Settling Bank or Clearing Member must comply with such financial responsibility and operational capability standards as the Clearinghouse may establish from time to time.

(3) If required by the Clearinghouse, a Settlement Bank shall submit financial and other information as may be specified by the Clearinghouse from time to time.

(4) A Settlement Bank shall provide to the Clearinghouse written notice of its intention to terminate its status as a Settlement Bank or its representation of a Clearing Member. Such termination shall not be effective until accepted by the Clearinghouse, and affected Clearing Members shall be required to appoint replacement Settlement Banks prior to the effective date of termination.

(5) Based on its judgment that adequate cause exists to do so, the Clearinghouse may at any time terminate an entity's status as a Settlement Bank and its right to act as a Settlement Bank.

(6) A Settlement Bank's books and records relating to the Clearinghouse's settlement process shall be open to the inspection by duly authorized representatives of the Clearinghouse upon reasonable prior notice and during the Settlement Bank's normal business hours.

(7) Each Settlement Bank shall comply in all material respects with all applicable law, including applicable laws relating to taxation and anti-money laundering in connection with its activities as a Settlement Bank.

(8) Each Settlement Bank shall fulfill, within the timeframes established by the Clearinghouse, any operational testing requirements (the scope of such testing to be determined by the Clearinghouse in its sole discretion) and related reporting requirements that may be imposed by the Clearinghouse from time to time to ensure the continuing operational capability of the Settlement Bank.

Rule 404. Settlement Prices

As used in the Rules, the term "Settlement Price" means the settlement price for a Contract for each Contract for which positions remain open, as determined: (i) intra-day by the Clearinghouse based upon prices of Contracts made on the Exchange and other sources of information deemed reliable by the Clearinghouse; and (ii) by the Exchange in accordance with its rules at the close of trading on each Business Day, except in the case of manifest error or where the Clearinghouse believes that such settlement price does not reasonably reflect the value or price of the Contract, in which case the Clearinghouse, using its best efforts to consult with the Exchange, shall determine the official settlement price; provided, that the Clearinghouse shall in such circumstances promptly notify the Exchange and Clearing Members, and the reasons for that determination and the basis for the Settlement Price determined by the Clearinghouse shall be published in a notice to the Exchange and Clearing Members.

Rule 405. Long Position Reports

Clearing Members shall maintain and submit, at such times and in such manner as shall be prescribed by the Clearinghouse, a complete and accurate record of dates of all open purchases in

Contracts that are settled by physical delivery where the rules of the Exchange permit delivery to be made on more than one Business Day. Unless otherwise provided by the Clearinghouse, beginning on the day following the first day on which holders of long positions may be assigned delivery notices, all purchases and sales made in one day in the lead month Contract by a Person holding a long position in that Contract must first be netted out as day trades with only the excess buys being considered new long positions or the excess sales being considered offsets of the long position.

Rule 406. Offsets

Where, as the result of novation under Rule 401, a Clearing Member has bought and sold a Contract on or subject to the Rules of an Exchange with the same delivery month or a put or call option with the same strike price and expiration month, the purchase and sale will be offset by the Clearinghouse either automatically or, where the Clearinghouse has not offset such positions, through the timely submission of instructions by the Clearing Member containing such information as the Clearinghouse may require in accordance with its procedures. A Clearing Member shall be required to pay the loss or entitled to collect the profit, as the case may be, upon such offsetting transactions, and shall have no further rights or be under any further obligation with respect thereto. For purposes of this Rule, the first Contracts made shall be deemed the first Contracts offset.

Rule 407. Deliveries

Deliveries of Eligible Securities in satisfaction of Contracts shall be effected through FICC in accordance with its rules. The Clearinghouse shall cease to have any obligation for the performance of a Contract upon the receipt by FICC of instructions from the Clearinghouse relating thereto.

Rule 408. Cash Settlement

After trading ceases on the last day of trading for a Contract that is cash-settled, any open positions in Contracts will be settled in cash at the Settlement Price established therefor.

Rule 409. Transfers of Contracts [Amended 08/31/2011]

(a) Trades and positions may be transferred on the books of a Clearing Member or from one Clearing Member to another Clearing Member provided that:

- (1) the transfer constitutes a change from one account to another account where the underlying beneficial ownership in such accounts remains the same;
- (2) an error has occurred in the clearing of a trade and a transfer to correct such error is undertaken and is completed within two Business Days after the trade date;
- (3) the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities; or
- (4) if, in the judgment of the Clearinghouse, the situation so requires and such transfer is in the best interest of the Clearinghouse.

(b) Any transfer that is permitted pursuant to this Rule of a Contract that is physically settled must be recorded and carried on the books of the receiving Clearing Member at the original trade date(s); any transfer that is permitted pursuant to this Rule of a Contract that is not physically settled may be recorded and carried on the books of the receiving Clearing Member at the original trade date(s) or at the transfer date. Unless the Clearinghouse determines that it would be contrary to the best interests of the Clearinghouse, futures Contracts may be transferred using either the original trade price or the prior Business Day's Settlement Price and options Contracts may be transferred using either the original trade price or a trade price of zero.

Rule 410. Customer Accounts [Amended 01/04/2012]

(a) A Clearing Member required by law to segregate Customer transactions with the Clearinghouse shall maintain a segregated Customer Account for that purpose and shall comply with CFTC Regulations 1.20 through 1.30, 1.32, 1.36 and 1.49, as applicable. The Clearinghouse shall maintain all funds held in a Customer Account in accordance with the CEA and CFTC regulations. When so designated by the Clearing Member, ~~the~~ Customer Account shall be treated as to Margin and all other operations separately from the ~~proprietary accounts~~ Proprietary Accounts of the Clearing Member, except that ~~(i) excess funds in the proprietary accounts of the Clearing Member may be allocated as provided in paragraph (b). A Clearing Member that has been authorized by the Clearinghouse to the Customer Account to the extent necessary to meet applicable Margin requirements, and (ii) if the Clearing Member is in Default under Rule 503 or for any reason ceases to be a Clearing Member, the balance in the proprietary accounts of the Clearing Member may be applied against any deficit in the Customer Account. The Clearinghouse shall maintain all funds held in Customer Accounts in accordance with the CEA and CFTC regulations.~~ cross-margin the Eligible Positions of Market Professionals shall maintain a separate Customer Account for such purpose.

(b) If the Clearing Member is in Default under Rule 503 or for any reason ceases to be a Clearing Member, any excess funds in the Proprietary Accounts of the Clearing Member may be applied against any deficit in such Clearing Member's Customer Accounts, in each case first to the Customer Account of such Clearing Member that is maintained for Customers that are not Market Professionals and, thereafter, to the Customer Account that is maintained for Customers that are Market Professionals.

(c) (b) The Clearinghouse will, upon request by a Customer, promptly transfer, from the Customer Account of one Clearing Member (the "Transferor Clearing Member") to the Customer Account of another Clearing Member (the "Transferee Clearing Member"), all or a portion of such Customer's Contracts if:

(1) The Customer delivers to the Transferor Clearing Member a request, in form and substance satisfactory to the Clearinghouse, to effect the transfer of all or a specified portion of such Customer's Contracts and the Margin associated therewith to the Transferee Clearing Member ("Customer Request");

(2) The Transferor Clearing Member does not, within two Business Days following its receipt of the Customer Request, provide written notice to the Clearinghouse to the effect that the Customer's account on the books of the Transferor Clearing Member is not, or after giving effect to the Customer Request would not be, in compliance with applicable margin, performance bond or other collateral requirements;

(3) The Transferee Clearing Member provides written confirmation to the Clearinghouse that it consents to the transfers contemplated by the Customer Request and that giving effect thereto will not, to the knowledge of the Transferee Clearing Member, result in such Customer being undermargined on the books of the Transferee Clearing Member; and

(4) Neither the Transferee Clearing Member nor the Transferor Clearing Member is in Default or has been suspended pursuant to Rule 601.

Without prejudice to its right to provide notice pursuant to paragraph (2), the Transferor Clearing Member shall transmit the Customer Request to the Clearinghouse promptly upon receipt thereof by the Transferor Clearing Member. If the Customer Request relates to all of the Customer's Contracts on the books of the Transferee Clearing Member, the Clearinghouse will transfer any Margin associated therewith to the Transferee Clearing Member. If the Customer Request relates to fewer than all of the Contracts carried on the books of the Transferor Clearing Member for such Customer, the Clearinghouse will determine the Margin required for those Contracts that will remain in the Customer Account of the Transferor Clearing Member (the "Residual Margin Requirement") and transfer to the Transferee Clearing Member any Margin held by the Clearinghouse for all such Contracts being transferred, less the Residual Margin Requirement.

Rule 411. Cross-Margining

(a) General

(1) The Clearinghouse may enter into a Cross-Margining Agreement pursuant to which a Joint Clearing Member or a Clearing Member and its Cross-Margining Affiliate may, at the discretion of the Clearinghouse and in accordance with the provisions of the Rules, elect to have its or their Margin ~~requirement~~requirements in respect of Eligible Positions at the Clearinghouse and at FICC calculated:

(i) in respect of such Clearing Member's (and, if applicable, its Cross-Margining Affiliate's) Proprietary Accounts cleared by such Clearing Member (and, if applicable, its Cross-Margining Affiliate) by taking into consideration the net risk of such Eligible Positions at both clearing organizations, the Clearinghouse and FICC; and

(ii) in respect of the accounts of Market Professionals cleared by such Clearing Member (and, if applicable, its Cross-Margining Affiliate) by taking into consideration the net risk of Eligible Positions held for each such Market Professional (but not any other Market Professional) at the Clearinghouse and FICC.

The following provisions of this Rule and the provisions of the Cross-Margining Agreement and the ~~Cross-Margining Participant~~Clearing Member Cross-Margining Agreement, which shall be deemed to be Rules, shall be applicable to any such Clearing Member.

(2) A Clearing Member desiring to elect cross-margining as described in this Rule shall execute ~~at the Clearing Member~~the Clearing Member Cross-Margining ~~Participant~~ Agreement and such other documents as the Clearinghouse may specify. Such election shall be subject to the approval of the Clearinghouse and FICC and shall remain in effect until the applicable Clearing Member Cross-Margining Participant Agreement is terminated in accordance with its terms. Failure to comply with the terms of such Agreement may constitute an act detrimental to the

interest or welfare of the Clearinghouse and result in the suspension or termination of clearing privileges.

(3) A Clearing Member that is an affiliate of a Clearing Member that elects cross-margining will be deemed to have consented to provisions of the Cross-Margining Agreement that permit or require the Clearinghouse to furnish information relating to such non-cross-margining Clearing Member to FICC.

(4) The provisions of this Rule shall apply to all Contracts and positions held pursuant to a Clearing Member Cross-Margining Participant Agreement and shall supersede all other provisions of the Rules to the extent inconsistent therewith.

(b) Margin for Cross-Margin Positions

Margin requirements for cross-margined positions shall be determined as set forth in the Cross-Margining Agreement, which Agreement shall govern the forms of Margin that are permitted and how such Margin is held.

(c) Close-Out of Cross-Margin Positions

The cross-margin account of a Clearing Member may be liquidated by the Clearinghouse at the request of FICC, whether or not the Clearinghouse suspends such Clearing Member. Upon the suspension of a Joint Clearing Member, or upon receiving notice from FICC of its suspension of a Clearing Member or its Cross-Margining Affiliate, the Clearinghouse shall, in addition to the rights otherwise conferred by the Rules, have the right to liquidate the positions in the cross-margin account, convert the Margin in such account to cash, and dispose of the proceeds thereof, in accordance with the terms of the Cross-Margining Agreement, the Clearing Member Cross-Margining Participant Agreement and the Rules.

(d) Payment Obligations

~~(1)~~—In addition to a Clearing Member's other obligations to the Clearinghouse under the Rules, in the event that the Clearinghouse becomes obligated to make a Cross-Margin Payment to FICC under the Cross-Margining Agreement, the Clearing Member responsible therefor shall thereupon immediately be obligated, whether or not the Clearinghouse has then made payment to FICC, to pay to the Clearinghouse an amount equal to the Cross-Margin Payment. In such an event, the Clearinghouse shall either:

~~(2)~~ The Clearinghouse shall either:

(1) ~~(i)~~ apply any Cross-Margin Payment received by the Clearinghouse in accordance with the Cross-Margining Agreement: (i) to the unpaid obligations of the Clearing Member to the Clearinghouse, and (ii) to reduce the assessments made or that otherwise would be made against other Clearing Members pursuant to Rule 504(b) (each, a "Cross-Margin Beneficiary Member"); or

(2) ~~(ii)~~ retain any Cross-Margin Payment received by the Clearinghouse and not apply such Cross-Margin Payment to reduce any such assessments against the Cross-Margin Beneficiary Members until the Clearinghouse determines that the Clearinghouse is no longer liable for any Cross-Margin Repayment, at which point the Cross-Margin Payment shall be treated as an amount that has been recovered and will be credited ratably to the account of the Cross-Margin Beneficiary Members.

(e) Cross-Margin Repayment Deposits

(e)—Except to the extent the Clearinghouse otherwise determines: (1) in addition to the other deposits to the Guaranty Fund, a Cross-Margin Beneficiary Member shall be required to make a deposit to the Guaranty Fund (a “Cross-Margin Repayment Deposit”) in an amount equal to the amount of the reduction in the assessment made or that otherwise would have been made against such Cross-Margin Beneficiary Member if the Clearinghouse had not received a Cross-Margin Payment, and (2) such Cross-Margin Repayment Deposit shall be retained by the Clearinghouse for so long as the Clearinghouse determines that it may be liable for a Cross-Guaranty Repayment.

(f) Cross-Margin Beneficiary Member Obligations

(f)—Except to the extent the Clearinghouse otherwise determines: (1) if the Clearinghouse makes a Cross-Margin Repayment in respect of any Cross-Margin Payment, the appropriate Cross-Margin Beneficiary Members shall be obligated to reimburse the Clearinghouse for such Cross-Margin Repayment pro rata up to the full amount of such Cross-Margin Repayment Deposits, and (2) the Clearinghouse shall be entitled to apply the deposits of ~~their respective~~its Cross-Margin Beneficiary Members to the Guaranty Fund in satisfaction of such obligation to reimburse the Clearinghouse.

(g) Certain Definitions

(g)—As used in this Rule 411:

(1) The term “Cross-Margin Payment” means any payment, other than a Cross-Guaranty~~Margin~~ Repayment, that the Clearinghouse makes or receives pursuant to ~~the~~a Cross-Margining Agreement~~Margin~~ Guaranty.

(2) The term “Cross-Margin Repayment” means (i) any amount of a Cross-Margin Payment received by the Clearinghouse that the Clearinghouse (A) repays to FICC pursuant to the Cross-Margining Agreement or (B) pays over to a Clearing Member or its legal representative pursuant to a court order or judgment, or (ii) any amount of a Cross-Margin Payment made by the Clearinghouse that the Clearinghouse receives back from FICC pursuant to a Cross-Margining Agreement.

(3) The term “Cross-Margin Guaranty” means a guaranty by the Clearinghouse of the obligations of a Clearing Member to FICC or, as the context requires, a guaranty by FICC of the obligations of an FICC clearing member.

CHAPTER 5. OBLIGATIONS OF THE CLEARINGHOUSE

Rule 501. Limitation of Liability

(a) The liability of the Clearinghouse relating to or arising out of Contracts shall be limited to losses resulting from the novation of the Contracts in accordance with the Rules. Subject to the foregoing, the Clearinghouse shall not be responsible for any action taken, or any delay or failure to take any action, hereunder or otherwise to fulfill the Clearinghouse's obligations to Clearing Members, other than for losses caused directly by the Clearinghouse's gross negligence or willful misconduct and shall not be liable for any other obligations, including but not limited to obligations of a non-Clearing Member, obligations of a Clearing Member to a Customer or other non-Clearing Member or obligations of a Clearing Member to another Clearing Member that is acting for it as broker; nor shall the Clearinghouse become liable to make deliveries to or accept deliveries from Clearing Members or Customers. Under no circumstances will the Clearinghouse be liable for the acts, delays, omissions, bankruptcy, or insolvency, of any third party, including, without limitation, any depository, custodian, subcustodian, clearing or settlement system unless the Clearinghouse was grossly negligent or engaged in willful misconduct. Under no circumstances will the Clearinghouse be liable for any indirect, consequential, incidental, special, punitive or exemplary loss or damage (including, but not limited to, loss of business, loss of profits, trading losses, loss of opportunity and loss of use) howsoever suffered or incurred, regardless of whether the Clearinghouse has been advised of the possibility of such damages or whether such damages otherwise could have been foreseen or prevented.

(b) Except as otherwise expressly provided by written agreement between the Clearinghouse and any other entity, including FICC:

(1) the Clearinghouse shall not be liable for any obligations of such other entity nor shall any funds or any other assets of the Clearinghouse be available to such other entity (or any Person claiming through such other entity) for any purpose, and no Clearing Member shall assert against the Clearinghouse any claim based upon any obligations of any other entity to such Clearing Member; and

(2) such other entity shall not be liable for any obligations of the Clearinghouse nor shall any funds or any other assets of such other entity be available to the Clearinghouse (or any Person claiming through the Clearinghouse) for any purpose, and no Clearing Member shall assert against such other entity any claim based upon any obligations of the Clearinghouse to such Clearing Member.

(c) The Clearinghouse may accept and rely upon any information or instruction given to the Clearinghouse by a Clearing Member or its Authorized Representative, which reasonably is understood by the Clearinghouse to have been delivered to the Clearinghouse by the Clearing Member and such Clearing Member shall indemnify the Clearinghouse, and any of its employees, officers, directors, members, agents and Clearing Members against any loss, liability or expense as a result of any act done in reliance upon the authenticity of any information or instruction received by the Clearinghouse, the inaccuracy of the information contained therein or effecting transactions in reliance upon such information or instruction.

(d) A Clearing Member shall reimburse the Clearinghouse for all fees, expenses, charges and costs assessed by a depository against the Clearinghouse with respect to Margin maintained

in such Clearing Member's account, and the Clearinghouse shall not have any obligation or responsibility to preserve, protect, collect or realize upon, and under no circumstances shall the Clearinghouse be liable for, any loss or diminution in value or depreciation in Margin deposited by Clearing Members. Clearing Members that deposit Margin with a Clearing Bank pursuant to the Rules shall hold the Clearinghouse harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such Margin.

(e) Any obligation of the Clearinghouse to a Clearing Member arising from a Contract 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 herein. The rights of the Clearinghouse set forth herein shall be in addition to other rights that the Clearinghouse may have under applicable law and governmental regulations, other provisions of the Rules, additional agreements with the Clearing Member or any other source.

Rule 502. Liens Held by the Clearinghouse

The Clearinghouse shall have a first lien and perfected security interest in, and right of setoff against, all Margin, Guaranty Fund deposits, Contracts, collateral and other property held in or for the accounts of a Clearing Member in connection with its Obligations and all proceeds of any of the foregoing. The Clearinghouse may assign, pledge, repledge or otherwise create a lien on or security interest in, and enter into repurchase agreements involving, Margin, Guaranty Fund deposits, Contracts, collateral and other property held in or for the accounts of a Clearing Member to secure the repayment of funds that may be borrowed by the Clearinghouse.

Rule 503. Clearing Member Default; Application of Clearinghouse Resources

(a) If a Clearing Member is in Default, its Margin, Guaranty Fund deposit and any other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 307, shall be applied by the Clearinghouse to discharge the Obligations of such Clearing Member to the Clearinghouse (including any amounts owed by the Clearinghouse to FICC under the Cross-Margining Agreement, and costs and expenses associated with the liquidation, transfer or management of Contracts held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member), and the Clearinghouse may cause all Contracts of such Clearing Member (whether or not carried in a Customer Account) to be closed or offset, transferred to any other Clearing Member, or otherwise resolved as provided in Rule 601. If a Clearing Member that is in Default is a party to a Clearing Member Cross-Margining-Participant Agreement, the Clearing Member's Contracts and Margin and the positions and margin deposits of its Cross-Margining Affiliate, if applicable, in either case in an account established pursuant to the Clearing Member Cross-Margining-Participant Agreement, shall be considered assets of the Clearing Member available to the Clearinghouse to the extent provided in the Cross-Margining Agreement.

(b) If the Margin, Guaranty Fund deposit and other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 307, are insufficient to satisfy the defaulting Clearing Member's Obligations to the Clearinghouse after giving effect to the application of such amounts pursuant to paragraph (a), such defaulting Clearing Member shall continue to be liable therefor. In such event, the amount of the deficiency, exclusive of any fees, assessments and fines that may have been imposed by the

Clearinghouse (the "Clearing Member Deficiency") shall, until collected, be met from the following sources of funds, with each such source being completely exhausted, to the extent practicable, before the next following source is applied:

(1) twenty-five percent of the Retained Earnings of the Clearinghouse;

(2) the Guaranty Fund deposits of all Clearing Members (other than a Clearing Member that is in Default), in direct proportion to the total Guaranty Fund deposits of each Clearing Member (other than a Clearing Member that is in Default);

(3) cash operating surplus of the Clearinghouse for the current year in excess of amounts necessary for normal operations remaining after the deduction required by subparagraph (1);

(4) the NYSE Guaranty; and

(5) assessments levied by the Clearinghouse upon all the Clearing Members (other than the Clearing Member that is in Default) as provided in Rule 504(b).

(c) In closing, offsetting, transferring or otherwise resolving the Contracts of a Clearing Member as provided herein and in Rule 601, the Clearinghouse shall have the right:

(1) with respect to Contracts in a Customer Account of such Clearing Member, to set off (i) any proceeds received by the Clearinghouse from the disposition of such Contracts and any property or proceeds thereof deposited with or held by the Clearinghouse as Margin for such ~~account~~ Customer Account against (ii) any amounts paid by the Clearinghouse in the disposition of such Contracts, including any commissions or other losses or expenses incurred in connection therewith or in connection with the liquidation of Margin deposits in such Customer Account and any other amounts owed to the Clearinghouse as a result of transactions in ~~the Customer Account~~ or otherwise lawfully chargeable against ~~the~~ such Customer Account; and

(2) with respect to the Contracts in any other account of such Clearing Member, to set off (i) any proceeds received by the Clearinghouse from the disposition of such Contracts, any property or proceeds thereof deposited with or held by the Clearinghouse as Margin for such accounts and any other property of the Clearing Member within the possession or control of the Clearinghouse other than property that has been identified by such Clearing Member as required to be segregated as provided for in Rule 410, against (ii) any amounts paid by the Clearinghouse in the disposition of such Contracts, 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 Clearing Member to the Clearinghouse, including Obligations of the Clearing Member to the Clearinghouse remaining after the setoffs referred to in paragraph (1) above, and any Obligations arising from any other accounts maintained by the Clearing Member with the Clearinghouse.

(d) For purposes of this Rule, each Default by a Clearing Member will be considered a separate Default.

(e) If a Clearing Member is in Default and a payment is made to the Clearinghouse pursuant to the NYSE Guaranty, the Clearinghouse may assign to NYSE Euronext all of the Clearinghouse's rights and remedies against such Clearing Member under the Rules and the

Clearinghouse's agreements with such Clearing Member. Upon such assignment, NYSE Euronext shall have such rights and remedies, and may bring a claim in its own name, to pursue recovery of any amounts paid by NYSE Euronext under the NYSE Guaranty.

(f) A Clearing Member shall take no action, including but not limited to attempting to obtain a court order, that would interfere with the ability of the Clearinghouse or, as provided in paragraph (e), NYSE Euronext to exercise its rights under the Rules and its agreements with such Clearing Member.

Rule 504. Guaranty Fund

(a) Each Clearing Member shall deposit and maintain a contribution to the Guaranty Fund in such form and in such amount as determined by the Clearinghouse from time to time. The Clearinghouse shall determine the appropriate size of the Guaranty Fund. If at any time the Clearing Member does not have a sufficient deposit in the Guaranty Fund, any such deficiency shall remain a liability of the Clearing Member to the Clearinghouse, which it may collect from any other assets of such Clearing Member or by legal process. Additionally, the Clearinghouse may deposit, or may cause to be deposited, such amount to the Guaranty Fund as it determines, which amount shall not be subject to the restrictions on return set forth in paragraph (4) below.

(1) Calculation

The amount required to be deposited by each Clearing Member shall be determined by a formula that reflects certain components of risk and volume and shall be calculated by the Clearinghouse daily. A Clearing Member whose requirement has increased relative to its current contribution shall be required to deposit cash, securities or other property acceptable to the Clearinghouse to remedy such deficiency, subject to certain thresholds established by the Clearinghouse from time to time. A Clearing Member whose Guaranty Fund requirement has decreased relative to its current contribution may withdraw its excess contribution upon request and at intervals established by the Clearinghouse from time to time.

(2) Custody

(i) The Guaranty Fund shall be deposited in a special account in the name of the Clearinghouse in such depositories or other acceptable locations as may be designated by the Clearinghouse.

(ii) The Clearinghouse shall be empowered to invest and reinvest all or part of the funds constituting the Guaranty Fund. Such investments and deposits shall be for the account and risk of the Clearinghouse, and any income and gains on such investments and interest on such deposits shall belong to the Clearinghouse and may be withdrawn from the Guaranty Fund and deposited with the general funds of the Clearinghouse. No interest shall be paid to any Clearing Member on any funds deposited in the Guaranty Fund.

(3) Impairment

If the Guaranty Fund or any part thereof shall be lost or become unavailable from any cause other than the Default of the depositing Clearing Member, the amount so lost or made unavailable shall be forthwith restored by transferring thereto such of the surplus funds of the Clearinghouse as may be necessary, except such amount as the

Clearinghouse may, in its discretion, decide to retain as surplus for future operating expenses, and if the amount thus transferred from surplus is insufficient to cover the entire loss, the balance of such loss shall be made up by an assessment upon each Clearing Member pursuant to paragraph (b). Such assessment shall be paid by a Clearing Member immediately after the issuance of notice to such Clearing Member.

(4) Return of Clearing Member Guaranty Fund Deposit

After a Clearing Member ceases to be a Clearing Member of the Clearinghouse and after all Obligations of such Clearing Member to the Clearinghouse shall have been discharged in full, the amount of the Guaranty Fund to which such Clearing Member is entitled shall be returned. Expenses incurred by the Clearinghouse in connection with a Clearing Member's deposit or the return thereof may be charged to the Clearing Member.

(5) Certain Borrowings

(i) The Clearinghouse may at any time and from time to time assign, pledge, repledge or otherwise create a lien on or security interest in the Guaranty Fund and/or the cash, securities and other property held in the Guaranty Fund to secure the repayment of funds borrowed by the Clearinghouse and any interest, fees and other amounts payable in connection therewith.

(ii) Any funds so borrowed shall be used and applied by the Clearinghouse solely for the purposes for which cash, securities and other property held in the Guaranty Fund are authorized to be used pursuant to the Rules; provided that the failure of the Clearinghouse to use such funds in accordance with this Rule shall not impair any of the rights or remedies of any assignee, pledgee or holder of any such lien or security interest.

(iii) Any such borrowing shall be on terms and conditions deemed necessary or advisable by the Clearinghouse, and may be in amounts greater, and extend for periods of time longer than the Obligations, if any, of any Clearing Member to the Clearinghouse for which such cash, securities or other property was pledged to or deposited with the Clearinghouse.

(iv) Cash, securities and other property held in the Guaranty Fund shall remain the property of the Clearing Members depositing such cash securities and other property, except that:

(A) such property shall be subject to the rights and powers of the Clearinghouse with respect thereto as set forth in the Rules and the agreements between such Clearing Member and the Clearinghouse, including any Clearing Member Cross-Margining-Participant Agreement; and

(B) such property shall be subject to the rights and powers of any Person to which the Guaranty Fund or any of the cash, securities or other property held therein shall have been assigned, pledged, repledged or otherwise subjected to a lien or security interest.

(b) Clearing Member Assessment

(1) The balance of the Clearinghouse loss remaining after application of the funds set forth in Rule 503(b)(1) through Rule 503(b)(4) shall be assessed against all Clearing Members (excluding any Clearing Member that is in Default). Each Clearing Member (excluding any Clearing Member that is in Default) shall be subject to an assessment in an amount, as determined by the Clearinghouse, that is proportional to such Clearing Member's Guaranty Fund requirement compared to the total Guaranty Fund requirement of all Clearing Members.

(2) Notwithstanding the foregoing and except as provided for below, a Clearing Member will not be liable to make good more than an additional 100% of the amount of its Guaranty Fund requirement, as calculated by the Clearinghouse pursuant to paragraph (a) prior to the Default that gave rise to the assessment, if (i) within five business days following such assessment, the Clearing Member notifies the Clearinghouse in writing that it is terminating its status as a Clearing Member, (ii) no Contracts are submitted for clearing through any of the Clearing Member's accounts after the giving of such notice other than for the purpose of liquidating open positions, and (iii) the Clearing Member closes out or transfers all of its open positions with the Clearinghouse as promptly as practicable after the giving of such notice; provided, that a Clearing Member which so terminates its status as a Clearing Member shall be ineligible to be readmitted to the Clearinghouse unless the Clearing Member agrees to such reimbursement of the persons who were Clearing Members at the time of such termination as the Clearinghouse deems fair and equitable in the circumstances. A Clearing Member that has satisfied the foregoing conditions shall not be subject to assessment under this paragraph (b) for a Default that occurs after the time such Clearing Member has notified the Clearinghouse that it is terminating its status as a Clearing Member.

(3) The difference, if any, between the amount that would be assessed against any Clearing Member pursuant to subparagraph (1) and subparagraph (2) shall be considered a deficiency and shall be assessed against Clearing Members (other than a Clearing Member that is in Default and any Clearing Member that has paid the maximum amount set forth in subparagraph (2)) in accordance with paragraph (1) of this Rule until the entire deficiency is paid or every Clearing Member (other than a Clearing Member that is in Default or a Clearing Member that has paid the maximum amount set forth in subparagraph (2)) has paid the amount set forth in subparagraph (2).

(4) A Clearing Member shall pay the amount of any assessment made pursuant to this Rule in immediately available funds not later than one Business Day after written notice of such assessment shall have been delivered to such Clearing Member. Any Clearing Member that does not satisfy an assessment timely and in full shall be in Default. Any Clearinghouse loss that remains as a result of such Default shall be assessed to the non-defaulting Clearing Members.

Rule 505. Cross-Guaranty Agreements

(a) The Clearinghouse may, from time to time, enter into one or more Cross-Guaranty Agreements.

(b) In addition to a Clearing Member's other obligations to the Clearinghouse under the Rules, a Cross-Guaranty Defaulting Member on whose account the Clearinghouse has made a Cross-Guaranty Payment shall be obligated to the Clearinghouse for the amount of such Cross-Guaranty Payment less the amount of any Cross-Guaranty Repayment received by the Clearinghouse in respect thereof.

(c) The Clearinghouse shall either:

(1) apply any Cross-Guaranty Payment received by the Clearinghouse on account of a Cross-Guaranty Defaulting Member: (i) to the unpaid obligations of such Cross-Guaranty Defaulting Member to the Clearinghouse, and (ii) to reduce the assessments made or that otherwise would be made against other Clearing Members pursuant to Rule 504(b) (each, a "Cross-Guaranty Beneficiary Member"); or

(2) retain any Cross-Guaranty Payment received by the Clearinghouse and not apply such Cross-Guaranty Payment to reduce any such assessments against other Clearing Members until the Clearinghouse determines that the Clearinghouse is no longer liable for any Cross-Guaranty Repayment, at which point the Cross-Guaranty Payment shall be treated as an amount that has been recovered and will be credited ratably to the account of Cross-Guaranty Beneficiary Members.

(d) Except to the extent the Clearinghouse otherwise determines, (1) in addition to the other deposits to the Guaranty Fund, a Cross-Guaranty Beneficiary Member shall be required to make a deposit to the Guaranty Fund (a "Cross-Guaranty Repayment Deposit") in an amount equal to the amount of the reduction in the assessment made or that otherwise would have been made against such Cross-Guaranty Beneficiary Member if the Clearinghouse had not received a Cross-Guaranty Payment on account of a Cross-Guaranty Defaulting Member and (2) such Cross-Guaranty Repayment Deposit shall be retained by the Clearinghouse for so long as the Clearinghouse determines that it may be liable for a Cross-Guaranty Repayment.

(e) Except to the extent the Clearinghouse otherwise determines, (1) if the Clearinghouse makes a Cross-Guaranty Repayment in respect of any Cross-Guaranty Payment, the appropriate Cross-Guaranty Beneficiary Members shall be obligated to reimburse the Clearinghouse for such Cross-Guaranty Repayment pro rata up to the full amount of their respective Cross-Guaranty Repayment Deposits, and (2) the Clearinghouse shall be entitled to apply the deposits of such Cross-Guaranty Beneficiary Members to the Guaranty Fund in satisfaction of such obligation to reimburse the Clearinghouse.

(f) As used in this Rule 505:

(1) The term "Cross-Guaranty Payment" means any payment, other than a Cross-Guaranty Repayment, that the Clearinghouse makes or receives pursuant to a Cross-Guaranty Agreement.

(2) The term "Cross-Guaranty Repayment" means (i) any amount of a Cross-Guaranty Payment received by the Clearinghouse that the Clearinghouse (A) repays to a Cross-Guaranty Counterparty pursuant to a Cross-Guaranty Agreement or (B) pays over to a Cross-Guaranty Defaulting Member or its legal representative pursuant to a court order or judgment, or (ii) any amount of a Cross-Guaranty Payment made by the Clearinghouse that the Clearinghouse receives back from a Cross-Guaranty Counterparty pursuant to a Cross-Guaranty Agreement.

Rule 506. Close-Out Netting [Amended 01/04/2012]

(a) Insolvency of the Clearinghouse

If at any time the Clearinghouse: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (ii) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or presents or has presented against it a petition for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for the Clearinghouse's winding-up or liquidation that remains unstayed for a period of at least 90 days from the issue thereof, (iii) approves resolutions authorizing any proceeding or petition described in clause (ii) above or (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets, which if not sought by the Clearinghouse, remains unstayed for a period of at least 90 days from the issue thereof (any such event, a "Bankruptcy Event"), all open positions in the Clearinghouse shall be closed promptly.

(b) Default of the Clearinghouse

If at any time the Clearinghouse fails to comply with an undisputed obligation to pay money or deliver property to a Clearing Member that is due and owing in connection with a transaction on the Clearinghouse or cleared by the Clearinghouse, for a period of 30 days from the date that the Clearinghouse receives notice from the Clearing Member of the past due obligation, the Clearing Member's open proprietary and Customer positions at the Clearinghouse shall, at the election of that Clearing Member, be closed promptly.

(c) Netting and Close Out

As promptly as reasonably practicable, but in any event within 30 days of the time that the Clearing Member's positions are closed in accordance with paragraph (a) or (b) of this Rule, the obligations of the Clearinghouse to such Clearing Member in respect of all of its proprietary positions, accounts, collateral and deposits to the Guaranty Fund shall be netted, in accordance with the Bankruptcy Code, the CEA and the regulations adopted thereunder in each case, against the obligations of that Clearing Member in respect of its proprietary positions, accounts, collateral and its obligations to the Guaranty Fund to the Clearinghouse. All obligations of the Clearinghouse to such Clearing Member in respect of its Customer positions, accounts, and collateral shall be separately netted against the positions, accounts and collateral of its Customers in accordance with the requirements of the Bankruptcy Code, the CEA and the regulations adopted thereunder. Any amounts due upon such netting shall be promptly paid from the applicable Clearing Member to the Clearinghouse or from the Clearinghouse to the applicable Clearing Member, as the case may be. At the time a Bankruptcy Event takes place or the time a Clearing Member elects to have its open positions closed as described in paragraph (b) of this Rule, the authority of the Clearinghouse, pursuant to Rule 504(b), to make new assessments and/or require each Clearing Member or the applicable Clearing Member, as the case may be, to cure a deficiency in its Guaranty Fund deposit, arising after the Bankruptcy Event or election, as

the case may be, shall terminate, and each applicable position open immediately prior to the close-out shall be valued in accordance with the procedures of paragraph (d) of this Rule.

(d) Valuation

Whenever a Clearing Member's positions are closed in accordance with paragraph (a) or (b) of this Rule, the Clearinghouse shall fix a U.S. dollar amount (the "Close-out Amount") to be paid to or received from the Clearinghouse with respect to each position in each account of such Clearing Member. In fixing Close-out Amounts, the Clearinghouse shall exercise its discretion, acting in good faith and in a commercially reasonable manner, in adopting methods of valuation expected to produce reasonably accurate substitutes for the values that would have been obtained from the relevant market if it were operating normally, including but not limited to the use of pricing models to determine a value for a cleared Contract based on the market price of the underlying interest or the market prices of its components. In determining a Close-out Amount, the Clearinghouse may consider any information that it deems relevant, including, but not limited to, any of the following:

(1) prices for underlying interests in recent transactions, as reported by the market or markets for such interests;

(2) quotations from leading dealers in the underlying interest, setting forth the price (which may be a dealing price or an indicative price) that the quoting dealer would charge or pay for a specified quantity of the underlying interest;

(3) relevant historical and current market data for the relevant market, provided by reputable outside sources or generated internally; and

(4) values derived from theoretical pricing models using available prices for the underlying interest or a related interest and other relevant data.

Amounts stated in a currency other than U.S. dollars shall be converted to U.S. dollars at the current rate of exchange, as determined by the Clearinghouse.

(e) Interpretation in Relation to FDICIA

The Clearinghouse intends that certain provisions of this Rule be interpreted in relation to certain terms identified by quotation marks that are defined in the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), as amended, as follows:

(1) The Clearinghouse is a "clearing organization."

(2) An obligation of a Clearing Member to make a payment to the Clearinghouse, or of the Clearinghouse to make a payment to a Clearing Member, subject to a netting agreement, is a "covered clearing obligation" and a "covered contractual payment obligation."

(3) An entitlement of a Clearing Member to receive a payment from the Clearinghouse, or of the Clearinghouse to receive a payment from a Clearing Member, subject to a netting contract, is a "covered contractual payment entitlement."

(4) The Clearinghouse is a "member," and each Clearing Member is a "member."

(5) The amount by which the covered contractual payment entitlements of a Clearing Member or the Clearinghouse exceed the covered contractual payment obligations of such

Clearing Member or the Clearinghouse after netting under a netting contract is its “net entitlement.”

(6) The amount by which the covered contractual payment obligations of a Clearing Member or the Clearinghouse exceed the covered contractual payment entitlements of such Clearing Member or the Clearinghouse after netting under a netting contract is its “net obligation.”

(7) The Rules of the Clearinghouse, including this Rule 506, are a “netting contract.”

(f) Cross-Margining Agreement

If a Bankruptcy Event should occur, the Clearinghouse shall immediately seek to exercise its authority under the Cross-Margining Agreement to cause the immediate liquidation of all assets and liabilities in all cross-margining accounts of each Clearing Member subject to such Agreement and to reduce all such accounts to a single net obligation to or from such Clearing Member or its Cross-Margining Affiliate to be settled in accordance with the terms of the Cross-Margining Agreement.

CHAPTER 6. SUSPENSION; DISCIPLINARY PROCEEDINGS

Rule 601. Suspension

(a) General

The Board or the Risk Committee may summarily suspend any Clearing Member if the Clearing Member or its Cross-Margining Affiliate is in Default or is in such financial or operating difficulty that the Board or the Risk Committee determines that suspension is necessary for the protection of the Clearinghouse, other Clearing Members, or the general public.

(b) Notice of Suspension to Clearing Members

Upon the suspension of a Clearing Member, the Clearinghouse shall as soon as possible notify all Clearing Members of the suspension. Such notice shall state to the extent practicable in general terms how pending transactions, open positions and other pending matters will be affected and what steps are to be taken in connection therewith.

(c) Pending Transactions

Notwithstanding any other provision of the Rules, the Clearinghouse shall have no obligation to accept any transaction of a suspended Clearing Member that was effected after the time at which the Clearing Member was suspended. In the event a transaction of a suspended Clearing Member is rejected by the Clearinghouse, such transaction shall be closed by the other party thereto in accordance with the rules of the Exchange or other market on which the transaction was effected.

(d) Open Positions

The Clearinghouse shall have the right to cause open positions in Contracts in any of the accounts of a suspended Clearing Member:

(1) to be closed in the most orderly manner practicable, including through exchanges of futures for physicals or exchanges of futures for swaps;

(2) to be transferred to the account of one or more other Clearing Members;

(3) to be offset against each other and, to the extent of any remaining imbalance, against the Contracts of other Clearing Members; or

(4) to be settled at the Settlement Price for such Contracts, or at such other price or prices as the Clearinghouse may deem fair and reasonable under the circumstances, in which event the Clearinghouse may cause Contracts in the accounts of other Clearing Members to be settled at such price or prices.

In connection with any action undertaken by the Clearinghouse pursuant to subparagraphs (1) through (4) above, the Clearinghouse shall have the right to apply the Margin and Guaranty Fund deposit of the applicable Clearing Member and any other assets of such Clearing Member held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 307, to discharge the Obligations of such Clearing Member to the Clearinghouse (including any amounts owed by the Clearinghouse to FICC under the Cross-Margining Agreement, and costs and expenses associated with the liquidation, transfer or management of Contracts held in or for the accounts of such Clearing

Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member).

The Clearinghouse may delegate to specified officers or agents of the Clearinghouse the authority to determine, within such guidelines, if any, as the Clearinghouse shall prescribe, the nature and timing of transactions of the type described in subparagraph (1). Notwithstanding the preceding provisions of this paragraph (d), if the Clearinghouse shall determine, taking into account the size and nature of a suspended Clearing Member's positions, market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Clearinghouse, and such other circumstances as the Clearinghouse deems relevant, that the closing out of some or all of the suspended Clearing Member's positions would not be in the best interests of the Clearinghouse, other Clearing Members, or the general public, such positions need not be closed out.

(e) Protective Action

If the Clearinghouse (i) is unable, for any reason, to close out in a prompt and orderly manner any positions or to convert to cash any Margin deposits of a suspended Clearing Member, or (ii) elects pursuant to paragraph (d) of this Rule not to close out any such positions, the Clearinghouse may authorize the execution of hedging transactions from time to time for the account of the Clearinghouse, solely for the purpose of reducing the risk to the Clearinghouse resulting from the continued maintenance of such positions or the continued holding of such Margin deposits. The Clearinghouse may delegate to specified officers or agents of the Clearinghouse the authority to determine, within such guidelines, if any, as the Clearinghouse shall prescribe, the nature and timing of such hedging transactions.

(f) Reimbursement of Costs and Expenses

Any costs or expenses, including losses, sustained by the Clearinghouse in connection with transactions effected for its account pursuant to this Rule shall be charged to the suspended Clearing Member, and any gains realized on such transactions shall be credited to such Clearing Member; provided, however, that costs, expenses, and gains allocable to the hedging of positions in a Customer Account shall be charged or credited, as the case may be, to the Customer Account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Clearing Member. Reasonable allocations of costs, expenses, and gains among accounts made by the Clearinghouse for the purpose of implementing the proviso to the preceding sentence shall be binding on the Clearing Member and any persons claiming through the Clearing Member and their respective successors and assigns.

Rule 602. Right of Appeal

A Clearing Member suspended pursuant to Rule 601 shall be entitled, upon request, to a written statement of the grounds for its suspension and shall have the right to appeal its suspension in accordance with the following procedure:

(1) A suspended Clearing Member may appeal its suspension by filing a written notice of appeal within five Business Days after the date of the suspension.

(2) Appeals shall be considered and decided by the Appeal Panel. Appeals shall be heard as promptly as possible, and in no event more than five Business Days after the filing

of the notice of appeal. The appellant shall be notified of the time, place and date of the hearing not less than three Business Days in advance of such date. At the hearing, the appellant shall be afforded an opportunity to be heard and to present evidence in its own behalf, and may, if it so desires, be represented by counsel. As promptly as possible after the hearing, the Appeal Panel shall, by the vote of a majority of its members, affirm or reverse the suspension or modify the terms thereof. The appellant shall be notified in writing of the Appeal Panel's decision; and if the decision shall have been to affirm or modify the suspension, the appellant shall be given a written statement of the grounds therefor.

(3) Any decision by the Appeal Panel to affirm or modify a suspension shall be reviewable by the Board on its own motion or on written demand by the appellant filed with the Clearinghouse within three Business Days after receipt of notice of the Appeal Panel's decision. The Board may afford the appellant a further opportunity to be heard or to present evidence. The appellant shall be notified in writing of the decision of the Board; and if the decision shall have been to affirm or modify the suspension, the appellant shall be given a written statement of the grounds therefor.

(4) The filing of an appeal pursuant to this Rule shall not impair the validity or stay the effect of the suspension appealed from. The reversal or modification of a suspension shall not invalidate any acts of the Clearinghouse taken pursuant to such suspension prior to such reversal or modification, and the rights of any person which may arise out of any such acts shall not be affected by such reversal or modification.

(5) A record shall be kept of any hearing held pursuant hereto. The cost of the transcript may, in the discretion of the body holding the hearing, be charged in whole or in part to the suspended Clearing Member in the event that the suspension is finally affirmed.

Rule 603. Sanctions from Disciplinary Proceedings

(a) The Clearinghouse may censure, suspend, expel or limit the activities, functions or operations of, and/or impose a fine on, a Clearing Member for (i) a violation of the Rules or its agreements with the Clearinghouse, (ii) any neglect or refusal by such Clearing Member to comply with any applicable order or direction of the Clearinghouse, (iii) any error, delay or other conduct that materially and adversely affects the operations of the Clearinghouse, or (iv) a failure to provide adequate personnel or facilities for its transactions with the Clearinghouse.

(b) The Clearinghouse shall provide prompt notice to the CFTC of any action taken in accordance with this Rule 603.

Rule 604. Procedures for Disciplinary Proceedings [Amended 08/31/2011]

(a) Before any sanction is imposed, the Clearinghouse shall furnish the person against whom the sanction is sought to be imposed ("Respondent") with a concise written statement of the charges against the Respondent. The Respondent shall have ten Business Days after the service of such statement to file with the Clearinghouse a written answer thereto. The answer shall admit or deny each allegation contained in the statement of charges and may also contain any defense which the Respondent wishes to submit. Allegations contained in the statement of charges which are not denied in the answer shall be deemed to have been admitted, and any defense not raised in the answer shall be deemed to have been waived. If an answer is not filed

within the time prescribed above or any extension thereof granted pursuant to paragraph (d) of this Rule, the allegations contained in the statement of charges shall be deemed to have been admitted, and any sanction specified in the statement of charges shall be imposed without further proceedings and the Respondent shall be notified thereof in writing. If an answer is timely filed, the Clearinghouse shall (unless the Respondent and the Clearinghouse shall have stipulated to the imposition of an agreed sanction) schedule an early hearing before the Disciplinary Panel. The Respondent shall be given not less than three Business Days advance notice of the place and time of such hearing. At the hearing, the Respondent shall be afforded the opportunity to be heard and to present evidence in its behalf and may be represented by counsel. A record of the hearing shall be prepared and the cost of the transcript may, in the discretion of the Disciplinary Panel, be charged in whole or in part to the Respondent in the event any sanction is imposed on the Respondent. As soon as practicable after the conclusion of the hearing, the Disciplinary Panel shall furnish the Respondent and the Board with a written statement of its decision. If the decision shall have been to impose a disciplinary sanction, the written statement shall set forth (i) any act or practice in which the Respondent has been found to have engaged, or which the Respondent has been found to have omitted; (ii) the specific provisions of the Rules which any such act, practice or omission has been deemed to violate; and (iii) the sanction imposed and the reasons therefor.

(b) In the event that the Disciplinary Panel censures, fines, suspends, expels or limits the activities, functions or operations of any Respondent, any affected person may apply for review to the Board, by written motion filed with the Clearinghouse within five Business Days after issuance of the Disciplinary Panel's written statement of its decision.

(c) The granting of any such motion shall be within the discretion of the Board. In addition, the Board may determine to review any such action by a Disciplinary Panel on its own motion. Review by the Board shall be on the basis of the written record of the proceedings in which the sanction was imposed, but the Board may, in its discretion, afford the Respondent a further opportunity to be heard or to present evidence. A record shall be kept of any such further proceedings. Based upon such review, the Board may affirm, reverse or modify, in whole or in part, the decision of the Disciplinary Panel. The Respondent shall be notified in writing of the decision of the Board and if the decision shall have been to affirm or modify the imposition of any disciplinary sanction, the Respondent shall be given a written statement setting forth (i) any act or practice in which the Respondent has been found to have engaged, or which the Respondent has been found to have omitted; (ii) the Rules which any such act, practice or omission has been deemed to violate; and (iii) the sanction imposed and the reasons therefor.

(d) Any time limit set forth in this Rule may be extended by the body having jurisdiction over the matter in respect of which the time limit is imposed.

(e) Any action taken by the Disciplinary Panel hereunder shall be deemed to be final upon (i) expiration of the time provided for the filing of a motion for review, or any extension thereof granted pursuant to paragraph (d) hereof; or (ii) if a motion for review is timely filed, when the Respondent is notified of the denial of the motion or the decision of the Board on review, as the case may be; or (iii) if the Board shall determine on its own motion to review the action by the Disciplinary Panel, when the Respondent is notified of the decision of the Board on review.

(f) The summary suspension of a Clearing Member pursuant to Rule 601 shall not be deemed to be a “sanction” within the meaning of this Rule, and the provisions of this Rule shall be inapplicable to any such summary suspension.

Rule 605. Discipline by Other Self-Regulatory Organizations

Nothing in this Chapter 6 shall affect the right of any Self-Regulatory Organization to discipline its members pursuant to the provisions of its rules for a violation of the Rules of the Clearinghouse.

CHAPTER 7. MISCELLANEOUS

Rule 701. Force Majeure

(a) Notwithstanding any other provision of the Rules, the Clearinghouse shall not be obligated to perform its obligations under the Rules or any agreement with a Clearing Member, 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 any circumstance that may have a severe, adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, fire or other natural disasters, bomb threats, acts of terrorism or war or severely inclement weather.

(b) If the Clearinghouse 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 Clearinghouse shall give written notice thereof to such Clearing Member, as soon as it is reasonably practicable and attempt diligently to remove such condition.

Rule 702. Material Non-Public Information

(a) No member of the Board or of any committee or panel of the Clearinghouse shall use or disclose, for any purpose other than the performance of such person's official duties as a member of the Board or such committee or panel, any material non-public information obtained by such person as a result of such person's participation on the Board or on any such committee or panel; provided, however, that if any such person who effects any transactions after having received any such material, non-public information so obtained can show that such transaction was effected in the ordinary course of such person's business, such person shall not be deemed to have used such information in violation of this Rule 702, unless it can be shown that such person would not have effected such transaction in the absence of such information.

(b) For the purposes of this Rule 702, the terms "material" and "non-public information" have the meaning set forth in CFTC Regulation 1.59(a).

Rule 703. Trading Prohibition

(a) No employee of the Clearinghouse shall trade, directly or indirectly, any commodity interest cleared by the Clearinghouse or any related commodity interest, or any commodity interest cleared by any other DCO where the employee of the Clearinghouse has access to material non-public information concerning such commodity interest.

(b) The Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) may grant exemptions from the provisions of paragraph (a) to employees on a case-by-case basis under circumstances which are not contrary to the purposes of this Rule, the CEA, CFTC Regulation 1.59, the public interest, or just and equitable principles of trade. Such circumstances may include, but are not necessarily limited to:

- (1) participation in pooled investment vehicles where the employee of the Clearinghouse has no direct or indirect control over transactions executed by the pool;
- (2) service as an executor or administrator of an estate;

(3) service in any other fiduciary capacity, such as an officer of a charitable organization, in which the employee receives no pecuniary benefit from the trading of commodity interests;

(4) trading in commodity interests cleared by any other DCO or transactions cleared by FICC under circumstances in which the employee's access to material non-public information as to those commodity interests is sufficiently minimal or attenuated so as to be insignificant; and

(5) such other circumstances as the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) may determine.

Participation in a Clearinghouse-sponsored savings or retirement plan shall not be deemed to constitute trading directly or indirectly in a commodity interest, notwithstanding such plan's use of pooled funds which utilize commodity interests or the trading thereof.

(c) Any employee that has received an exemption under paragraph (b) must:

(1) furnish to the Clearinghouse at the request of the Chief Executive Officer (or, in the case of the Chief Executive Officer, at the request of the Board) account statements and other documents relevant to the trading activities that are so exempted; and

(2) inform the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) within one Business Day of any material change of information that may affect the employee's qualification for such exemption.

(d) Terms used in this Rule 703 and not otherwise defined in the Rules shall have the meanings set forth in CFTC Regulation 1.59(a).

(e) If the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) finds that any employee has committed a violation of this Rule 703, such employee shall be subject to such sanctions, including but not limited to demotion, suspension or discharge, as the Chief Executive Officer (or, in the case of the Chief Executive Officer, the Board) deems appropriate.

Rule 704. Market Data

(a) Subject to paragraph (b), all Clearing Members, Authorized Representatives, and all employees, agents, vendors, and other Persons affiliated with the foregoing hereby acknowledge and agree that the Clearinghouse (or the Exchange, as applicable) is the owner of all right, title and interest in and to all intellectual property and proprietary rights, including all copyright, patent, trademark or trade secret rights, in the items set forth in paragraphs (1) through (6) below and further agree not to use the items set forth in paragraphs (1) through (6) below in any way without the prior written consent of the Clearinghouse, which consent may be withheld in the Clearinghouse's discretion:

(1) the price and quantity data from each and every transaction executed by the Clearing System, including the time at which the transaction was executed by, or submitted to, the Clearing System;

(2) the price and quantity data for each and every Contract submitted for entry into the Clearing System, including the time at which the Contract was entered into the Clearing System;

(3) the daily Settlement Price and the expiration value of each Contract;

(4) any data or other information derived from any of the foregoing, including the format, compilation and presentation thereof;

(5) all derivative works of the foregoing; and

(6) any data or information transmitted, published or disseminated to Clearing Members, Authorized Representatives, any publisher of the data or information with whom the Clearinghouse has a written agreement, and any other Persons.

(b) The Clearinghouse, all Clearing Members, Authorized Representatives, and all employees, agents, vendors, and other Persons affiliated with the foregoing hereby acknowledge and agree that, as between the Clearinghouse (or the Exchange, as applicable) and a Clearing Member, the Clearing Member retains such rights as it may enjoy under applicable law with respect to all data regarding transactions and Contracts in the form submitted to the Clearing System by such Clearing Member in circumstances where such data is not aggregated with the data of any other Clearing Member.

(c) Absent legal process or as otherwise provided elsewhere in the Rules, data relating to transactions of a Clearing Member which identifies such Clearing Member or could reasonably link such data back to such Clearing Member will be released by the Clearinghouse only to such Clearing Member, a Government Agency or a Self-Regulatory Organization.

Rule 705. Books and Records

The Clearinghouse shall keep, or cause to be kept, complete and accurate books and records of accounts of the Clearinghouse, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC Regulations. The Clearinghouse shall retain all such books and records for at least five years, or such longer time as may be required by applicable law, and shall make such books and records readily accessible for inspection by any Government Agency as may be required by applicable law.

Rule 706. Information-Sharing Agreements

(a) The Clearinghouse may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with FICC and with other markets or clearing organizations on which Contracts or financial instruments related to Contracts trade or are cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Clearinghouse may, among other things:

(1) provide market surveillance reports to other markets and clearing organizations;

(2) share information and documents concerning current and former Clearing Members with other markets and clearing organizations;

(3) share information and documents concerning ongoing and completed investigations with other markets and clearing organizations; and/or

(4) require its Clearing Members to provide information and documents to the Clearinghouse at the request of other markets or clearing organizations with which the Clearinghouse has an information-sharing agreement or other arrangements or procedures.

(b) The Clearinghouse may enter into an information-sharing arrangement with any Person or body (including, without limitation, any Governmental Authority or any Self-Regulatory Organization) if the Clearinghouse (i) believes that such Person or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of the Clearinghouse's purpose or duties under applicable law. The Clearinghouse may disclose to any Person or body information concerning or associated with a Clearing Member or other Person that the Clearinghouse believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of the business of the Clearinghouse) whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Rule 707. Confidentiality

All information received by the Clearinghouse concerning positions carried by the Clearinghouse or any other clearing organization for a Clearing Member, margin payments between the Clearinghouse or any other clearing organization and a Clearing Member, or deliveries made by or to a Clearing Member, and any other information provided by a Clearing Member to the Clearinghouse, including, without limitation, financial statements filed with the Clearinghouse by a Clearing Member, shall be held in confidence by the Clearinghouse and shall not be made known to any other Person except as follows:

- (a) With the consent of the Clearing Member;
- (b) To a Government Agency or the regulatory authority of any foreign jurisdiction, if the Clearinghouse is requested or legally required to do so by such Government Agency;
- (c) Pursuant to legal process;
- (d) To an Exchange of which such Clearing Member is a member; provided that information relating to positions, margin payments and deliveries that is furnished to an Exchange shall relate solely to Contracts traded on that Exchange;
- (e) To any Person providing services to the Clearinghouse, subject to appropriate confidentiality requirements;
- (f) To the Board, any Committee, the Clearinghouse's officers, employees, attorneys and auditors, and to agents and independent contractors that have been engaged by the Clearinghouse who require such information in connection with the discharge of their duties to the Clearinghouse; and
- (g) As otherwise permitted under the Rules.

Rule 708. Extension or Waiver of Rules [Amended 08/31/2011]

The performance of any act required by the Rules or the time fixed by the Rules for the performance thereof may be waived or extended by the Clearinghouse if such waiver or extension is necessary or in the best interest of the Clearinghouse. A written report of any such

waiver or extension, stating the pertinent facts and the reason such waiver or extension was deemed necessary or expedient, shall be presented to the Board at its next regular meeting.

Rule 709. Anti-Money Laundering

Each Clearing Member that is a “financial institution” under the Bank Secrecy Act (31 U.S.C. 5311 et seq.) shall develop and implement a written anti-money laundering program that is approved in writing by such Clearing Member’s senior management and that is reasonably designed to achieve and monitor the Clearing Member’s compliance with applicable requirements of the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Treasury and, as applicable, the CFTC. That anti-money laundering program shall, at a minimum:

- (a) establish and implement policies, procedures and internal controls reasonably designed to assure compliance with the applicable provisions of the Bank Secrecy Act and the implementing regulations thereunder;
- (b) provide for independent testing for compliance to be conducted by Clearing Member personnel or by a qualified outside party;
- (c) designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; and
- (d) provide ongoing training for appropriate personnel.

Rule 710. Disaster Recovery; Business Continuity

(a) Each Clearing Member shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations. At a minimum, the following areas must be considered in the Clearing Member’s policies and procedures:

- (1) The Clearing Member must have procedures in place to allow it to continue to operate during periods of stress or to transfer accounts to another fully operational Clearing Member with minimal disruption to either the Clearinghouse or its Customers. The Clearing Members must perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information; and
- (2) The Clearing Member must maintain and, at the request of the Clearinghouse, provide accurate and complete information for its key personnel. A Clearing Member must inform the Clearinghouse in a timely manner whenever a change to its key personnel is made.

(b) Clearinghouse staff may prescribe additional and/or alternative requirements for Clearing Members’ compliance with this Rule.

Rule 711. Just and Equitable Principles of Trade; Acts Detrimental

(a) The Clearinghouse shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Clearing Members for engaging in conduct inconsistent with just and equitable principles of trade.

(b) The Clearinghouse shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against Clearing Members for engaging in acts detrimental to the interest or welfare of the Clearinghouse.

Rule 712. Signatures

(a) The Clearinghouse may, at its option, in lieu of relying on an original signature, rely on a signature as if it were (and the signature shall be considered and have the same effect as) a valid and binding original signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex).

Rule 713. Governing Law

The Rules, and the rights and obligations of the Clearinghouse and Clearing Members under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed wholly within the State of New York.

CHAPTER 8. LIMITED PURPOSE PARTICIPANTS

Rule 801. Limited Purpose Participants

(a) A Limited Purpose Participant shall have the ability to have access, through the Clearinghouse, to the arrangement that is the subject of the Cross-Margining Agreement.

(b) Except as otherwise provided in the LPP Agreement:

(1) Trades that are within the scope of the LPP Agreement and that would otherwise be cleared by such Limited Purpose Participant shall instead be submitted to the Clearinghouse, which shall act as central counterparty and DCO in respect thereof and shall include such trades in the arrangement that is the subject of the Cross-Margining Agreement;

(2) Members of the Limited Purpose Participant shall be bound by the Rules as fully as if they were Clearing Members of the Clearinghouse, and the Clearinghouse shall have all of its rights, under the Rules and otherwise, in the event of a Default by a member of the Limited Purpose Participant;

(3) A Limited Purpose Participant shall make a contribution to the Guaranty Fund, in form and substance similar to and in an amount that is no less than the amount of, the NYSE Guaranty;

(4) The Clearinghouse shall not be required to accept trades in any product that is not eligible for clearing pursuant to the Cross-Margining Agreement; and

(5) Clearing fees shall be allocated between the Clearinghouse and the Limited Purpose Participant as may be agreed by the Clearinghouse and the Limited Purpose Participant, taking into account the cost of services (including capital expenditures incurred by the Clearinghouse), technology that may be contributed by the Limited Purpose Participant, the volume of transactions, and such other factors as may be relevant.

(c) As used in this Rule 801:

(1) "Limited Purpose Participant" means a clearinghouse or clearing organization, other than the Clearinghouse or FICC, that (i) does not limit its provision of clearing services on a vertical basis to a single Market or limited number of Markets and operates pursuant to a business model that requires such clearinghouse or clearing organization to provide clearing services to any qualified Market, (ii) agrees to participate using the uniform risk methodology and risk management policies, systems and procedures that have been adopted by the Clearinghouse and FICC for implementation and administration of the arrangement that is the subject of the Cross-Margining Agreement; and (iii) is party to an LPP Agreement.

(2) "LPP Agreement" means an agreement between the Clearinghouse and a Limited Purpose Participant which provides, *inter alia*, that the Limited Purpose Participant shall be deemed to be a Clearing Member for purposes of the Rules, except to the extent otherwise provided in such agreement, the Cross-Margining Agreement or in this Rule 801.

(3) "Market" means a "trading facility" or "organized exchange," as such terms are defined in the CEA as in effect on April 16, 2010; provided, that the term "trading facility" shall for this purpose include the entities otherwise excluded by Section 1a(34)(B) of the CEA as in effect on such date.

Document comparison by Workshare Professional on Tuesday, March 20, 2012 1:03:16 PM

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Moved cell	
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Padding cell	

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**AMENDED AND RESTATED
NYPC CROSS-MARGINING AGREEMENT**

This Amended and Restated NYPC Cross-Margining Agreement (this "Agreement") is entered into as of this ___ day of _____, 2012 by Fixed Income Clearing Corporation ("FICC"), a New York corporation, and New York Portfolio Clearing, LLC ("NYPC"), a Delaware limited liability corporation (FICC and NYPC, each a "Party" and together, the "Parties").

RECITALS

A. FICC is a securities clearing agency registered with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and acts as a clearing organization for trading in the over-the-counter markets for U.S. Government securities, securities of U.S. federal Agencies and U.S. Government-sponsored enterprises, financing products and certain mortgage-backed securities ("FICC Contracts").

B. NYPC is registered as a derivatives clearing organization with the Commodity Futures Trading Commission (the "CFTC") pursuant to the Commodity Exchange Act, as amended (the "CEA"), and acts as a clearing organization for futures contracts and, subject to compliance by NYPC with the requirements of Section 5c(c) of the CEA, options on futures contracts, including U.S. dollar-denominated interest rate and fixed income futures contracts and options on futures contracts ("NYPC Contracts," and together with FICC Contracts, "Eligible Products").

C. FICC and NYPC have established a cross-margining arrangement whereby (i) an entity that is a Clearing Member of both FICC and NYPC (a "Joint Clearing Member") and (ii) a Clearing Member of one such Clearing Organization that has an Affiliate that is a Clearing Member of the other such Clearing Organization (a "Cross-Margining Affiliate") may elect to have positions in Eligible Products at NYPC and positions in Eligible Products at FICC carried in a Set of Proprietary Cross-Margining Accounts and margined based upon the net risk presented by positions in Eligible Products.

D. In order to facilitate such cross-margining arrangement, FICC and NYPC have entered into that certain NYPC Cross-Margining Agreement, dated as of March 4, 2011 (the "Original Agreement"), whereby NYPC guarantees certain obligations of Cross-Margining Participants to FICC, and FICC guarantees certain obligations of Cross-Margining Participants to NYPC, with reimbursement of amounts paid under such guarantees being collateralized by the positions and Margin of such Cross-Margining Participants held by the Guarantor.

E. FICC and NYPC now desire to expand the Original Agreement to provide for the cross-margining of the accounts of Market Professionals and to amend and restate the Original Agreement in its entirety on the terms set forth herein.

AGREEMENTS

In consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

1. Definitions. In addition to the terms defined elsewhere in this Agreement, certain other terms used in this Agreement shall be defined as follows:

(a) “Additional FICC Resources” means, with respect to a Clearing Member of FICC that is a Defaulting Member (or an Affiliate of a Defaulting Member), the amount, if any, by which FICC reduced its Margin requirements in respect of such Clearing Member pursuant to the terms of an Other Cross-Margining Agreement.

(b) “Administrator” has the meaning set forth in Section 3(b).

(c) “Affiliate” means, when used in respect of a Clearing Member of one Clearing Organization, a Clearing Member of the other Clearing Organization that directly or indirectly controls, is controlled by, or under common control with such particular Clearing Member. Ownership of more than 50% of the common stock of the relevant entity will conclusively be deemed to be control of that entity for purposes of this definition.

(d) “Agency” means a United States government agency or instrumentality or a U.S. government-sponsored corporation.

(e) “Aggregate Margin Reduction” means the sum of the Clearing Organizations’ Margin Reductions.

(f) “Available Assets” means: (i) when used in respect of the liquidation of the Eligible Positions and Margin of a Defaulting Member of FICC, the Defaulting Member’s Margin deposits, mark-to-market payments, other collateral, credit support, and proceeds of the foregoing in such Defaulting Member’s Proprietary Cross-Margining Account and/or Market Professional Cross-Margining Account, paid by or payable to such Clearing Member and deposited with or held by or on behalf of FICC, and Additional FICC Resources; and (ii) when used in respect of the liquidation of the Eligible Positions and Margin of a Defaulting Member of NYPC: (1) the sum of (x) the Margin deposited by such Defaulting Member, and (y) excess margin, variation margin, other collateral, credit support, and proceeds of the foregoing in such Defaulting Member’s Proprietary Cross-Margining Account and/or Market Professional Cross-Margining Account, paid by or payable to such Defaulting Member and deposited with or held by or on behalf of NYPC; and (z) the NYPC Guaranty Fund deposits of the Defaulting Member; minus (2) any deficiency in the Customer Funds Account. For the avoidance of doubt and without prejudice to subparagraph (2) of this paragraph (f), any NYPC Guaranty Fund deposits of the Defaulting Member that constitute Available Assets when used in respect of the liquidation of the Eligible Positions and Margin of a Defaulting Member of NYPC shall be applied first to any Cross-Margin Loss in the Defaulting Member’s Market Professional Cross-Margining Account carried by NYPC and then, after any such Cross-Margin Loss has been completely satisfied, to any Cross-Margin Loss in the Defaulting Member’s Proprietary Cross-Margining Account carried by NYPC. Notwithstanding the foregoing, the term “Available Assets” shall not include funds or property in the Customer Funds Account to the extent that

such funds or property may not lawfully be applied by a Clearing Organization without violating any law, regulation or order by which a Clearing Organization is legally bound.

(g) “Beneficiary” has the meaning set forth in Section 7(k).

(h) “Business Day” means each day on which trading in Eligible Products is conducted and on which FICC and NYPC both conduct money settlements, provided, however, that if trading in Eligible Products occurs on a bank holiday when money settlements cannot be made, such day shall be a Business Day for purposes of certain provisions of this Agreement but not for others as the context requires and as may be agreed upon from time to time by the Parties.

(i) “CEA” has the meaning set forth in the recitals.

(j) “CFTC” has the meaning set forth in the recitals.

(k) “Clearing Member” means, with respect to FICC, any member of the netting system of the Government Securities Division of FICC and/or a clearing member of the Mortgage-Backed Securities Division of FICC (upon implementation of central counterparty services by the Mortgage-Backed Securities Division), and with respect to NYPC, any clearing member of NYPC, in each case deemed eligible for cross-margining by FICC and NYPC, respectively. Notwithstanding the foregoing, the following types of Clearing Members shall not be deemed eligible for cross-margining: (i) a Bank Netting Member (as such term is defined in FICC Rules) unless it can demonstrate to the satisfaction of the Clearing Organizations that, in doing so, it is in compliance with regulatory requirements applicable to it; (ii) an Inter-Dealer Netting Member (as such term is defined in FICC Rules); and (iii) a Sponsored Member (as such term is defined in FICC Rules).

(l) “Clearing Member Agreement” means the Agreement, set forth as Appendix A, B, C or D to this Agreement (as applicable), between the Clearing Organizations and a Clearing Member (and its Cross-Margining Affiliate, if applicable) that elects to participate in the cross-margining arrangement established pursuant to this Agreement and the Rules.

(m) “Clearing Member Cross-Margining Account” means, as applicable, a Proprietary Cross-Margining Account or Market Professional Cross-Margining Account that is carried by FICC for a FICC Clearing Member and/or carried by NYPC for an NYPC Clearing Member.

(n) “Clearing Organization” means either FICC or NYPC and “Clearing Organizations” means both FICC and NYPC.

(o) “CME” has the meaning set forth in Section 16.

(p) “Confidential Information” has the meaning set forth in Section 10(a).

(q) “Constituent Margin Ratio” means, in respect of each Set of Clearing Member Cross-Margining Accounts, the ratio of each Clearing Organization’s Stand-Alone Margin Requirement to the sum of the Clearing Organizations’ Stand-Alone Margin Requirements.

(r) “Constituent Margin Requirement” means, with respect to a Clearing Organization, the product of the Constituent Margin Ratio and the Cross-Margin Requirement.

(s) “Cross-Guaranty Agreement” means that certain Netting Contract and Limited Cross-Guaranty by and among The Depository Trust Company, Emerging Markets Clearing Corporation, Fixed Income Clearing Corporation, National Securities Clearing Corporation and The Options Clearing Corporation dated as of January 1, 2003, as it may be amended or restated from time to time.

(t) “Cross-Margin Gain” has the meaning set forth in Section 7(b).

(u) “Cross-Margin Loss” has the meaning set forth in Section 7(b).

(v) “Cross-Margin Requirement” means (i) with respect to a Clearing Organization, the amount of Margin required by such Clearing Organization with respect to its Cross-Margining Participants, and (ii) with respect to a Cross-Margining Participant, the amount of Margin required by the Clearing Organizations with respect to one or more Sets of Clearing Member Cross-Margining Accounts, in each case as provided in Section 4 and pursuant to the methodology agreed by the Clearing Organizations.

(w) “Cross-Margining Affiliate” has the meaning set forth in the recitals.

(x) “Cross-Margining Participant” means a Clearing Member that has become a participant in the cross-margining arrangement between FICC and NYPC established pursuant to this Agreement. The term “Cross-Margining Participant” shall, where the context requires, refer collectively to a Cross-Margining Participant and its Cross-Margining Affiliate, if any.

(y) “Customer Funds Account” means: (i) when used in respect of NYPC, the accounts established by NYPC to hold positions, funds, securities or other property for the accounts of Clearing Members that are not Proprietary Accounts or Market Professional Cross-Margining Accounts; and (ii) when used in respect of a Cross-Margining Participant, the account established by such Cross-Margining Participant on the books of NYPC to hold positions, funds, securities or other property for accounts of the Clearing Member that are not Proprietary Accounts or Market Professional Cross-Margining Accounts.

(z) “Default Event” has the meaning set forth in Section 7(a).

(aa) “Defaulting Member” has the meaning set forth in Section 7(a).

(bb) “Effective Date” has the meaning set forth in Section 21(i).

(cc) “Eligible Positions” means positions in NYPC Contracts and positions in FICC Contracts in a Set of Clearing Member Cross-Margining Accounts.

(dd) “Eligible Products” has the meaning set forth in the recitals.

(ee) “Exchange Act” has the meaning set forth in the recitals.

- (ff) “FICC” has the meaning set forth in the preamble.
- (gg) “FICC Clearing Fund” means the clearing fund established pursuant to FICC Rules.
- (hh) “FICC Contracts” has the meaning set forth in the recitals.
- (ii) “FICC’s Debtor” has the meaning set forth in Section 9(a).
- (jj) “Guaranty” means the obligation of FICC to NYPC, or of NYPC to FICC, as in effect at a particular time with respect to a particular Cross-Margining Participant as set forth in Sections 8 and 9 of this Agreement. The term “Guarantees” refers to both the Guaranty of NYPC to FICC and the Guaranty of FICC to NYPC, including, without limitation, the obligation to make the Payment Obligation as well as the Adjustment Payment.
- (kk) “Guarantor” has the meaning set forth in Section 7(k).
- (ll) “Indebtedness to FICC” has the meaning set forth in Section 9(a).
- (mm) “Indebtedness to NYPC” has the meaning set forth in Section 8(a).
- (nn) “Indemnified Party” has the meaning set forth in Section 12(a).
- (oo) “Indemnitor” has the meaning set forth in Section 12(a).
- (pp) “Joint Clearing Member” has the meaning set forth in the recitals.
- (qq) “Limited Purpose Participant” has the meaning set forth in Section 14(c).
- (rr) “LPP Agreement” has the meaning set forth in Section 14(c).
- (ss) “Losses” has the meaning set forth in Section 12(b).
- (tt) “Margin” means, with respect to a Cross-Margining Participant, original margin and option premiums held in or for the Clearing Member Cross-Margining Accounts of such Cross-Margining Participant at a Clearing Organization, and other margin collateral, whether in the form of cash, securities, letters of credit or other assets of such Cross-Margining Participant, required or held by or for the account of a Clearing Organization to secure the obligations of such Cross-Margining Participant with respect to such Clearing Member Cross-Margining Accounts, if any, to a Clearing Organization under this Agreement, the Clearing Member Agreement and the Rules, and all proceeds of the foregoing.
- (uu) “Margin Reduction” means the sum of the Clearing Organizations’ Stand-Alone Margin Requirements minus the Cross-Margin Requirement.
- (vv) “Market” has the meaning set forth in Section 14(c).

(ww) “Market Professional” means an entity, other than a Non-Customer, that is a member of a designated contract market and that actively trades for its own account Eligible Products that are eligible for cross-margining under this Agreement.

(xx) “Market Professional Cross-Margining Account” means a cross-margined account that is carried for an FICC Clearing Member by FICC or for an NYPC Clearing Member by NYPC and that is limited to the transactions, positions and Margin of Market Professionals.

(yy) “Maximum Transfer Payment” means, with respect to a Clearing Organization, an amount equal to (i) the Aggregate Margin Reduction, multiplied by (ii) the other Clearing Organization’s Constituent Margin Ratio.

(zz) “Net Gain” means, with respect to the Proprietary Cross-Margining Account and/or the Market Professional Cross-Margining Account of a Defaulting Member, as applicable, (x) the sum of a Clearing Organization’s Cross-Margin Gain and such Clearing Organization’s Available Assets, or (y) if a positive number, a Clearing Organization’s Available Assets less such Clearing Organization’s Cross-Margin Loss.

(aaa) “Net Loss” means, with respect to the Proprietary Cross-Margining Account and/or the Market Professional Cross-Margining Account of a Defaulting Member with respect to a Clearing Organization, the positive difference, if any, between such Clearing Organization’s Cross-Margin Loss (expressed as a positive number) and such Clearing Organization’s Available Assets.

(bbb) “Non-Customer” means: (i) with respect to an FICC Clearing Member, such Clearing Member or other person whose account with such FICC Clearing Member would not be the account of a “customer” within the meaning of SEC Rules 8c-1 and 15c2-1; and (ii) with respect to an NYPC Clearing Member, such Clearing Member or other person whose account with such Clearing Member would not be the account of a “customer” within the meaning of CFTC Regulation 1.3(k).

(ccc) “NYPC” has the meaning set forth in the preamble.

(ddd) “NYPC Contracts” has the meaning set forth in the recitals.

(eee) “NYPC’s Debtor” has the meaning set forth in Section 8(a).

(fff) “NYPC Guaranty Fund” means the guaranty fund established pursuant to NYPC Rules.

(ggg) “NYSE Guaranty” has the meaning given that term in NYPC Rules.

(hhh) “Operating Agreement” means that certain Amended and Restated Limited Liability Company Agreement of NYPC, dated as of September 4, 2009, as it may be further amended or restated from time to time.

(iii) “Original Agreement” has the meaning set forth in the recitals.

(jjj) "Original Margin" means Margin deposited with or held by a Clearing Organization in accordance with Section 5 of this Agreement to secure certain obligations of a Cross-Margining Participant to such Clearing Organization.

(kkk) "Other Cross-Margining Agreement" means an agreement between FICC and a clearinghouse, other than NYPC or a OTC instruments clearinghouse, providing for cross-margining, portfolio margining or other forms of risk offsets between FICC Contracts and products cleared by such clearinghouse, but does not include, for the avoidance of doubt, the Cross-Guaranty Agreement. As used herein, "OTC instruments" means bilaterally negotiated agreements that are not listed on a board of trade (as such term is defined in the CEA).

(lll) "Party" and "Parties" have the meaning set forth in the preamble.

(mmm) "Payment Obligation" means the amount, if any, determined in accordance with Section 7, payable by one Clearing Organization to the other Clearing Organization.

(nnn) "Proprietary Account" has the meaning given that term in CFTC Regulation 1.3(y). Unless otherwise expressly provided, the term "Proprietary Account" includes the Proprietary Cross-Margining Account of a Cross-Margining Participant of NYPC.

(ooo) "Proprietary Cross-Margining Account" means a cross-margined account that is carried for an FICC Clearing Member by FICC or for an NYPC Clearing Member by NYPC and that is limited to the transactions, positions and Margin of the Proprietary Accounts of such Clearing Member.

(ppp) "Reimbursement Obligation" has the meaning set forth in Section 7(k).

(qqq) "Rules" means, as applicable, the Rules of FICC ("FICC Rules") or the Rules of NYPC ("NYPC Rules"), as they may be in effect from time to time.

(rrr) "SEC" has the meaning set forth in the recitals.

(sss) "Securities Custody Account" means a custody account established, as applicable, to hold Margin in the form of securities deposited by Cross-Margining Participants in respect of Proprietary Cross-Margining Accounts (a "Proprietary Securities Custody Account") or Market Professional Cross-Margining Accounts (a "Market Professional Securities Custody Account").

(ttt) "Set of Clearing Member Cross-Margining Accounts" means: (i) the Proprietary Cross-Margining Accounts carried at the Clearing Organizations by a Joint Clearing Member or by a Clearing Member of one Clearing Organization and by its Cross-Margining Affiliate at the other Clearing Organization (each, a "Set of Proprietary Cross-Margining Accounts"); and/or (ii) the Market Professional Cross-Margining Accounts carried at the Clearing Organizations by a Joint Clearing Member or by a Clearing Member of one Clearing Organization and by its Cross-Margining Affiliate at the other Clearing Organization (each, a "Set of Market Professional Cross-Margining Accounts").

(uuu) “Settlement Account” means a bank account established, as applicable, to hold cash Margin deposited by Cross-Margining Participants in respect of Proprietary Cross-Margining Accounts (a “Proprietary Settlement Account”) or Market Professional Cross-Margining Accounts (a “Market Professional Settlement Account”).

(vvv) “Stand-Alone Margin Requirement” means, as to each Clearing Organization, the Original Margin requirement that such Clearing Organization would calculate with respect to a Clearing Member Cross-Margining Account as if calculated by such Clearing Organization without regard to this Agreement or an Other Cross-Margining Agreement.

2. Participation.

(a) FICC and NYPC shall each determine which of its Clearing Members is eligible to become a Cross-Margining Participant; provided that in order to become a Cross-Margining Participant, a Clearing Member must be a Joint Clearing Member or be an Affiliate of a Clearing Member of the other Clearing Organization that such other Clearing Organization has determined to be eligible to be a Cross-Margining Participant. Either FICC or NYPC may require a Cross-Margining Participant to provide an opinion of counsel as to the enforceability of the provisions of such agreement and the Rules with respect to such Cross-Margining Participant and its Cross-Margining Affiliate, if any. FICC shall notify NYPC, and NYPC shall notify FICC, upon acceptance of a Clearing Member as a Cross-Margining Participant, and the Clearing Organizations shall mutually agree on a start date for the Cross-Margining Participant.

(b) A Joint Clearing Member shall become a Cross-Margining Participant upon the acceptance by FICC and NYPC of a Clearing Member Cross-Margining Agreement (Joint Clearing Member – Proprietary Accounts) in the form of Appendix A hereto and shall, if such Joint Clearing Member is registered with the SEC as a broker-dealer and with the CFTC as a futures commission merchant, be permitted to establish a Set of Market Professional Cross-Margining Accounts upon the acceptance by FICC and NYPC of a Cross-Margining Account Agreement (Joint Clearing Member – Market Professional Accounts) in the form set forth in Appendix C hereto.

(c) A Clearing Member of FICC or NYPC and its Affiliate shall become Cross-Margining Participants and Cross-Margining Affiliates of one another upon the acceptance by FICC and NYPC of a Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Proprietary Accounts) in the form of Appendix B hereto and, if the Cross-Margining Affiliate that is an FICC Clearing Member is registered with the SEC as a broker-dealer and the Cross-Margining Affiliate that is an NYPC Clearing Member is registered with the CFTC as a futures commission merchant, such Cross-Margining Affiliates shall be permitted to establish a Set of Market Professional Cross-Margining Accounts upon the acceptance by FICC and NYPC of a Market Professional Cross-Margining Account Agreement (Affiliated Clearing Members – Market Professional Accounts) in the form set forth in Appendix D hereto.

3. Establishment of Clearing Member Cross-Margining Accounts.

(a) A Cross-Margining Participant may designate a Set of Proprietary Cross-Margining Accounts and a Set of Market Professional Cross-Margining Accounts. Each Set of

Clearing Member Cross-Margining Accounts, and all Eligible Positions and Margin contained therein or deposited in respect thereof, shall be subject to this Agreement and the Clearing Member Agreement.

(b) FICC will act as the administrator (the "Administrator") with respect to each Set of Clearing Member Cross-Margining Accounts.

4. Calculation of Cross-Margin Requirements.

(a) On each Business Day, the Administrator will determine the Cross-Margin Requirement, if any, in respect of each Set of Clearing Member Cross-Margining Accounts. The Administrator shall provide such calculations to the Clearing Organizations and to Cross-Margining Participants not later than 7:00 a.m. and 2:00 p.m. Eastern Time on each Business Day. The Cross-Margin Requirement shall be allocated between the Clearing Organizations in accordance with the Constituent Margin Ratio. The deadline for payment of Cross-Margin Requirements shall be jointly determined by FICC and NYPC. The Clearing Organizations may establish additional times for the calculation and payment of Cross-Margin Requirements.

(b) The Administrator shall cause FICC Contracts to be cross-margined pursuant to this Agreement in priority to any Other Cross-Margining Agreement. The Cross-Margin Requirement with respect to a Cross-Margining Participant may not be decreased without the consent of both Clearing Organizations.

(c) Either Clearing Organization may in its discretion require a Cross-Margining Participant to deposit Margin, at any time and in any amount, in addition to such Cross-Margining Participant's Stand-Alone Margin Requirement at such Clearing Organization, based upon the financial condition of such Cross-Margining Participant, the positions carried by such Cross-Margining Participant, unusual market conditions, changes in market prices or other special circumstances.

(d) Absent gross negligence or willful misconduct, neither Clearing Organization shall have liability to the other Clearing Organization or to any other person based solely upon the fact that information given or calculated by such Clearing Organization pursuant to this Section 4 was inaccurate or inadequate.

(e) Although it is contemplated that the Cross-Margin Requirement may be less than the sum of the Stand-Alone Margin Requirements, nothing in this Agreement shall be construed as requiring such result. Any calculation of a Cross-Margin Requirement shall not result in any guarantee to a Cross-Margining Participant that such calculation will yield the lowest possible Cross-Margin Requirement.

5. Forms of Margin; Holding Margin.

(a) Original Margin calls in respect of a Set of Clearing Member Cross-Margining Accounts shall be satisfied by the deposit of cash or securities or a combination thereof. Securities deposited as Margin shall meet all of the requirements of each of FICC and NYPC, shall be valued at the lowest value that would be given to them by FICC and NYPC, and shall be subject to the largest haircut that would be applied to them by FICC and NYPC.

(b) Margin deposited in the form of cash by a Cross-Margining Participant in respect of a Set of Clearing Member Cross-Margining Accounts shall be deposited in the applicable Settlement Account and Margin deposited in the form of securities by a Cross-Margining Participant in respect of a Set of Clearing Member Cross-Margining Accounts shall be deposited in the applicable Securities Custody Account. All such Margin shall be held in the applicable Settlement Account or Securities Custody Account until transferred to one or both of the Clearing Organizations in accordance with the provisions of paragraph (c), applied in accordance with this Agreement or returned to the Cross-Margining Participant; provided, however, that Margin may be invested overnight by the Administrator subject to such arrangements as may be mutually agreed between the Clearing Organizations.

(c) At the time or times determined by the Clearing Organizations following the settlement time for an Original Margin call, the Administrator shall be required to transfer (i) from the applicable Settlement Account and/or the applicable Securities Custody Account and (ii) to a Clearing Organization the net amount of such Clearing Organization's Constituent Margin Requirement due to such Clearing Organization in respect of all Proprietary Cross-Margining Accounts and, separately, all Market Professional Cross-Margining Accounts carried at such Clearing Organization; provided, that no such transfers shall be required to the extent that any such Settlement Account or Securities Custody Account has been established and is maintained as a joint account titled in the name of the Clearing Organizations.

6. Daily Procedures for Exchange of Portfolio Cross-Margining Data.

(a) FICC and NYPC shall establish procedures, including time frames, to exchange on each Business Day such information as may reasonably be required in order to establish the positions in each Set of Clearing Member Cross-Margining Accounts and to calculate the Cross-Margin Requirement for each Cross-Margining Participant. Each Clearing Organization shall furnish to the other such additional information as the other Clearing Organization may reasonably request in relation to this Agreement.

(b) FICC and NYPC agree that each will notify the other Clearing Organization promptly if an event occurs that reflects, in the sole discretion of the notifying Clearing Organization, a material problem with respect to a Cross-Margining Participant. Examples of such an event shall include, but shall not be limited to, the events requiring notice pursuant to Section 19 of this Agreement.

7. Suspension and Liquidation of Cross-Margining Participant.

(a) Either FICC or NYPC may at any time exercise any rights under its Rules to terminate, suspend or otherwise cease to act for or limit the activities of a Cross-Margining Participant (a "Defaulting Member") and, subject to the provisions of the next sentence, to liquidate or transfer to one or more other Cross-Margining Participants or Clearing Members the positions and Margin of the Defaulting Member. Upon such event (the "Default Event"), the terminating or suspending Clearing Organization shall immediately by telephone or in person, and thereafter in writing, notify the other Clearing Organization of such suspension and each Clearing Organization shall, unless otherwise jointly agreed, promptly transfer, liquidate or otherwise close out the Eligible Positions in each Set of Clearing Member Cross-Margining

Account carried for the Defaulting Member at that Clearing Organization except to the extent that the Clearing Organizations agree, consistent with their respective Rules, to delay liquidation of some or all of such Eligible Positions. The Clearing Organizations shall use reasonable efforts to coordinate the transfer or liquidation of such Eligible Positions so that all “legs” of any “spread” or hedged position can be closed out simultaneously with a view to minimizing any losses arising therefrom. Any funds received by a Clearing Organization upon the liquidation or transfer of positions in the Clearing Member Cross-Margining Accounts of a Defaulting Member pursuant to this Section shall be applied in accordance with the following paragraphs of this Section 7.

(b) “Cross-Margin Gain” means the amount of any net gain, and “Cross-Margin Loss” means the amount of any net loss, realized in the liquidation of Eligible Positions held by a Clearing Organization in the Proprietary Cross-Margining Account and/or the Market Professional Cross-Margining Account of a Defaulting Member, respectively, in each case determined in accordance with this paragraph (b) and without regard to Available Assets. The amount of any Cross-Margin Gain shall be decreased, and the amount of any Cross-Margin Loss shall be increased, by the amount of any costs, fees and expenses incurred by a Clearing Organization in connection with the liquidation, transfer or management of Eligible Positions in the Cross-Margining Accounts of a Defaulting Member. In calculating its Cross-Margin Gain (or Cross-Margin Loss) or its Net Gain (or Net Loss), each Clearing Organization shall make such calculations separately for the Proprietary Cross-Margining Account and the Market Professional Cross-Margining Account of the Defaulting Member.

(c) If neither Clearing Organization has a Cross-Margin Loss, no payment will be due to either Clearing Organization in respect of the Guarantees between FICC and NYPC referred to in Sections 8 and 9 below.

(d) If either Clearing Organization has a Net Loss (solely for purposes of this paragraph (d), the “worse-off party”) and the other has a Net Gain (solely for purposes of this paragraph (d), the “better-off party”) that is equal to or exceeds the absolute value of the worse-off party’s Net Loss, then the better-off party shall pay to the worse-off party an amount equal to the absolute value of such Net Loss.

(e) If either Clearing Organization has a Net Loss (solely for the purposes of this paragraph (e), the “worse-off party”) and the other Clearing Organization has a Net Gain (solely for the purposes of this paragraph (e), the “better-off party”) that is less than or equal to the absolute value of the worse-off party’s Net Loss, then the better-off party shall pay to the worse-off party an amount equal to such Net Gain. Thereafter, if such payment does not extinguish the Net Loss of the worse-off party, the better-off party shall pay the worse-off party an amount equal to the lesser of: (x) the amount necessary to ensure that the Net Loss of each Clearing Organization, after giving effect to such payment, is in proportion to the Constituent Margin Ratio; or (y) the better-off party’s Maximum Transfer Payment, less the amount of the better-off party’s Net Gain (but not less than zero).

(f) If either Clearing Organization has a Net Loss, and the other has the same Net Loss, a smaller Net Loss, or no Net Loss, then:

(i) in the event that the Net Loss of the Clearing Organizations is in proportion to the Constituent Margin Ratio, then no payment will be due to either Clearing Organization; and

(ii) in the event that the Net Loss of the Clearing Organizations is not in proportion to the Constituent Margin Ratio, then the Clearing Organization that has a Net Loss which is less than its proportionate share of the total Net Losses incurred by the Clearing Organizations (solely for the purposes of this paragraph (f), the “better-off party”) shall pay the other Clearing Organization an amount equal to the lesser of: (x) the better-off party’s Maximum Transfer Payment; or (y) the amount necessary to ensure that the Clearing Organizations’ respective Net Losses are, after giving effect to such payment, allocated between them in proportion to the Constituent Margin Ratio.

(g) Notwithstanding anything to the contrary in this Agreement:

(i) in the event that each Clearing Organization is obligated by paragraphs (d), (e) or (f) to make a payment to the other Clearing Organization, the amounts payable by one Clearing Organization to the other Clearing Organization pursuant to paragraphs (d), (e) and (f) shall be netted and set off;

(ii) in the event that either Clearing Organization has (x) a Net Loss in the Market Professional Cross-Margining Account of a Defaulting Member remaining after the determinations and payments (if any) required to be made pursuant to paragraphs (d) and (e), and (y) a Cross-Margin Gain in the Proprietary Cross-Margining Account of such Defaulting Member remaining after the determinations required to be made pursuant to paragraph (b) or a Net Gain in the Proprietary Cross-Margining Account of such Defaulting Member remaining after the determinations and payments (if any) required to be made pursuant to paragraphs (d) and (e), in each case after giving effect to the netting and setoffs required by clause (i), such Clearing Organization shall apply the amount of such Cross-Margin Gain or Net Gain to reduce the amount of such Net Loss; and

(iii) if FICC has a Cross-Margin Gain in the Proprietary Cross-Margining Account of a Defaulting Member remaining after the determinations required to be made pursuant to paragraph (b) or a Net Gain in the Proprietary Cross-Margining Account of a Defaulting Member remaining after the determinations and payments (if any) required to be made pursuant to paragraphs (d) and (e), in any such case after giving effect to the netting and setoffs required by clauses (i) and (ii), FICC shall promptly pay to NYPC the amount of any deficiency in the Customer Funds Account of the Defaulting Member (or, if applicable, such Defaulting Member’s Cross-Margining Affiliate), but in no event more than the amount of such remaining Cross-Margin Gain or

Net Gain (as applicable), and NYPC shall in such an event promptly provide a written statement to FICC which sets forth such calculations in reasonable detail.

(h) In the event that NYPC and FICC each has a Net Loss in respect of a Defaulting Member but FICC receives a payment under the Cross-Guaranty Agreement in respect of such Defaulting Member, FICC shall promptly notify NYPC of the fact thereof and pay to NYPC its pro rata share of such payment, where such pro rata share is determined by comparing the ratio of NYPC's Net Loss to the sum of the Clearing Organizations' Net Losses. The provisions of this paragraph (h) shall not apply to any Default Event occurring on or after the date on which NYPC becomes a party to the Cross-Guaranty Agreement.

(i) FICC and NYPC shall each determine as soon as practicable the Cross-Margin Gain or Cross-Margin Loss and the Net Gain or Net Loss of that Clearing Organization. FICC shall notify NYPC, and NYPC shall notify FICC, of the amount of its own Cross-Margin Gain or Cross-Margin Loss and Net Gain or Net Loss and, in such detail as may reasonably be requested, the means by which such calculations were made. If FICC is obligated to make a payment of the Payment Obligation to NYPC, or NYPC is obligated to make a payment of the Payment Obligation to FICC, in respect of a Guaranty, the Clearing Organization obligated to make such payment shall do so promptly and in no event later than the third Business Day following the calculation by both Clearing Organizations of their Cross-Margin Gain or Cross-Margin Loss or their Net Gain or Net Loss, as applicable. All payments required to be made under this paragraph (i) shall be made in immediately available funds.

(j) If at any time within 90 calendar days following the date on which a payment is made under paragraph (i), either Clearing Organization determines that any amount paid to or received from the other Clearing Organization pursuant to this Section 7 in respect of a Guaranty was incorrect either because of errors in calculation at the time or because new information relevant to the determination of such amount was discovered after the determination of such amount, the Clearing Organization that discovered the error or new information shall notify the other Clearing Organization. In such event, the Clearing Organizations shall: (i) cooperate with one another to recalculate the appropriate amount of any Guaranty payments to be made promptly and in no event later than ten Business Days from the date on which the Clearing Organization that discovered the error or new information notified the other Clearing Organization, and (ii) make any necessary payments to one another to correct the error within three Business Days following agreement on such recalculation by both Clearing Organizations. Such payments shall be made in immediately available funds.

(k) In the event that either Clearing Organization (the "Guarantor") becomes obligated to make a Guaranty payment to the other Clearing Organization (the "Beneficiary") in respect of the obligation of a Defaulting Member or its Cross-Margining Affiliate, if applicable, to the Beneficiary, the Defaulting Member and such Affiliate shall thereupon immediately be obligated, whether or not the Guarantor has then made the Guaranty payment to the Beneficiary, to reimburse the Guarantor for the amount of the Guaranty payment as determined by the Guarantor, and the Guarantor shall be subrogated to all of the rights of the Beneficiary against the Defaulting Member or its Cross-Margining Affiliate. Guarantor shall notify the Defaulting Member and its Cross-Margining Affiliate, if applicable, of the amount of such obligation (the "Reimbursement Obligation"), but such notification shall not be a condition to the rights of the

Clearing Organizations hereunder and the Reimbursement Obligation shall be due immediately upon the determination of the amount thereof. In the event that the final amount of the Guaranty payment is greater or less than the amount originally determined, the Reimbursement Obligation shall be adjusted accordingly and payment of the difference shall be made between the Guarantor and the Defaulting Member or its Cross-Margining Affiliate, as appropriate. It is understood and agreed that any payment or obligation to make a payment between the Guarantor or its Cross-Margining Participant and the Beneficiary with respect to the Guaranty, and any payment or obligation to make payment between the Defaulting Member or its Cross-Margining Affiliate and the Guarantor, is a "margin payment" or "settlement payment" or an obligation to make a "margin payment" or "settlement payment" as defined in the Bankruptcy Code, as the case may be. In the event that the Guarantor had a Net Gain in respect of the Defaulting Member or its Cross-Margining Affiliate, the Reimbursement Obligation of the Defaulting Member or its Cross-Margining Affiliate shall be netted and set off against such Net Gain, and any remaining Net Gain shall be returned to the Defaulting Member or its representative or otherwise disposed of in accordance with the Cross-Guaranty Agreement and Rules of the Guarantor.

(l) Each Clearing Organization hereby grants the other Clearing Organization a first priority security interest in and lien on such Clearing Organization's contractual rights with respect to the positions, Margin, and any proceeds thereof held in or for each Clearing Member Cross-Margining Account at such Clearing Organization to secure its obligations under this Section 7 and, as applicable, Sections 8 and 9 of this Agreement, and FICC hereby grants NYPC a first priority security interest in and lien on payments received by FICC under the Cross-Guaranty Agreement to the extent a portion of such payments is owed to NYPC as provided in paragraph (h) to secure its payment obligations thereunder, and each Clearing Organization shall have all of the rights of a secured creditor under the New York Uniform Commercial Code. Before the occurrence of a Default Event with respect to a Cross-Margining Participant, each Clearing Organization may use the Margin deposited by a Cross-Margining Participant to the extent permitted under its Rules and under the terms of this Agreement. From and after the time a Cross-Margining Participant becomes a Defaulting Member, each Clearing Organization shall, after first applying such Margin as is necessary to satisfy the obligations of the Defaulting Member to such Clearing Organization under the Clearing Member Agreement, deposit any remaining Margin and any proceeds thereof into an account at a depository institution that is reasonably acceptable to the Clearing Organizations, which account shall be owned by the Clearing Organizations as joint tenants, pending the determination by the Clearing Organizations of Net Gain, Net Loss, Cross-Margin Gain and/or Cross-Margin Loss pursuant to this Section 7. Any such remaining Margin and proceeds shall be applied in accordance with this Section 7 and, as applicable, Sections 8 and 9 of this Agreement.

8. Guaranty of FICC to NYPC.

(a) FICC hereby unconditionally guaranties the prompt payment when due (whether at maturity, by declaration, by demand or otherwise), and at any and all times thereafter, of all indebtedness and other obligations of every kind and nature of each Cross-Margining Participant or its Cross-Margining Affiliate (hereafter referred to, in either case, as "NYPC's Debtor") to NYPC, direct or indirect, absolute or contingent, due or to become due, whether now or hereafter existing, arising from or related to Eligible Positions or the liquidation thereof (all such indebtedness and other obligations; the "Indebtedness to NYPC"), but limited to

the amounts determined in accordance with Section 7 of this Agreement. FICC further agrees to pay any and all reasonable costs and expenses (including counsel fees and expenses) incurred by NYPC in enforcing its rights against FICC under this Section 8.

(b) The creation or existence from time to time of Indebtedness to NYPC (whether or not such Indebtedness may be in excess of the amounts determined in accordance with Section 7 of this Agreement to which the right of recovery under this Guaranty is limited) is hereby authorized without notice to FICC and shall in no way affect or impair this Guaranty.

(c) The liability of FICC under this Guaranty shall be unconditional and irrespective of (i) any lack of enforceability of any Indebtedness to NYPC or any guaranty thereof, (ii) any change of the time, manner or place of payment, or any other term, of any Indebtedness to NYPC or any guaranty thereof, (iii) any taking, exchange, subordination, release or non-perfection of any collateral securing payment of any Indebtedness to NYPC; (iv) the acceptance of additional parties or the release of anyone primarily or secondarily liable on the Indebtedness to NYPC; (v) any law, rule, regulation or order of any jurisdiction or any governmental, regulatory or administrative authority of any kind, whether now or hereafter in effect, affecting any term of any Indebtedness to NYPC or any guaranty or security therefor or NYPC's rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, NYPC's Debtor or a guarantor. FICC waives promptness, diligence, and notices with respect to any Indebtedness to NYPC and this Guaranty and any requirement that NYPC exhaust any right or take any action against NYPC's Debtor or any other person or entity or with respect to any guaranty or collateral security therefor and any duty on NYPC's part to disclose to FICC any matter, fact or thing related to the business, operations or conditions (financial or otherwise) of NYPC's Debtor or its affiliates or its property, whether now or hereafter known by NYPC. FICC acknowledges that this Guaranty is a guaranty of payment not collection and that FICC has made and will continue to make its own investigations with respect to all matters regarding NYPC's Debtor.

(d) In the event that FICC makes any payment to NYPC under this Guaranty, and to the extent such payment is not returned to FICC in whole or in part pursuant to Section 7(k) of this Agreement, FICC shall be subrogated to the rights of NYPC against the Cross-Margining Participant or its Cross-Margining Affiliate in respect of whose Indebtedness to NYPC such payment was made and to the rights of NYPC against any other guarantor or other third party with respect to such Indebtedness to NYPC.

(e) All of NYPC's rights and remedies provided for herein or otherwise available to NYPC at law or otherwise shall be cumulative to the extent permitted by law.

9. Guaranty of NYPC to FICC.

(a) NYPC hereby unconditionally guaranties the prompt payment when due (whether at maturity, by declaration, by demand or otherwise), and at any and all times thereafter, of all indebtedness and other obligations of every kind and nature of each Cross-Margining Participant or its Cross-Margining Affiliate (hereafter referred to, in either case, as "FICC's Debtor") to FICC, direct or indirect, absolute or contingent, due or to become due, whether now or hereafter existing, arising from or related to Eligible Positions or the liquidation

thereof (all such indebtedness and other obligations, the "Indebtedness to FICC"), but limited to the amounts determined in accordance with Section 7 of this Agreement. NYPC further agrees to pay any and all reasonable costs and expenses (including counsel fees and expenses) incurred by FICC in enforcing its rights against NYPC under this Section 9.

(b) The creation or existence from time to time of Indebtedness to FICC (whether or not such Indebtedness may be in excess of the amounts determined in accordance with Section 7 of this Agreement to which the right of recovery under this Guaranty is limited) is hereby authorized without notice to NYPC and shall in no way affect or impair this Guaranty.

(c) The liability of NYPC under this Guaranty shall be unconditional and irrespective of (i) any lack of enforceability of any Indebtedness to FICC or any guaranty thereof, (ii) any change of the time, manner or place of payment, or any other term, of any Indebtedness to FICC or any guaranty thereof, (iii) any taking, exchange, subordination, release or non-perfection of any collateral securing payment of any Indebtedness to FICC; (iv) the acceptance of additional parties or the release of anyone primarily or secondarily liable on the Indebtedness to FICC; (v) any law, rule, regulation or order of any jurisdiction or any governmental, regulatory or administrative authority of any kind, whether now or hereafter in effect, affecting any term of any Indebtedness to FICC or any guaranty or security therefor or FICC's rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, FICC's Debtor or a guarantor. NYPC waives promptness, diligence, and notices with respect to any Indebtedness to FICC and this Guaranty and any requirement that FICC exhaust any right or take any action against FICC's Debtor or any other person or entity or with respect to any guaranty or collateral security therefor and any duty on FICC's part to disclose to NYPC any matter, fact or thing related to the business, operations or conditions (financial or otherwise) of FICC's Debtor or its affiliates or its property, whether now or hereafter known by NYPC. NYPC acknowledges that this Guaranty is a guaranty of payment not collection and that NYPC has made and will continue to make its own investigations with respect to all matters regarding FICC's Debtor.

(d) In the event that NYPC makes any payment to FICC under this Guaranty, and to the extent such payment is not returned to NYPC in whole or in part pursuant to Section 7(k) of this Agreement, NYPC shall be subrogated to the rights of FICC against the Cross-Margining Participant or its Cross-Margining Affiliate in respect of whose Indebtedness to FICC such payment was made and to the rights of FICC against any other guarantor or other third party with respect to such Indebtedness to FICC.

(e) All of FICC's rights and remedies provided for herein or otherwise available to FICC at law or otherwise shall be cumulative to the extent permitted by law.

10. Confidentiality.

(a) Except as expressly authorized in this Agreement, each Clearing Organization shall maintain in confidence any and all information obtained by it in connection with this Agreement, the transactions or activities contemplated herein with respect to the other Clearing Organization, and the positions, transactions and financial condition of any Clearing Member of such other Clearing Organization ("Confidential Information"). The foregoing shall

not apply to (i) information which is or becomes generally known to the public other than through an action or failure to act by such Clearing Organization in violation of this Section 10, or (ii) disclosure of Confidential Information to a third party to whom such information was previously known or who has agreed to maintain the confidentiality of such information in accordance with the provisions of this Section 10. This Section 10 shall not prohibit a Clearing Organization from furnishing Confidential Information: (i) to the other Clearing Organization; (ii) to the CFTC, the SEC or any other regulator or supervisory authority with oversight authority over a Clearing Organization or any of its Clearing Members; (iii) to a "registered entity" within the meaning of the CEA or to a "self-regulatory organization" within the meaning of CFTC regulations or the Exchange Act, in either case pursuant to a surveillance agreement or similar arrangement to which such Clearing Organization is a party; (iv) as may be required by the CEA, the Exchange Act, or CFTC or SEC regulations; or (v) or to a foreign government or regulatory body.

(b) In the event that either Clearing Organization is required by subpoena, or by any other order of court, law or regulation to disclose any Confidential Information in the possession of such Clearing Organization, it is agreed that the Clearing Organization which is subject to such requirement shall provide the other Clearing Organization with prompt notice of such requirement so that the other Clearing Organization may seek an appropriate protective order and/or waive compliance with the provisions of this Section with respect to such required disclosure. In the event that the other Clearing Organization determines to seek a protective order, the Clearing Organization subject to the requirement shall cooperate to the extent reasonably requested by the other Clearing Organization. It is further agreed that if in the absence of protective order or the receipt of a waiver hereunder, the Clearing Organization subject to the requirement is nonetheless, in the opinion of its counsel, compelled to disclose such Confidential Information to any tribunal or regulatory agency or else stand liable for contempt or suffer other censure or penalty, such Clearing Organization may produce such Confidential Information without liability under this Section 10.

(c) The provisions of this Section 10 shall survive the termination of this Agreement.

(d) Each Clearing Organization acknowledges and agrees that the violation of its obligations under this Section 10 would cause irreparable harm to the other Clearing Organization, which harm may not be compensable solely by monetary damages, and that, therefore, in the event of an actual or threatened breach by a Clearing Organization of this Section 10, the other Clearing Organization shall be entitled to immediate injunctive and other equitable relief, without the necessity of proving monetary damages or posting bond or other security. Any such equitable relief granted shall be without prejudice to any other rights and remedies as a Clearing Organization may have under this Agreement.

11. FDICIA. This Agreement, together with FICC Rules, NYPC Rules, the Clearing Member Agreement and any other agreements between FICC, NYPC and a Cross-Margining Participant or any Affiliate thereof is, for purposes of Title IV, Subtitle A of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. §§ 4401-4407), a "netting contract" and all payments made or to be made hereunder, including payments made in accordance with this Agreement in connection with the liquidation of a Cross-Margining Participant are "covered

contractual payment obligations” or “covered contractual payment entitlements,” as the case may be, as well as “covered clearing obligations”; and for purposes of the U.S. Bankruptcy Code and the Federal Deposit Insurance Act is a “master netting agreement” with respect to some or all of “swap agreements,” “commodity contracts,” “forward contracts,” and “securities contracts.”

12. Indemnification.

(a) Each Clearing Organization (the “Indemnitor”), unless otherwise specified in this Agreement, shall indemnify, defend and hold harmless the other Clearing Organization, its affiliates and its and their stockholders or members, directors, officers, employees and agents (each, an “Indemnified Party”) against any Losses (as defined below) incurred by an Indemnified Party as the result, or arising from allegations of, any act or failure to act by the Indemnitor in connection with this Agreement or the cross-margining procedures contemplated under this Agreement if such act or failure to act constitutes either (x) gross negligence or willful misconduct on the part of the Indemnitor; or (y) a breach of this Agreement, any obligation undertaken in connection with this Agreement, any Rule of the Indemnitor (except to the extent that such Rule is inconsistent with the provisions of this Agreement), or any law or governmental regulation applicable to the Indemnitor.

(b) As used in this Section 12, the term “Losses” means any and all losses, damages and expenses whatsoever (whether direct or arising from claims of third parties) including, without limitation, liabilities, judgments, damages, costs of investigation, reasonable attorneys fees and other expenses and amounts paid in settlement (pursuant to consent of the Indemnitor, which consent shall not be unreasonably withheld) in connection with any action, suit, litigation, claim or proceeding to which an Indemnified Party is made a party defendant, or is threatened to be made such a party.

(c) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or the assertion of any claim against such Indemnified Party, such Indemnified Party shall, if a claim in respect thereof is to be made against the Indemnitor, notify the Indemnitor in writing of the commencement of such action or assertion of such claim; but the omission so to notify the Indemnitor will not relieve the Indemnitor from any liability which it may have to any Indemnified Party except to the extent that the Indemnitor has been materially and adversely affected by the lack of prompt notice and shall in any event not relieve the Indemnitor of any liability which it may have to an Indemnified Party otherwise than under this Section 12. In case any such action is brought against any Indemnified Party, and such party promptly notifies the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate in, and to the extent that it may wish, to assume and control the defense thereof, with counsel chosen by it, and, after notice from the Indemnitor to such Indemnified Party of its election so to assume the defense thereof, the Indemnitor will not be liable to such Indemnified Party under this Section 12 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, but the Indemnified Party may, at its own expense, participate in such defense by counsel chosen by it without, however, impairing the Indemnitor’s control of the defense. In any action in which the named parties include the Indemnitor and one or more indemnified parties, the Indemnitor shall have the right to assume control of any legal defenses that are available to it and any of the indemnified parties. Notwithstanding the foregoing, in any action in which the

named parties include both the Indemnitor and an Indemnified Party and in which the Indemnified Party shall have been advised by its counsel that there may be legal defenses available to the Indemnified Party that are different from or additional to those available to the Indemnitor, the Indemnitor shall not have the right to assume such different or additional legal defenses. The Indemnitor may not negotiate a compromise or settlement of any such action or claim without the consent of the indemnified parties, which consent shall not be unreasonably withheld or delayed.

13. Rules of the Clearing Organizations.

(a) FICC and NYPC each shall propose and use all reasonable efforts to obtain any regulatory approvals necessary to adopt and maintain in effect such provisions in its Rules as are reasonably necessary to implement the provisions of this Agreement.

(b) FICC and NYPC shall give each other reasonable prior notice of the intended effectiveness of any rule or rule amendment (other than an emergency rule or rule amendment, as to which notice shall be given promptly) adopted by such Clearing Organization if such rule or rule amendment relates in any way to such Clearing Organization's Margin requirements, the NYPC Guaranty Fund or FICC Clearing Fund (as applicable), rights of assessment against its Clearing Members, or similar matters.

14. Limited Purpose Participants.

(a) A Limited Purpose Participant shall have the ability to have access, through NYPC, to the cross-margining arrangement that is the subject of this Agreement.

(b) Except as otherwise provided in the LPP Agreement:

(i) Trades that are within the scope of the LPP Agreement and that would otherwise be cleared by such Limited Purpose Participant shall instead be submitted to NYPC, which shall act as central counterparty and derivatives clearing organization in respect thereof and shall include such trades in the cross-margining arrangement that is the subject of this Agreement;

(ii) Members of the Limited Purpose Participant shall be bound by NYPC Rules as fully as if they were Clearing Members of NYPC, and NYPC shall have all of its rights, under its Rules and otherwise, in the event that a member of the Limited Purpose Participant is a Defaulting Member;

(iii) A Limited Purpose Participant shall make a contribution to the NYPC Guaranty Fund in form and substance similar to and in an amount that is not less than the amount of the NYSE Guaranty;

(iv) NYPC shall not be required to accept trades in any product that is not eligible for clearing pursuant to this Agreement; and

(v) Clearing fees shall be allocated between NYPC and the Limited Purpose Participant as may be agreed by NYPC and the Limited Purpose

Participant, taking into account the cost of services (including capital expenditures incurred by NYPC), technology that may be contributed by the Limited Purpose Participant, the volume of transactions, and such other factors as may be relevant.

(c) As used in this Section 14:

(i) "Limited Purpose Participant" means a clearinghouse or clearing organization, other than NYPC or FICC, that (i) does not limit its provision of clearing services on a vertical basis to a single Market or limited number of Markets and operates pursuant to a business model that requires such clearinghouse or clearing organization to provide clearing services to any qualified Market, (ii) agrees to participate using the uniform risk methodology and risk management policies, systems and procedures that have been adopted by NYPC and FICC for implementation and administration of the cross-margining arrangement that is the subject of this Agreement, and (iii) is party to an LPP Agreement.

(ii) "LPP Agreement" means an agreement between NYPC and a Limited Purpose Participant which provides, inter alia, that the Limited Purpose Participant shall be deemed to be a Clearing Member for purposes of NYPC Rules, except to the extent otherwise provided in such agreement, in this Agreement, or in NYPC Rule 801.

(iii) "Market" means a "trading facility" or "organized exchange," as such terms are defined in the CEA as in effect on April 16, 2010; provided, that the term "trading facility" shall for this purpose include the entities otherwise excluded by Section 1a(34)(B) of the CEA as in effect on such date.

15. Representations and Warranties. Each Clearing Organization represents and warrants to the other as of the date hereof and as of the Effective Date as follows:

(a) Good Standing. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged and is duly qualified and authorized to do business as a foreign corporation or company and is in good standing under the laws of each jurisdiction in which failure to so qualify could have a material adverse effect on its financial condition, business or operations.

(b) Corporate Power and Authority. It has all requisite corporate (or, in the case of NYPC, limited liability company) power and authority to enter into this Agreement and the agreements referenced in this Agreement, as applicable, and full power and authority to take all actions required of it pursuant to such agreements. This Agreement and the applicable agreements referenced in this Agreement will constitute, when executed and delivered, valid and binding obligations of such Clearing Organization, and the execution, delivery and performance of all of its obligations under this Agreement and the applicable agreements referenced in this

Agreement have been duly authorized by all necessary corporate action on the part of such Clearing Organization.

(c) No Violation. Except for provisions as to which waivers have been obtained, the execution and delivery of this Agreement and the applicable agreements referenced in this Agreement by the Clearing Organization and the performance of its obligations under this Agreement and the applicable agreements referenced in this Agreement: (i) do not result in a violation or breach of, do not conflict with or constitute a default under, and will not accelerate or permit the acceleration of performance required by, any of the terms and provisions of its organizational documents, rules or other governing documents, any note, debt instrument, or any other agreement to which it is a party or to which any of its assets or properties is subject, and will not be an event which after notice or lapse of time or both will result in any such violation, breach, conflict, default or acceleration; and (ii) do not result in a violation or breach of any law, judgment, decree, order, rule or regulation of any governmental authority or court, whether federal, state or local, at law or in equity, applicable to it or any of its assets or properties.

(d) Authorizations and Consents. All authorizations, permits, approvals or consents required to be obtained from, and all notifications and filings required to be made with, all governmental authorities and regulatory bodies and third parties to permit such Clearing Organization to place into effect this Agreement and the applicable agreements referenced in this Agreement and to perform its obligations under this Agreement and under the applicable agreements referenced in this Agreement have been obtained.

16. Covenants of FICC. FICC covenants and agrees that, during the term of this Agreement: (a) NYPC Contracts shall have priority for Margin offset purposes over any Other Cross-Margining Agreement; (b) it will not enter into an Other Cross-Margining Agreement if such agreement would adversely affect the priority of NYPC and FICC under this Agreement with respect to Available Assets; and (c) it will not, without the prior written consent of NYPC amend the Cross-Margining Agreement dated January 2, 2004, between FICC and Chicago Mercantile Exchange Inc. ("CME"), as amended by Amendment No. 1 dated October 11, 2005, Amendment No. 2 dated February 5, 2007, and that certain Amendment dated as of February 28, 2011. if such further amendment would adversely affect NYPC's right to cross-margin positions in Eligible Products prior to any cross-margining of CME positions with FICC Contracts or adversely affect the priority of NYPC and FICC under this Agreement with respect to Available Assets.

17. Termination.

(a) Operating Agreement. This Agreement shall automatically terminate upon the termination of the Operating Agreement in accordance with the terms thereof.

(b) Material Breach. At any time during the term of this Agreement, either Party may terminate this Agreement, immediately, upon written notice to the other Party, if the other Party materially breaches any of its obligations under this Agreement and fails to remedy such material breach within thirty (30) days of receipt of written notice thereof. Notwithstanding the foregoing, this Agreement may not be terminated under this paragraph (b): (i) by NYPC on the basis of a material breach by FICC, if either the NYSE Member or a majority of the NYSE

Directors failed to approve any action by NYPC or inaction by NYPC that has been recommended in writing to the NYPC Board, in accordance with customary NYPC Board procedures, by an Executive Officer of NYPC and such failure substantially contributed to the cause of the material breach by FICC, or (ii) by FICC on the basis of a material breach by NYPC, if either the DTCC Member or a majority of the DTCC Directors failed to approve any action by NYPC or inaction by NYPC that has been recommended in writing to the NYPC Board, in accordance with customary NYPC Board procedures, by an Executive Officer of NYPC and such failure substantially contributed to the cause of the material breach by NYPC; provided, that a written recommendation in accordance with customary NYPC Board procedures shall not be required in respect of clause (i) or (ii) where the recommendation of such Executive Officer is in response to an Emergency (as such term is defined in NYPC Rules). Capitalized terms used but not defined in this paragraph (b) have the meanings assigned thereto in the Operating Agreement.

(c) Loss of Registration. NYPC may terminate this Agreement immediately upon notice to FICC in the event that FICC fails to maintain in effect its registration with the SEC as a securities clearing agency. FICC may terminate this Agreement immediately upon notice to NYPC in the event NYPC fails to maintain in effect its registration with the CFTC as a derivatives clearing organization.

(d) Insolvency. At any time during the term of this Agreement, either Party may terminate this Agreement upon thirty (30) days prior written notice if: (i) the other Party (A) voluntarily commences any proceeding or files any petition under the bankruptcy laws of the United States, (B) becomes subject to any involuntary bankruptcy or insolvency proceedings under the laws of the United States, which proceedings are not dismissed within thirty (30) days, (C) makes an assignment of all or substantially all of its assets for the benefit of its creditors, or (D) appoints a receiver, trustee, custodian or liquidator for a substantial portion of its property, assets or business; or (ii) the other Party passes a resolution for its winding up or dissolution or a court of competent jurisdiction makes an order for such other Party's winding up or dissolution.

(e) Survival of Obligations. The obligations of the Clearing Organizations arising under Sections 7, 8 and 9 of this Agreement shall survive the termination of this Agreement.

18. Forbearance of Authority to Reject Transactions. The Administrator shall not, without the express consent of NYPC, exercise any authority contained in its Rules to reject a transaction effected in any Set of Clearing Member Cross-Margining Accounts (whether a purchasing or selling transaction) that was reported to the Administrator in a report of matched trades); provided, that any such report shall contain all of the data, and is submitted in the form and manner customarily required, by the Administrator for transactions of such type.

19. Information Sharing.

(a) The Clearing Organizations hereby agree to provide one another with the following information regarding their respective Cross-Margining Participants:

(i) If either Clearing Organization applies any special surveillance procedures to a Cross-Margining Participant, such Clearing Organization shall notify the other Clearing Organization of that fact.

(ii) If either Clearing Organization requires more frequent reporting of financial information by a Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact and the period of reporting.

(iii) If either Clearing Organization increases the capital requirement for any Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact, the amount of the additional capital required and the deadline for meeting the requirement.

(iv) If either Clearing Organization imposes additional margin requirements with respect to a particular Cross-Margining Participant, or issues a special intra-day call for Margin in respect of any account of a Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact and the amount of the additional margin required.

(v) Each Clearing Organization shall, upon request by the other Clearing Organization, furnish to such other Clearing Organization the following information with respect to each account carried by the Cross-Margining Participant with the Clearing Organization from whom the information is requested: (A) Margin required and on deposit in respect of such account, and (B) the dollar amount of any current settlement obligations owed to or by the Cross-Margining Participant that have been determined for such account in respect of variation margin, premiums, option exercises and any other settlements.

(vi) Each Clearing Organization shall notify the other Clearing Organization of any disciplinary action (other than an appeal from an administrative fine) taken by its governing board, or committee or subcommittee thereof, against a Cross-Margining Participant involving non-compliance with financial or financial reporting requirements, or violation of the Rules.

(vii) Each Clearing Organization shall notify the other Clearing Organization in the event that the notifying Clearing Organization learns of any major processing difficulties (including, but not limited to, back-office computer problems) or operational errors of a Cross-Margining Participant.

(viii) Each Clearing Organization shall notify the other Clearing Organization in the event that a Cross-Margining Participant defaults in any settlement obligation.

In the case of any notice given pursuant to clauses (i), (ii), (iii), (iv), (vii), or (viii) above, the Clearing Organization giving such notice shall also notify the other Clearing Organization when the condition giving rise to such notice is terminated.

(b) The Clearing Organizations hereby agree to inform one another, upon request, of the total size of, and aggregate amount of required contributions to, such Clearing Organization's Clearing Fund or Guaranty Fund, as applicable.

(c) Any notice required to be given pursuant to this Section 19 shall be given by telephone or facsimile promptly upon the occurrence of the event giving rise to the requirement of notification, and any such notice given by telephone shall be promptly confirmed in writing. Each such notice shall be directed as follows:

If to FICC:

Murray Pozmanter
Managing Director, Fixed Income Clearance and Settlement
Telephone: (212) 855-7522
Facsimile: (212) 269-0162

and to:

Nikki Poulos
Managing Director and General Counsel
Telephone: (212) 855-7633
Facsimile: (212) 855-3215

If to NYPC:

Chief Executive Officer
Telephone: (212) 855-5210
Facsimile: (212) 855-5225

and to:

Laura Klimpel
Chief Compliance Officer and Counsel
Telephone: (212) 855-5230
Facsimile: (212) 855-5225

In case of the absence or unavailability of any officer named above, telephone calls shall be directed to another individual who has been designated in writing by the Clearing Organizations as authorized to receive such telephone calls. Prior to the Effective Date of this Agreement, each Clearing Organization shall provide the other with the name and telephone number of any other individual designated by such Clearing Organization pursuant to the preceding sentence.

(d) In the event that notice is given by either Clearing Organization pursuant to this Section 19, such Clearing Organization shall furnish to the other Clearing Organization upon request such additional information or documents relating to the circumstances leading to the notice as may reasonably be requested by the Clearing Organization receiving the notice.

20. Liability.

(a) TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, EXCEPT AS EXPRESSLY PROVIDED IN PARAGRAPH (b), NEITHER PARTY HERETO SHALL BE LIABLE TO ANY OTHER HEREUNDER FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR SPECIAL DAMAGES, OR FOR LOSS OF PROFITS, GOODWILL OR CONTRACTS, OR FOR THE PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER ARISING FROM NEGLIGENCE, BREACH OF CONTRACT OR OTHERWISE, AND WHETHER OR NOT ANY PARTY HERETO SHALL HAVE BEEN ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.

(b) Notwithstanding the foregoing, the limitations set forth in this Section 20 will not apply to a Clearing Organization's breach of its obligations under Section 10.

21. General Provisions.

(a) Further Assurances. Each Party agrees, without additional consideration, to execute and deliver such instruments and take such other actions as shall be reasonably required or as shall be reasonably requested by the other party in order to carry out the transactions, agreements and covenants contemplated by this Agreement.

(b) Amendment, Modification and Waiver. Except as expressly provided for herein, this Agreement, including the main body of this Agreement and all exhibits hereto, may be modified, supplemented or otherwise amended only by an instrument in writing signed on behalf of a duly authorized representative of each Party and in compliance with all applicable laws; *provided, however*, that such signature shall not include a signature by electronic device. A Party may temporarily waive or modify any condition intended to be for its benefit provided such waiver shall be in writing signed by the Party to be charged. The failure of a Party to exercise or enforce any right conferred upon it by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement thereof at any time or times thereafter. No waiver by either Party hereunder shall be effective unless agreed to pursuant to a writing signed by an authorized representative of each Party.

(c) Governing Law. The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Subject to paragraph (n), any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the Parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by

any of the above-named courts. Service of process shall be in any manner allowed by applicable law.

(d) Notices. Unless otherwise expressly provided herein, all notices and other communications pertaining to the Agreement: (i) will be in writing; (ii) shall be delivered by certified or registered mail via the United States Postal Service, postage prepaid; by hand; or by any nationally recognized private courier (e.g., Federal Express, UPS, DHL); (iii) shall be effective (a) if mailed via certified or registered mail, on the date five calendar days after the date of mailing, or (b) if hand delivered, or delivered by private courier, on the date of delivery; and (iv) shall be addressed as follows:

If to FICC:

Murray Pozmanter
Managing Director, Fixed Income Clearance and Settlement
Fixed Income Clearing Corporation
55 Water Street
New York, NY 10041
Telephone: (212) 855-7522
Facsimile: (212) 269-0162

With a copy (which shall not constitute notice) to:

Nikki Poulos
Managing Director and General Counsel
Fixed Income Clearing Corporation
55 Water Street
New York, NY 10041
Telephone: (212) 855-7633
Facsimile: (212) 855-3215

If to NYPC:

Chief Executive Officer
New York Portfolio Clearing, LLC
55 Water Street, 31st Floor
New York, NY 10041
Telephone: (212) 855-5210
Facsimile: (212) 855-5225

With a copy (which shall not constitute notice) to:

Laura Klimpel
Chief Compliance Officer and Counsel
New York Portfolio Clearing, LLC
55 Water Street, 31st Floor
New York, NY 10041
Telephone: (212) 855-5230
Facsimile: (212) 855-5225

or to such other address or addresses as may hereafter be specified by written notice given by one Party to the other.

(e) Assignment. Except as otherwise expressly provided herein, neither Party shall assign or otherwise transfer this Agreement, or any of its rights or obligations under this Agreement, without the prior written approval of the other Party, which approval shall not be unreasonably withheld, delayed or conditioned. Any purported assignment or transfer in violation of this paragraph (e) shall be void.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same instrument. A complete set of counterparts shall be lodged with each Party.

(g) Headings. References to sections, paragraphs and exhibits are to sections, paragraphs and exhibits of and to this Agreement, unless otherwise indicated. Section headings are inserted for convenience of reference only and shall not affect the construction of this Agreement. The singular number shall include the plural, and vice versa. Any use of the word “including” will be interpreted to mean “including, but not limited to,” unless otherwise indicated. References to any Person (including the Parties and any other entities referred to) shall be construed to mean such Person and its successors in interest and permitted assigns, as applicable.

(h) Entire Agreement. This Agreement, together with all exhibits hereto (and, to the extent referenced herein, (i) the Rules, (ii) that certain Amended and Restated Limited Liability Company Agreement of NYPC, dated as of September 4, 2009, as it may be further amended or restated from time to time, (iii) that certain letter agreement between DTCC and NYSE Euronext dated June 17, 2009 and captioned “Project Adams,” and (iv) that certain NYSE Master Services Agreement entered into by NYSE Liffe US, LLC and NYPC as of April 7, 2010), constitutes the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior representations, agreements, negotiations and discussions between the Parties with respect to the subject matter hereof.

(i) Invalid Provision. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, unlawful, or unenforceable, such determination shall not affect the enforceability of the remainder of this Agreement or the validity, lawfulness, or enforceability of such provision in any other jurisdiction.

(j) Effective Date. This Agreement shall become effective on the later of (i) the date agreed by the parties and (ii) the date on which all necessary regulatory approvals of this Agreement have been received by FICC and NYPC (the “Effective Date”).

(k) Force Majeure. If the performance of this Agreement by either Party (other than the payment of any amounts due hereunder) is prevented, hindered, delayed or otherwise made impracticable by reason of any cause beyond a Party’s reasonable control, including any flood, riot, fire, judicial or governmental action, labor dispute, failure or

degradation of any third party system or service, or act of war or terrorism (each, a “Force Majeure Event”), that party shall be excused from such performance to the extent, including for the duration of time, that it is prevented, hindered or delayed by such Force Majeure Event. In the event a Party becomes aware of a Force Majeure Event that will affect its performance under this Agreement, it shall so notify the other Party as soon as reasonably practicable. The Parties shall thereafter work together to take reasonable steps to mitigate the effects of any inability to perform or any delay in performance, if practicable.

(l) Remedies Not Exclusive. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy, except as expressly provided in this Agreement, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise.

(m) No Third-Party Beneficiaries. This Agreement is binding upon, and shall inure to the benefit of, the Parties and their respective administrators, legal representatives, successors, and permitted assigns. The Parties agree that no provision of this Agreement is intended, expressly or by implication, to purport to confer a benefit or right of action upon a third party (whether or not in existence, and whether or not named, as of the date hereof), other than Persons entitled to indemnification pursuant to Section 12, who are third party beneficiaries of Section 12 (and no other provisions) of this Agreement.

(n) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(o) Dispute Resolution. [Reserved]

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

FIXED INCOME CLEARING CORPORATION

By: _____

NEW YORK PORTFOLIO CLEARING, LLC

By: _____

**FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC
CLEARING MEMBER CROSS-MARGINING AGREEMENT**

(Joint Clearing Member – Proprietary Accounts)

The undersigned (“Clearing Member”) is a Clearing Member of Fixed Income Clearing Corporation (“FICC”) and a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Agreement (this “Agreement”), Clearing Member hereby elects to become a Cross-Margining Participant for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Clearing Member agrees to be bound by the FICC Rules and the NYPC Rules applicable to Cross-Margining Participants and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, Clearing Member unconditionally promises immediate payment of its payment or reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement or the Rules in respect of the Set of Proprietary Cross-Margining Accounts.

On behalf of itself and of each person on whose behalf positions may be maintained in the Clearing Member’s Set of Proprietary Cross-Margining Accounts, Clearing Member hereby pledges, as security for its present and future obligations to the Clearing Organizations, whether or not arising from the Set of Proprietary Cross-Margining Accounts, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of its positions and Margin (including but not limited to Margin held in Clearing Member’s Set of Proprietary Cross-Margining Accounts), proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the “Collateral”). Without limiting the generality of the foregoing, Clearing Member agrees that (i) the rights of the Clearing Organizations set forth in the preceding sentence are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Member will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Member in this Agreement.

For purposes of calculating Margin, Clearing Member’s Set of Proprietary Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby

authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of Proprietary Cross-Margining Accounts. Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by Clearing Member for any amount due from Clearing Member in respect of the Set of Proprietary Cross-Margining Accounts.

Clearing Member acknowledges and agrees that either FICC or NYPC may terminate, suspend or otherwise cease to act for Clearing Member in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Member's Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of Clearing Member in accordance with the Cross-Margining Agreement and the Rules.

Clearing Member and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Member may be disclosed solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify Clearing Member as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Member's condition, positions, Margin requirements and deposits.

Clearing Member acknowledges and agrees that the Cross-Margin Requirement in respect of its Set of Proprietary Cross-Margining Accounts will be calculated in accordance the Cross-Margining Agreement and the Rules. Clearing Member further acknowledges and agrees that neither Clearing Organization guarantees to Clearing Member that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) all transactions and positions in Clearing Member's Set of Proprietary Cross-Margining Accounts will be solely for Clearing Member's own account and/or for the account of Non-Customers of Clearing Member; (iv) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (v) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vi) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (vii) this Agreement has been duly executed and delivered by it; (viii) this Agreement is a legal, valid, and binding obligation on its part,

enforceable against it in accordance with its terms; and (ix) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between Clearing Member and FICC or NYPC, any transfer by Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by Clearing Member upon two Business Days' notice to FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to Clearing Member. Notwithstanding the previous two sentences, Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[Signature page follows]

Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Accepted By:

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

**FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC**

**CLEARING MEMBER CROSS-MARGINING AGREEMENT
(Affiliated Clearing Members – Proprietary Accounts)**

The undersigned, _____, is a Clearing Member of Fixed Income Clearing Corporation (“FICC”), and the undersigned, _____, is a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Agreement (this “Agreement”), each of the undersigned (each, a “Clearing Member” and together, the “Clearing Members”) hereby elects to become a Cross-Margining Participant and an Affiliate of the other Clearing Member for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Clearing Members agree to be bound by the FICC Rules and the NYPC Rules applicable to Cross-Margining Participants and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, each Clearing Member unconditionally promises immediate payment of its and its Affiliate’s payment and reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement and the Rules in respect of the Set of Proprietary Cross-Margining Accounts. Clearing Members hereby agree to be jointly and severally liable to the Clearing Organizations for any Margin, settlement or other obligation arising from transactions or positions in the Set of Proprietary Cross-Margining Accounts. Subject to the foregoing, this Agreement shall not be construed to obligate either Clearing Member to make any contributions to the clearing or guaranty fund of, or be liable for any assessment against the members of, a Clearing Organization of which such Clearing Member is not itself a Clearing Member.

On behalf of itself and of each person on whose behalf positions may be maintained in the Clearing Members’ Set of Proprietary Cross-Margining Accounts, each Clearing Member hereby pledges, as security for the present and future obligations of either Clearing Member to the Clearing Organizations, whether or not arising from the Set of Proprietary Cross-Margining Accounts, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of their respective positions and Margin (including but not limited to Margin held in Clearing Members’ Set of Proprietary Cross-Margining Accounts), proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the “Collateral”). Clearing Members hereby authorize the Clearing Organizations to treat all Margin deposited by either of them in respect of, and all positions in, the Clearing Member Cross-Margining Accounts as belonging to either or both of them. Without limiting the generality of the foregoing, Clearing Members agree that (i) the rights of the Clearing Organizations set forth in the preceding two sentences are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) each Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create,

preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Members will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Members in this Agreement.

For purposes of calculating Margin, Clearing Members' Set of Proprietary Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of Proprietary Cross-Margining Accounts. Each Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by the Clearing Member for any amount due from such Clearing Member in respect of the Set of Proprietary Cross-Margining Accounts, and the Clearing Organizations are authorized to treat the funds in such bank account(s) as belonging to either or both of the Clearing Members.

Clearing Members acknowledge and agree that either FICC or NYPC may terminate, suspend or otherwise cease to act for them in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Members' Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Members in accordance with the Cross-Margining Agreement and the Rules.

Clearing Members and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Members may be disclosed to either Clearing Member or otherwise solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify either of the Clearing Members as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Members' condition, positions, Margin requirements and deposits.

Clearing Members acknowledge and agree that the Cross-Margin Requirements in respect of the Set of Proprietary Cross-Margining Accounts will be calculated in accordance the Cross Margining Agreement and the Rules. Clearing Members further acknowledge and agree that neither Clearing Organization guarantees to Clearing Members that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what each Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Each Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) it is an Affiliate of the other Clearing Member that is party to this Agreement; (iv) all transactions and positions in Clearing Members' Set of Proprietary

Cross-Margining Accounts will be solely for the Clearing Members' own accounts and/or for the accounts of Non-Customers of the Clearing Members; (v) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (vi) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vii) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (viii) this Agreement has been duly executed and delivered by it; (ix) this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and (x) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between either Clearing Member and FICC or NYPC, any transfer by either Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by either Clearing Member upon two Business Days' notice to the other Clearing Member, FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to both Clearing Members. Notwithstanding the previous two sentences, each Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[Signature page follows]

FICC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

NYPC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Accepted By:

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

**FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC**

**CLEARING MEMBER CROSS-MARGINING AGREEMENT
(Joint Clearing Member – Market Professional Accounts)**

The undersigned (“Clearing Member”) is a Clearing Member of Fixed Income Clearing Corporation (“FICC”) and a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Agreement (this “Agreement”), Clearing Member hereby elects to become a Cross-Margining Participant for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Clearing Member agrees to be bound by the FICC Rules and the NYPC Rules applicable to Clearing Members participating in cross-margining arrangements and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, Clearing Member unconditionally promises immediate payment of its payment or reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement or the Rules in respect of the Set of Market Professional Cross-Margining Accounts.

The Set of Market Professional Cross-Margining Accounts shall be limited to transactions and positions carried by Clearing Member for Market Professionals who have signed a “Market Professional Agreement” in the form of Exhibit 1 hereto. Clearing Member agrees that it will not commence clearing transactions through or carrying positions in the Set of Market Professional Cross-Margining Accounts for any Market Professional until it has received with respect to such Market Professional a duly executed copy of the Market Professional Agreement and such other documentation as may be requested by the Clearing Organizations. Clearing Member agrees to indemnify and hold harmless the Clearing Organizations, their directors, officers, employees and each person, if any, who controls any of the Clearing Organizations against any claims, losses, liabilities and expenses, including, without limitation, reasonable legal fees and expenses and amounts paid or payable in settlement of any action, proceeding or investigation arising from any claim by any party resulting from the carrying of positions in a Market Professional Cross-Margining Account that belong to any person other than a Market Professional for whom a Market Professional Agreement is in effect.

On behalf of itself and of each Market Professional on whose behalf positions may be maintained in Clearing Member’s Set of Market Professional Cross-Margining Accounts, Clearing Member hereby pledges, as security for its present and future obligations to the Clearing Organizations, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of its positions and Margin held in Clearing Member’s Set of Market Professional Cross-Margining Accounts, proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the “Collateral”). Without limiting the generality of the foregoing, Clearing Member agrees that (i) the rights of the

Clearing Organizations set forth in the preceding sentence are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Member will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Member in this Agreement.

For purposes of calculating Margin, Clearing Member's Set of Market Professional Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of Market Professional Cross-Margining Accounts. Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by Clearing Member for any amount due from Clearing Member in respect of the Set of Market Professional Cross-Margining Accounts.

Clearing Member acknowledges and agrees that either FICC or NYPC may terminate, suspend or otherwise cease to act for Clearing Member in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Member's Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Member in accordance with the Cross-Margining Agreement and the Rules.

Clearing Member and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Member may be disclosed solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify Clearing Member as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Member's condition, positions, Margin requirements and deposits.

Clearing Member acknowledges and agrees that the Cross-Margin Requirement in respect of its Set of Market Professional Cross-Margining Accounts will be calculated in accordance the Cross-Margining Agreement and the Rules. Clearing Member further acknowledges and agrees that neither Clearing Organization guarantees to Clearing Member that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the

Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) all transactions and positions in Clearing Member's Set of Market Professional Cross-Margining Accounts will be solely for the account of one or more Market Professionals, each of which is party to a Market Professional Agreement; (iv) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (v) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vi) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (vii) it is registered with the SEC as a broker-dealer and with the CFTC as a futures commission merchant; (viii) this Agreement has been duly executed and delivered by it; (ix) this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and (x) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between one or both of the Clearing Members and FICC or NYPC, any transfer by either Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by Clearing Member upon two Business Days' notice to FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to Clearing Member. Notwithstanding the previous two sentences, Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or

execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[Signature page follows]

Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Accepted By:

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

**FIXED INCOME CLEARING CORPORATION
NEW YORK PORTFOLIO CLEARING, LLC.**

**MARKET PROFESSIONAL AGREEMENT FOR CROSS-MARGINING
(Joint Clearing Member)**

This Market Professional Agreement for Cross-Margining (Joint Clearing Member) (“Agreement”) is made and entered into between the undersigned clearing member of Fixed Income Clearing Corporation and New York Portfolio Clearing, LLC (“Clearing Member”) and the undersigned member of a designated contract market that clears futures contracts and/or options on futures contracts through NYPC (“Member”). As used in this Agreement, “Clearing Organization” means either of Fixed Income Clearing Corporation (“FICC”) or New York Portfolio Clearing, LLC (“NYPC”).

Clearing Member and Member hereby enter into this Agreement to provide for the cross-margining of certain of Member’s positions in U.S. dollar-denominated interest rate and fixed income futures contracts and/or options on futures contracts cleared by NYPC (“NYPC Contracts”) with U.S. Government securities, securities of U.S. federal agencies, securities of U.S. Government-sponsored enterprises, financing products and certain mortgage-backed securities contracts cleared by FICC (“FICC Contracts” and, together with NYPC Contracts, “Eligible Products”) held by Clearing Member at one Clearing Organization with certain of Member’s positions held by Clearing Member at the other Clearing Organization, as set forth below.

Clearing Member acknowledges and understands that Member desires it to clear and maintain some or all of Member’s positions in Eligible Products in Clearing Member’s market professional cross-margining accounts at the Clearing Organizations (the “Market Professional Cross-Margining Accounts”), which are subject to the terms and conditions of the Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts) among Clearing Member and the Clearing Organizations, a copy of which is attached hereto. Notwithstanding the foregoing, Member agrees that Clearing Member may, at any time and in its sole discretion, determine to clear and/or maintain any one or group of such positions in accounts at the Clearing Organizations other than the Market Professional Cross-Margining Accounts.

Member represents and warrants that it is a “Market Professional” within the meaning of the Rules of the Clearing Organizations. Member acknowledges and agrees that its positions in the Market Professional Cross-Margining Accounts, all margin held by the Clearing Organizations in respect thereof, and all proceeds of any of the foregoing, may be commingled with the positions and property of other Market Professionals who clear through Clearing Member and have elected cross-margining, but that its positions in FICC Contracts will be cross-margined solely with its positions in NYPC Contracts. Member acknowledges and understands that the Commodity Futures Trading Commission (“CFTC”) has, by order, rendered inapplicable the provisions of certain CFTC regulations to the extent that such regulations would prohibit the commingling of such FICC Contracts and NYPC Contracts, and Member acknowledges that such property will be treated in a manner consistent with applicable orders of the CFTC.

Member further acknowledges and agrees that such property held on its behalf by Clearing Member will be customer property received by a futures commission merchant (“FCM”) to be accounted for, treated and dealt with by such FCM in a manner consistent with Section 4d of the

Commodity Exchange Act (“CEA”) and that, in the event of the bankruptcy, liquidation, or receivership of or other proceeding involving the distribution of funds held by Clearing Member: (i) Member’s claims against Clearing Member with respect to Member’s positions in the Market Professional Cross-Margining Accounts and all money, securities and property received with respect thereto, shall be subject to the distributional convention established in Appendix B to Part 190 of the CFTC’s Regulations, a copy of which is attached hereto; (ii) positions in the Market Professional Cross-Margining Accounts and all cash, securities and other property carried in respect thereof shall not be “customer property” for the purposes of the federal securities laws (to the extent necessary to effect cross-margining in accordance with the applicable orders of the CFTC), or for purposes of Subchapter III of Chapter 7 of the Bankruptcy Code (“Subchapter III”) or the Securities Investor Protection Act of 1970 (“SIPA”), and will not be claimed as such, and shall be “customer property” for purposes of the CEA, Subchapter IV of Chapter 7 of the Bankruptcy Code and Part 190 of the Regulations of the CFTC; and (iii) any claim asserted by Member against Clearing Member arising out of or based upon the Accounts, to the extent that such claim would otherwise represent a claim against or be payable from “customer property” as defined in Subchapter III or SIPA, shall be subordinated to the claims of all other customers, as the term “customer” is defined in Subchapter III or SIPA.

Member hereby grants to the Clearing Organizations a joint lien on, security interest in, and right of setoff against (i) all of Member’s property carried in the Market Professional Cross-Margining Accounts and or held in respect thereof including, without limitation, all Eligible Products from time to time purchased or carried in any of the Market Professional Cross-Margining Accounts, (ii) all cash, securities and other property deposited with or held by the Clearing Organizations as margin in respect thereof, and (iii) all proceeds of any of the foregoing (such accounts and all such contracts, margin and proceeds hereinafter referred to collectively as “Collateral”), as security for the obligations of Clearing Member to either or both of the Clearing Organizations in respect of the Accounts. Member represents and warrants that as of the date of this Agreement, there is no outstanding lien on or security interest in the Collateral except as provided in the rules of the Clearing Organizations, and agrees that it shall not grant or permit to be created any other lien on or security interest in the Collateral without the express written consent of the Clearing Organizations, other than any interest of Clearing Member in the Collateral that is subordinate to the interest of the Clearing Organizations.

Member acknowledges that in the event that a Clearing Organization terminates, suspends or otherwise ceases to act for or limits the activities of Clearing Member in accordance with the rules of such Clearing Organizations, it shall be within the sole discretion of the Clearing Organizations to determine whether to transfer or liquidate Member’s positions in the Market Professional Cross-Margining Accounts.

This Agreement shall become effective upon the filing of an executed counterpart hereof with the Clearing Organizations. Member and Clearing Member agree not to modify, amend or terminate this Agreement without the prior written consent of the Clearing Organizations, and further agree not to modify this Agreement by any other instrument unless the approval of the Clearing Organizations is noted thereon.

[Signature page follows.]

Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

Clearing Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

Attachments: Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts)
Appendix B to Part 190 of the CFTC’s Regulations

**FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC**

**CLEARING MEMBER CROSS-MARGINING AGREEMENT
(Affiliated Clearing Members – Market Professional Accounts)**

The undersigned, _____, is a Clearing Member of Fixed Income Clearing Corporation (“FICC”), and the undersigned, _____, is a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Agreement (this “Agreement”), each of the undersigned (each, a “Participant” and together, the “Participants”) hereby elects to become a Cross-Margining Participant and an Affiliate of the other Participant for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Participants agree to be bound by the FICC Rules and the NYPC Rules applicable to Clearing Members participating in cross-margining arrangements and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, each Clearing Member unconditionally promises immediate payment of its and its Affiliate’s payment and reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement and the Rules in respect of the Set of Market Professional Cross-Margining Accounts. Clearing Members hereby agree to be jointly and severally liable to the Clearing Organizations for any Margin, settlement or other obligation arising from transactions or positions in the Set of Market Professional Cross-Margining Accounts. Subject to the foregoing, this Agreement shall not be construed to obligate either Clearing Member to make any contributions to the clearing or guaranty fund of, or be liable for any assessment against the members of, a Clearing Organization of which such Clearing Member is not itself a Clearing Member.

The Set of Market Professional Cross-Margining Accounts shall be limited to transactions and positions carried by Clearing Member for Market Professionals who have signed a “Market Professional Agreement” in the form of Exhibit 1 hereto. Clearing Members agree that they will not commence clearing transactions through or carrying positions in the Set of Market Professional Cross-Margining Accounts for any Market Professional until it has received with respect to such Market Professional a duly executed copy of the Market Professional Agreement and such other documentation as may be requested by the Clearing Organizations. Clearing Members agree to indemnify and hold harmless the Clearing Organizations, their directors, officers, employees and each person, if any, who controls any of the Clearing Organizations against any claims, losses, liabilities and expenses, including, without limitation, reasonable legal fees and expenses and amounts paid or payable in settlement of any action, proceeding or investigation arising from any claim by any party resulting from the carrying of positions in a Market Professional Cross-Margining Account that belong to any person other than a Market Professional for whom a Market Professional Agreement is in effect.

On behalf of itself and of each Market Professional on whose behalf positions may be maintained in Clearing Members' Set of Market Professional Cross-Margining Accounts, each Clearing Member hereby pledges, as security for the present and future obligations of either Clearing Member to the Clearing Organizations, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of their respective positions and Margin, proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the "Collateral"). Clearing Members hereby authorize the Clearing Organizations to treat all Margin deposited by either of them in respect of, and all positions in, the Clearing Member Cross-Margining Accounts as belonging to either or both of them. Without limiting the generality of the foregoing, Clearing Members agree that (i) the rights of the Clearing Organizations set forth in the preceding two sentences are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) each Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Members will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Members in this Agreement.

For purposes of calculating Margin, Clearing Members' Set of Market Professional Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of Market Professional Cross-Margining Accounts. Each Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by the Clearing Member for any amount due from such Clearing Member in respect of the Set of Market Professional Cross-Margining Accounts, and the Clearing Organizations are authorized to treat the funds in such bank account(s) as belonging to either or both of the Clearing Members.

Clearing Members acknowledge and agree that either FICC or NYPC may terminate, suspend or otherwise cease to act for them in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Members' Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Members in accordance with the Cross-Margining Agreement and the Rules.

Clearing Members and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Members may be disclosed to either Clearing Member or otherwise solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify Clearing Member as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Members' condition, positions, Margin requirements and deposits.

Clearing Members acknowledge and agree that the Cross-Margin Requirements in respect of the Set of Market Professional Cross-Margining Accounts will be calculated in accordance the Cross-Margining Agreement and the Rules. Clearing Members further acknowledge and agree that neither Clearing Organization guarantees to Clearing Members that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what each Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Each Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) all transactions and positions in Clearing Members' Set of Market Professional Cross-Margining Accounts will be solely for the account of one or more Market Professionals, each of which is party to a Market Professional Agreement; (iv) it is an Affiliate of the other Clearing Member that is party to this Agreement; (v) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (vi) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vii) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (viii) this Agreement has been duly executed and delivered by it; (ix) this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and (x) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The FICC Clearing Member additionally represents and warrants to and for the benefit of the Clearing Organizations that it is registered with the SEC as a broker-dealer, and the NYPC Clearing Member additionally represents to and for the benefit of the Clearing Organizations that is registered with the CFTC as a futures commission merchant. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between either Clearing Member and FICC or NYPC, any transfer by either Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by either Clearing Member upon two Business Days' notice to the other Clearing Member, FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly

upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to both Clearing Members. Notwithstanding the previous two sentences, each Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

FICC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

NYPC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

**FIXED INCOME CLEARING CORPORATION
NEW YORK PORTFOLIO CLEARING, LLC.**

**MARKET PROFESSIONAL AGREEMENT FOR CROSS-MARGINING
(Affiliated Clearing Members)**

This Market Professional Agreement for Cross-Margining (Affiliated Clearing Members) (“Agreement”) is made and entered into between the undersigned clearing member of Fixed Income Clearing Corporation, the undersigned clearing member of New York Portfolio Clearing, LLC (each of the foregoing, a “Clearing Member”) and the undersigned member of a designated contract market that clears futures contracts and/or options on futures contracts through NYPC (“Member”). As used in this Agreement, “Clearing Organization” means either of Fixed Income Clearing Corporation (“FICC”) or New York Portfolio Clearing, LLC (“NYPC”).

Clearing Members and Member hereby enter into this Agreement to provide for the cross-margining of certain of Member’s positions in U.S. dollar-denominated interest rate and fixed income futures contracts and/or options on futures contracts cleared by NYPC (“NYPC Contracts”) with U.S. Government securities, securities of U.S. federal agencies, securities of U.S. Government-sponsored enterprises, financing products and certain mortgage-backed securities contracts cleared by FICC (“FICC Contracts” and, together with NYPC Contracts, “Eligible Products”) held by Clearing Member at one Clearing Organization with certain of Member’s positions held by Clearing Member at the other Clearing Organization, as set forth below.

Clearing Members acknowledge and understand that Member desires them to clear and maintain some or all of Member’s positions in Eligible Products in Clearing Members’ market professional cross-margining accounts at the Clearing Organizations (the “Market Professional Cross-Margining Accounts”), which are subject to the terms and conditions of the Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Market Professional Accounts) among Clearing Members and the Clearing Organizations, a copy of which is attached hereto. Notwithstanding the foregoing, Member agrees that Clearing Members may, at any time and in their sole discretion, determine to clear and/or maintain any one or group of such positions in accounts at the Clearing Organizations other than the Market Professional Cross-Margining Accounts.

Member represents and warrants that it is a “Market Professional” within the meaning of the Rules of the Clearing Organizations. Member acknowledges and agrees that its positions in the Market Professional Cross-Margining Accounts, all margin held by the Clearing Organizations in respect thereof, and all proceeds of any of the foregoing, may be commingled with the positions and property of other Market Professionals who clear through Clearing Members and have elected cross-margining but that its positions in FICC Contracts will be cross-margined solely with its positions in NYPC Contracts. Member acknowledges and understands that the Commodity Futures Trading Commission (“CFTC”) has, by order, rendered inapplicable the provisions of certain CFTC regulations to the extent that such regulations would prohibit the commingling of such FICC Contracts and NYPC Contracts, and Member acknowledges that such property will be treated in a manner consistent with applicable orders of the CFTC.

Member further acknowledges and agrees that such property held on its behalf by Clearing Member will be customer property received by a futures commission merchant ("FCM") to be accounted for, treated and dealt with by such FCM in a manner consistent with Section 4d of the Commodity Exchange Act ("CEA") and that, in the event of the bankruptcy, liquidation, or receivership of or other proceeding involving the distribution of funds held by either Clearing Member: (i) Member's claims against such Clearing Member, if any, with respect to Member's positions in the Market Professional Cross-Margining Accounts and all money, securities and property received with respect thereto, shall be subject to the distributional convention established in Appendix B to Part 190 of the CFTC's Regulations, a copy of which is attached hereto; (ii) positions in the Market Professional Cross-Margining Accounts and all cash, securities and other property carried in respect thereof shall not be "customer property" for the purposes of the federal securities laws (to the extent necessary to effect cross-margining in accordance with the applicable orders of the CFTC), or for purposes of Subchapter III of Chapter 7 of the Bankruptcy Code ("Subchapter III") or the Securities Investor Protection Act of 1970 ("SIPA"), and will not be claimed as such, and shall be "customer property" for purposes of the CEA, Subchapter IV of Chapter 7 of the Bankruptcy Code and Part 190 of the Regulations of the CFTC; and (iii) any claim asserted by Member against either Clearing Member arising out of or based upon the Accounts, to the extent that such claim would otherwise represent a claim against or be payable from "customer property" as defined in Subchapter III or SIPA, shall be subordinated to the claims of all other customers, as the term "customer" is defined in Subchapter III or SIPA.

Member hereby grants to the Clearing Organizations a joint lien on, security interest in, and right of setoff against (i) all of Member's property carried in the Market Professional Cross-Margining Accounts and or held in respect thereof including, without limitation, all Eligible Products from time to time purchased or carried in any of the Market Professional Cross-Margining Accounts, (ii) all cash, securities and other property deposited with or held by the Clearing Organizations as margin in respect thereof, and (iii) all proceeds of any of the foregoing (such accounts and all such contracts, margin and proceeds hereinafter referred to collectively as "Collateral"), as security for the obligations of Clearing Members to either or both of the Clearing Organizations in respect of the Accounts. Member represents and warrants that as of the date of this Agreement, there is no outstanding lien on or security interest in the Collateral except as provided in the rules of the Clearing Organizations, and agrees that it shall not grant or permit to be created any other lien on or security interest in the Collateral without the express written consent of the Clearing Organizations, other than any interest of either Clearing Member in the Collateral that is subordinate to the interest of the Clearing Organizations.

Member acknowledges that in the event that a Clearing Organization terminates, suspends or otherwise ceases to act for or limits the activities of either Clearing Member in accordance with the rules of the Clearing Organization of which it is a member, it shall be within the sole discretion of the Clearing Organizations to determine whether to transfer or liquidate Member's positions in the Market Professional Cross-Margining Accounts.

This Agreement shall become effective upon the filing of an executed counterpart hereof with the Clearing Organizations. Member and Clearing Members agree not to modify, amend or terminate this Agreement without the prior written consent of the Clearing Organizations, and further agree not to modify this Agreement by any other instrument unless the approval of the Clearing Organizations is noted thereon.

[Signature page follows.]

Member

Name: _____

By: _____

Print Name: _____

Title: _____

FICC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

NYPC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Attachments: Clearing Member Cross-Margining Agreement (Affiliated Clearing Members –
Market Professional Accounts)
Appendix B to Part 190 of the CFTC’s Regulations

Fixed Income Clearing Corporation and New York Portfolio Clearing, LLC:
Market Professional Agreement for Cross-Margining (Affiliated Clearing Members)

AMENDED AND RESTATED
NYPC CROSS-MARGINING AGREEMENT

This Amended and Restated NYPC Cross-Margining Agreement (this "Agreement") is entered into as of this 4th day of March, 2011, 2012 by Fixed Income Clearing Corporation ("FICC"), a New York corporation, and New York Portfolio Clearing, LLC ("NYPC"), a Delaware limited liability corporation (FICC and NYPC, each a "Party" and together, the "Parties").

RECITALS

A. FICC is a securities clearing agency registered with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and acts as a clearing organization for trading in the over-the-counter markets for U.S. Government securities, securities of U.S. federal Agencies and U.S. Government-sponsored enterprises, financing products and certain mortgage-backed securities ("FICC Contracts").

B. NYPC is registered as a derivatives clearing organization with the Commodity Futures Trading Commission (the "CFTC") pursuant to the Commodity Exchange Act, as amended (the "CEA"), and acts as a clearing organization for futures contracts and, ~~as soon as~~ reasonably practicable after the Effective Date subject to compliance by NYPC with the requirements of Section 5c(c) of the CEA, options on futures contracts, including U.S. dollar-denominated interest rate and fixed income futures contracts and options on futures contracts ("NYPC Contracts," and together with FICC Contracts, "Eligible Products").

C. FICC and NYPC ~~desire to establish~~ have established a cross-margining arrangement whereby (i) ~~entities~~ an entity that ~~are~~ is a Clearing Member Member of both FICC and NYPC (a "Joint Clearing Member") and (ii) a Clearing Member of one such Clearing Organization that ~~have~~ has an Affiliate that is a Clearing Member of the other such Clearing Organization (a "Cross-Margining Affiliate") may elect to have ~~proprietary~~ positions in Eligible Products at NYPC and positions in Eligible Products at FICC carried in a Set of Proprietary Cross-Margining Accounts and margined based upon the net risk presented by ~~such~~ positions in Eligible Products.

D. In order to facilitate such cross-margining arrangement, FICC and NYPC ~~desire to establish procedures whereby NYPC will guarantee~~ have entered into that certain NYPC Cross-Margining Agreement, dated as of March 4, 2011 (the "Original Agreement"), whereby NYPC guarantees certain obligations of a Cross-Margining Participant Participants to FICC, and FICC ~~will guarantee~~ guarantees certain obligations of a Cross-Margining Participant Participants to NYPC, with reimbursement of amounts paid under such ~~guaranties to be~~ guaranties being collateralized by the positions and ~~margin~~ Margin of such Cross-Margining Participant ~~held by the guarantor~~ Participants held by the Guarantor.

E. FICC and NYPC now desire to expand the Original Agreement to provide for the cross-margining of the accounts of Market Professionals and to amend and restate the Original Agreement in its entirety on the terms set forth herein.

AGREEMENTS

In consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

1. Definitions. In addition to the terms defined ~~herein~~ elsewhere in this Agreement, certain other terms used in this Agreement shall be defined as follows:

(a) “Additional FICC Resources” means, with respect to a Clearing Member of FICC that is a Defaulting Member (or an Affiliate of a Defaulting Member), the amount, if any, by which FICC reduced its Margin requirements in respect of such Clearing Member pursuant to the terms of an Other Cross-Margining Agreement.

(b) “Administrator” has the meaning set forth in Section 3(b).

(c) “Affiliate” means, when used in respect of a Clearing Member of one Clearing Organization, a Clearing Member of the other Clearing Organization that directly or indirectly controls, is controlled by, or under common control with such particular Clearing Member. Ownership of more than 50% of the common stock of the relevant entity will conclusively be deemed to be control of that entity for purposes of this definition.

(d) “Agency” means a United States government agency or instrumentality or a U.S. government-sponsored corporation.

(e) “Aggregate Margin Reduction” means the sum of the Clearing Organizations’ Margin Reductions.

(f) “Available Assets” means: (i) when used in respect of the liquidation of a Clearing Member of FICC: (i) the Clearing Member’s Margin deposits; (ii) mark-to-market payments, other collateral, credit support, and proceeds of the foregoing in such Clearing Member’s Proprietary Cross-Margining Account and/or Market Professional Cross-Margining Account, paid by or payable to such Clearing Member and deposited with or held by or on behalf of FICC; and (iii) Additional FICC Resources. ~~“Available Assets” means; and (ii) when used in respect of the liquidation of a Clearing Member of NYPC: (i) the sum of (1) the Margin deposited by such Clearing Member for its Proprietary Account(s) at NYPC, and (2) excess margin, variation margin, option premia, other collateral, credit support, and proceeds thereof related to of the foregoing in such Clearing Member’s Proprietary Account(s) Cross-Margining Account and/or Market Professional Cross-Margining Account, paid by or payable to such Clearing Member and deposited with or held by or on behalf of NYPC; and (z) the NYPC Guaranty Fund deposits of the Defaulting Member; minus (ii) any deficiency in the Segregated Funds Account; (2) any deficiency in the Customer Funds Account.~~ For the avoidance of doubt and without prejudice to subparagraph (2) of this paragraph (f), any NYPC Guaranty Fund deposits of the Defaulting Member that constitute Available Assets when used in respect of the liquidation of the Eligible Positions and Margin of a Defaulting Member of NYPC shall be applied first to any Cross-Margin Loss in the Defaulting Member’s Market Professional Cross-Margining Account carried by NYPC and then, after any such Cross-Margin

Loss has been completely satisfied, to any Cross-Margin Loss in the Defaulting Member's Proprietary Cross-Margining Account carried by NYPC. Notwithstanding the foregoing, the term "Available Assets" shall not include funds or property in the Segregated Customer Funds Account to the extent that such funds or property may not lawfully be applied by such Clearing Organization without violating any law ~~or~~, regulation or order by which ~~such~~ Clearing Organization is legally bound.

(g) "Beneficiary" has the meaning set forth in Section 7(jk).

(h) "Business Day" means each day on which trading in Eligible Products is conducted and on which FICC and NYPC both conduct money settlements, provided, however, that if trading in Eligible Products occurs on a bank holiday when money settlements cannot be made, such day shall be a Business Day for purposes of certain provisions of this Agreement but not for others as the context requires and as may be agreed upon from time to time by the Parties.

(i) "CEA" has the meaning set forth in the recitals.

(j) "CFTC" has the meaning set forth in the recitals.

(k) "Clearing Member" means, with respect to FICC, any member of the netting system of the Government Securities Division of FICC and/or a clearing member of the Mortgage-Backed Securities Division of FICC (upon implementation of central counterparty services by the Mortgage-Backed Securities Division), and with respect to NYPC, any clearing member of NYPC, in each case deemed eligible for cross-margining by FICC and NYPC, respectively. Notwithstanding the foregoing, the following types of Clearing Members shall not be deemed eligible for cross-margining: (i) a Bank Netting Member (as such term is defined in FICC Rules) unless it can demonstrate to the satisfaction of the Clearing Organizations that, in doing so, it is in compliance with regulatory requirements applicable to it; (ii) an Inter-Dealer Netting Member (as such term is defined in FICC Rules); and (iii) a Sponsored Member (as such term is defined in FICC Rules).

(l) "Clearing Member Agreement" means the Agreement, set forth as Appendix A, B, C or Appendix BD to this Agreement (as applicable), between the Clearing Organizations and a Clearing Member (and its Cross-Margining Affiliate, if applicable) that elects to participate in the cross-margining arrangement established pursuant to this Agreement and the Rules.

(m) "Clearing Member Cross-Margining Account" means, as applicable, a Proprietary Cross-Margining Account or Market Professional Cross-Margining Account that is carried by FICC for a FICC Clearing Member and/or carried by NYPC for an NYPC Clearing Member, ~~provided such NYPC account contains solely trades and positions of the Proprietary Accounts of such Clearing Member.~~

(n) "Clearing Organization" means either FICC or NYPC and "Clearing Organizations" means both FICC and NYPC.

(o) "CME" has the meaning set forth in Section 16.

- (p) “Confidential Information” has the meaning set forth in Section 10(a).
- (q) “Constituent Margin Ratio” means, ~~as to either FICC or NYPC~~ in respect of each Set of Clearing Member Cross-Margining Accounts, the ratio of ~~that each~~ Clearing Organization’s Stand-Alone Margin Requirement to the sum of the Clearing Organizations’ Stand-Alone Margin Requirements.
- (r) “Constituent Margin Requirement” means, with respect to a Clearing Organization, the product of the Constituent Margin Ratio and the Cross-Margin Requirement.
- (s) “Cross-Guaranty Agreement” means that certain Netting Contract and Limited Cross-Guaranty by and among The Depository Trust Company, Emerging Markets Clearing Corporation, Fixed Income Clearing Corporation, National Securities Clearing Corporation and The Options Clearing Corporation dated as of January 1, 2003, as it may be amended or restated from time to time.
- (t) “Cross-Margin Gain” means, ~~with respect to a Clearing Organization, the amount of any net gain realized in the liquidation of Eligible Positions held by such Clearing Organization, reduced by any costs, fees and expenses incurred by the Clearing Organization in connection with the liquidation, transfer or management of such Eligible Positions, but without regard to any Available Assets.~~ has the meaning set forth in Section 7(b).
- (u) “Cross-Margin Loss” means, ~~with respect to a Clearing Organization, the amount of any net loss incurred in the liquidation of Eligible Positions held by such Clearing Organization, increased by any costs, fees and expenses incurred by the Clearing Organization in connection with the liquidation, transfer or management of such Eligible Positions, but without regard to any Available Assets.~~ has the meaning set forth in Section 7(b).
- (v) “Cross-Margin Requirement” means; (i) with respect to a Clearing Organization, the amount of Margin required by such Clearing Organization with respect to its Cross-Margining Participants, and (ii) with respect to a Cross-Margining Participant, the amount of Margin required by the Clearing Organizations with respect to one or more Sets of Clearing Member Cross-Margining Accounts, in each case as provided in Section 4 and pursuant to the methodology agreed by the Clearing Organizations.
- (w) “Cross-Margining Affiliate” has the meaning set forth in the recitals.
- (x) “Cross-Margining Participant” means a Clearing Member that has become a participant in the cross-margining arrangement between FICC and NYPC established pursuant to this Agreement. The term “Cross-Margining Participant” shall, where the context requires, refer collectively to a Cross-Margining Participant and its Cross-Margining Affiliate, if any.
- (y) “~~Cross-Margining Securities Account~~” means a custody Customer Funds Account” means: (i) when used in respect of NYPC, the accounts established by NYPC to hold positions, funds, securities or other property for the accounts of Clearing Members that are not Proprietary Accounts or Market Professional Cross-Margining Accounts; and (ii) when used in respect of a Cross-Margining Participant, the account established by such Cross-Margining

Participant on the books of NYPC to hold positions, funds, securities or other property for accounts of the Administrator to hold Margin in the form of securities deposited by Cross-Margining Participants in respect of Clearing Member that are not Proprietary Accounts or Market Professional Cross-Margining Accounts.

- (z) “Default Event” has the meaning set forth in Section 7(a).
- (aa) “Defaulting Member” has the meaning set forth in Section 7(a).
- (bb) “Effective Date” has the meaning set forth in Section 21(i).
- (cc) “Eligible Positions” means positions in NYPC Contracts and positions in FICC Contracts in a Set of Clearing Member Cross-Margining Accounts.
- (dd) “Eligible Products” has the meaning set forth in the recitals.
- (ee) “Exchange Act” has the meaning set forth in the recitals.
- (ff) “FICC” has the meaning set forth in the preamble.
- (gg) “FICC Clearing Fund” means the clearing fund established pursuant to the FICC Rules of FICC.
- (hh) “FICC Contracts” has the meaning set forth in the recitals.
- (ii) “FICC’s Debtor” has the meaning set forth in Section 9(a).
- (jj) “Guaranty” means the obligation of FICC to NYPC, or of NYPC to FICC, as in effect at a particular time with respect to a particular Cross-Margining Participant as set forth in Sections 8 and 9 of this Agreement. The term “Guarantees” refers to both the Guaranty of NYPC to FICC and the Guaranty of FICC to NYPC, including, without limitation, the obligation to make the Payment Obligation as well as the Adjustment Payment.
- (kk) “Guarantor” has the meaning set forth in Section 7(jk).
- (ll) “Indebtedness to FICC” has the meaning set forth in Section 9(a).
- (mm) “Indebtedness to NYPC” has the meaning set forth in Section 8(a).
- (nn) “Indemnified Party” has the meaning set forth in Section 12(a).
- (oo) “Indemnitor” has the meaning set forth in Section 12(a).
- (pp) “Joint Clearing Member” has the meaning set forth in the recitals.
- (qq) “Limited Purpose Participant” has the meaning set forth in Section 14(c).
- (rr) “LPP Agreement” has the meaning set forth in Section 14(c).

(ss) “Losses” has the meaning set forth in Section 12(b).

(tt) “Margin” means, with respect to a Cross-Margining Participant, original margin and option ~~premiums~~ premiums held in or for the ~~proprietary account~~ Clearing Member Cross-Margining Accounts of such Cross-Margining Participant at NYPC, FICC ~~a~~ Clearing Fund deposits, NYPC Guaranty Fund deposits Organization, and other margin collateral, whether in the form of cash, securities, letters of credit or other assets of such Cross-Margining Participant, required or held by or for the account of a Clearing Organization to secure the obligations of such Cross-Margining Participant with respect to such Clearing Member Cross-Margining Accounts, if any, to ~~FICC or NYPC~~ a Clearing Organization under this Agreement, the Clearing Member Agreement and the Rules, and all proceeds of the foregoing.

(uu) “Margin Reduction” means the sum of the Clearing Organizations’ Stand-Alone Margin Requirements minus the Cross-Margin Requirement.

(vv) “Market” has the meaning set forth in Section 14(c).

(ww) “Market Professional” means an entity, other than a Non-Customer, that is a member of a designated contract market and that actively trades for its own account Eligible Products that are eligible for cross-margining under this Agreement.

(xx) “Market Professional Cross-Margining Account” means a cross-margined account that is carried for an FICC Clearing Member by FICC or for an NYPC Clearing Member by NYPC and that is limited to the transactions, positions and Margin of Market Professionals.

~~(yy)~~ ~~(ww)~~ “Maximum Transfer Payment” means, with respect to a Clearing Organization, an amount equal to (i) the Aggregate Margin Reduction, multiplied by (ii) the other Clearing Organization’s Constituent Margin Ratio.

~~(zz)~~ ~~(xx)~~ “Net Gain” means, with respect to ~~a Clearing Organization~~ the Proprietary Cross-Margining Account and/or the Market Professional Cross-Margining Account of a Defaulting Member, as applicable, (x) the sum of ~~such~~ a Clearing Organization’s Cross-Margin Gain and such Clearing Organization’s Available Assets, or (y) if a positive number, ~~such~~ a Clearing Organization’s Available Assets less such Clearing Organization’s Cross-Margin Loss.

~~(aaa)~~ ~~(yy)~~ “Net Loss” means, with respect to the Proprietary Cross-Margining Account and/or the Market Professional Cross-Margining Account of a Defaulting Member with respect to a Clearing Organization, the positive difference, if any, between such Clearing Organization’s Cross-Margin Loss (expressed as a positive number) and such Clearing Organization’s Available Assets.

~~(bbb)~~ “Non-Customer” means: (i) with respect to an FICC Clearing Member, such Clearing Member or other person whose account with such FICC Clearing Member would not be the account of a “customer” within the meaning of SEC Rules 8c-1 and 15c2-1; and (ii) with respect to an NYPC Clearing Member, such Clearing Member or other person whose

account with such Clearing Member would not be the account of a “customer” within the meaning of CFTC Regulation 1.3(k).

~~(ccc)~~ ~~(zz)~~ “NYPC” has the meaning set forth in the preamble.

~~(ddd)~~ ~~(aaa)~~ “NYPC Contracts” has the meaning set forth in the recitals.

~~(eee)~~ ~~(bbb)~~ “NYPC’s Debtor” has the meaning set forth in Section 8(a).

~~(fff)~~ ~~(eee)~~ “NYPC Guaranty Fund” means the guaranty fund established pursuant to the NYPC Rules of NYPC.

~~(ggg)~~ ~~(ddd)~~ “NYSE Guaranty” has the meaning given that term in ~~the NYPC Rules~~.

~~(hhh)~~ ~~(eee)~~ “Operating Agreement” means that certain Amended and Restated Limited Liability Company Agreement of NYPC, dated as of September 4, 2009, as it may be further amended or restated from time to time.

~~(iii)~~ “Original Agreement” has the meaning set forth in the recitals.

~~(jii)~~ ~~(fff)~~ “Original Margin” means Margin deposited with or held by a Clearing Organization in accordance with Section 5 of this Agreement to secure certain obligations of a Cross-Margining Participant to such Clearing Organization.

~~(kkk)~~ ~~(ggg)~~ “Other Cross-Margining Agreement” means an agreement between FICC and a clearinghouse, other than NYPC or a OTC instruments clearinghouse, providing for cross-margining, portfolio margining or other forms of risk offsets between FICC Contracts and products cleared by such clearinghouse, but does not include, for the avoidance of doubt, the Cross-Guaranty Agreement. As used herein, “OTC instruments” means bilaterally negotiated agreements that are not listed on a board of trade (as such term is defined in the CEA).

~~(lll)~~ ~~(hhh)~~ “Party” and “Parties” have the meaning set forth in the preamble.

~~(mmm)~~ ~~(iii)~~ “Payment Obligation” means the amount, if any, determined in accordance with Section 7, payable by one Clearing Organization to the other Clearing Organization.

~~(nnn)~~ ~~(jjj)~~ “Proprietary Account” has the meaning given that term in CFTC Regulation 1.3(y). Unless otherwise expressly provided, the term “Proprietary Account” includes the Proprietary Cross-Margining Account of a Cross-Margining Participant of NYPC.

~~(ooo)~~ “Proprietary Cross-Margining Account” means a cross-margined account that is carried for an FICC Clearing Member by FICC or for an NYPC Clearing Member by NYPC and that is limited to the transactions, positions and Margin of the Proprietary Accounts of such Clearing Member.

(ppp) ~~(kkk)~~ “Reimbursement Obligation” has the meaning set forth in Section 7(jk).

(qqq) ~~(lll)~~ “Rules” means, as applicable, the Rules of FICC (“FICC Rules”) or the Rules of NYPC (“NYPC Rules”), as they may be in effect from time to time.

~~(mmm)~~ “Segregated Funds Account” means: (i) when used in respect of NYPC the account or accounts established by NYPC to hold positions, funds, securities or other property for the accounts of Clearing Members that are not Proprietary Accounts; and (ii) when used in respect of a Clearing Member, the account established by such Clearing Member on the books of NYPC to hold positions, funds, securities or other property for the accounts of the Clearing Member that are not Proprietary Accounts.

~~(nnn)~~ “Set of Clearing Member Cross-Margining Accounts” means: (i) with respect to a Cross-Margining Participant that is a Joint Clearing Member, its Clearing Member Cross-Margining Accounts carried at each Clearing Organization; and (ii) with respect to a Cross-Margining Participant and its Cross-Margining Affiliate, the Clearing Member Cross-Margining Accounts of the Cross-Margining Participant and its Cross-Margining Affiliate carried at each Clearing Organization.

(rrr) “SEC” has the meaning set forth in the recitals.

(sss) “Securities Custody Account” means a custody account established, as applicable, to hold Margin in the form of securities deposited by Cross-Margining Participants in respect of Proprietary Cross-Margining Accounts (a “Proprietary Securities Custody Account”) or Market Professional Cross-Margining Accounts (a “Market Professional Securities Custody Account”).

(ttt) “Set of Clearing Member Cross-Margining Accounts” means: (i) the Proprietary Cross-Margining Accounts carried at the Clearing Organizations by a Joint Clearing Member or by a Clearing Member of one Clearing Organization and by its Cross-Margining Affiliate at the other Clearing Organization (each, a “Set of Proprietary Cross-Margining Accounts”); and/or (ii) the Market Professional Cross-Margining Accounts carried at the Clearing Organizations by a Joint Clearing Member or by a Clearing Member of one Clearing Organization and by its Cross-Margining Affiliate at the other Clearing Organization (each, a “Set of Market Professional Cross-Margining Accounts”).

(uuu) ~~(ooo)~~ “Settlement Account” means a bank account established by the Administrator, as applicable, to hold cash Margin deposited by Cross-Margining Participants in respect of Clearing Member Proprietary Cross-Margining Accounts (a “Proprietary Settlement Account”) or Market Professional Cross-Margining Accounts (a “Market Professional Settlement Account”).

(vvv) ~~(ppp)~~ “Stand-Alone Margin Requirement” means, as to each Clearing Organization, the Original Margin requirement that such Clearing Organization would calculate with respect to Eligible Positions of a Clearing Member Cross-Margining Participant Account as

if calculated by such Clearing Organization without regard to this Agreement or an Other Cross-Margining Agreement.

2. Participation.

(a) 2. Participation.—FICC and NYPC shall each determine which of its Clearing Members is eligible to become a Cross-Margining Participant; provided that in order to become a Cross-Margining Participant, a Clearing Member must be a Joint Clearing Member or be an Affiliate of a Clearing Member of the other Clearing Organization that such other Clearing Organization has determined to be eligible to be a Cross-Margining Participant. ~~A Joint Clearing Member shall become a Cross-Margining Participant upon acceptance by FICC and NYPC of an agreement in the form of Appendix A hereto. A Clearing Member of FICC or NYPC and its Affiliate shall become Cross-Margining Participants and Cross-Margining Affiliates of one another upon acceptance by FICC and NYPC of an agreement in the form of Appendix B hereto.~~ Either FICC or NYPC may require a Cross-Margining Participant to provide an opinion of counsel as to the enforceability of the provisions of such agreement and the Rules with respect to such Cross-Margining Participant and its Cross-Margining Affiliate, if any. FICC shall notify NYPC, and NYPC shall notify FICC, upon acceptance of a Clearing Member as a Cross-Margining Participant, and the Clearing Organizations shall mutually agree on a start date for the Cross-Margining Participant.

(b) A Joint Clearing Member shall become a Cross-Margining Participant upon the acceptance by FICC and NYPC of a Clearing Member Cross-Margining Agreement (Joint Clearing Member – Proprietary Accounts) in the form of Appendix A hereto and shall, if such Joint Clearing Member is registered with the SEC as a broker-dealer and with the CFTC as a futures commission merchant, be permitted to establish a Set of Market Professional Cross-Margining Accounts upon the acceptance by FICC and NYPC of a Cross-Margining Account Agreement (Joint Clearing Member – Market Professional Accounts) in the form set forth in Appendix C hereto.

(c) A Clearing Member of FICC or NYPC and its Affiliate shall become Cross-Margining Participants and Cross-Margining Affiliates of one another upon the acceptance by FICC and NYPC of a Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Proprietary Accounts) in the form of Appendix B hereto and, if the Cross-Margining Affiliate that is an FICC Clearing Member is registered with the SEC as a broker-dealer and the Cross-Margining Affiliate that is an NYPC Clearing Member is registered with the CFTC as a futures commission merchant, such Cross-Margining Affiliates shall be permitted to establish a Set of Market Professional Cross-Margining Accounts upon the acceptance by FICC and NYPC of a Market Professional Cross-Margining Account Agreement (Affiliated Clearing Members – Market Professional Accounts) in the form set forth in Appendix D hereto.

3. Establishment of Clearing Member Cross-Margining Accounts.

(a) A Cross-Margining Participant may designate a Set of Clearing Member Proprietary Cross-Margining Accounts and a Set of Market Professional Cross-Margining Accounts. Each Set of Clearing Member Cross-Margining Accounts, and all Eligible

Positions and Margin contained therein or deposited in respect thereof, shall be subject to this Agreement and the Clearing Member Agreement.

(b) FICC will act as the administrator (the "Administrator") with respect to each Set of Clearing Member Cross-Margining Accounts.

4. Calculation of Cross-Margin Requirements.

(a) ~~On each Business Day on and after the Effective Date, and with respect to each Cross-Margining Participant and Set of Clearing Member Cross-Margining Accounts, the Administrator will determine the Cross-Margin Requirement, if any, in respect of such Cross-Margining Participant's~~each Set of Clearing Member Cross-Margining Accounts. The Administrator shall provide such calculations to the Clearing Organizations and to Cross-Margining Participants not later than 7:00 a.m. and 2:00 p.m. Eastern Time on each Business Day. The Cross-Margin Requirement shall be allocated between the Clearing Organizations in accordance with the Constituent Margin Ratio. The deadline for payment of Cross-Margin Requirements shall be jointly determined by FICC and NYPC. The Clearing Organizations may establish additional times for the calculation and payment of Cross-Margin Requirements.

(b) The Administrator shall cause FICC Contracts to be cross-margined pursuant to this Agreement in priority to any Other Cross-Margining Agreement. The Cross-Margin Requirement with respect to a Cross-Margining Participant may not be decreased without the consent of both Clearing Organizations.

(c) Either Clearing Organization may in its discretion require a Cross-Margining Participant to deposit Margin, at any time and in any amount, in addition to such Cross-Margining Participant's Stand-Alone Margin Requirement at such Clearing Organization, based upon the financial condition of such Cross-Margining Participant, the positions carried by such Cross-Margining Participant, unusual market conditions, changes in market prices or other special circumstances.

(d) Absent gross negligence or willful misconduct, neither Clearing Organization shall have liability to the other Clearing Organization or to any other person based solely upon the fact that information given or calculated by such Clearing Organization pursuant to this Section 4 was inaccurate or inadequate.

(e) Although it is contemplated that the Cross-Margin Requirement may be less than the sum of the Stand-Alone Margin Requirements, nothing in this Agreement shall be construed as requiring such result. Any calculation of a Cross-Margin Requirement shall not result in any guarantee to a Cross-Margining Participant that such calculation will yield the lowest possible Cross-Margin Requirement.

5. Forms of Margin; Holding Margin.

(a) Original Margin calls in respect of a Set of Clearing Member Cross-Margining Accounts shall be satisfied by the deposit of cash or securities or a combination thereof. Securities deposited as Margin shall meet all of the requirements of each of FICC and

NYPC, shall be valued at the lowest value that would be given to them by FICC and NYPC, and shall be subject to the largest haircut that would be applied to them by FICC and NYPC.

(b) ~~Margin deposited in the form of cash by a Cross-Margining Participant in respect of a Set of Clearing Member Cross-Margining Accounts shall be deposited in the Settlement Account and shall be held there~~applicable Settlement Account and Margin deposited in the form of securities by a Cross-Margining Participant in respect of a Set of Clearing Member Cross-Margining Accounts shall be deposited in the applicable Securities Custody Account. All such Margin shall be held in the applicable Settlement Account or Securities Custody Account until transferred to one or both of the Clearing Organizations in accordance with the provisions of paragraph (c), applied in accordance with this Agreement or returned to the Cross-Margining Participant; provided, however, that such funds~~Margin~~ may be invested overnight by the Administrator subject to such arrangements as may be mutually agreed between the Clearing Organizations. ~~Margin deposited in the form of securities by a Cross-Margining Participant in respect of a Set of Clearing Member Cross-Margining Accounts shall be deposited in the Cross-Margining Securities Account and shall be held there until transferred to one or both of the Clearing Organizations in accordance with the provisions of paragraph (c).~~

(c) At the time or times determined by the Clearing Organizations following the settlement time for an Original Margin call, the Administrator shall be required to transfer (i) from the applicable Settlement Account and/or the Cross-Margining~~applicable~~ Securities Custody Account; and (ii) to a Clearing Organization the net amount of such Clearing Organization's Constituent Margin Requirement due to such Clearing Organization in respect of all Clearing Member~~Proprietary~~ Cross-Margining Accounts and, separately, all Market Professional Cross-Margining Accounts carried at such Clearing Organization; provided, that no such transfers shall be required to the extent that any such Settlement Account or Securities Custody Account has been established and is maintained as a joint account titled in the name of the Clearing Organizations.

6. Daily Procedures for Exchange of Portfolio Cross-Margining Data.

(a) FICC and NYPC shall establish procedures, including time frames, to exchange on each Business Day such information as may reasonably be required in order to establish the positions in each Set of Clearing Member Cross-Margining Accounts and to calculate the Cross-Margin Requirement for each Cross-Margining Participant. Each Clearing Organization shall furnish to the other such additional information as the other Clearing Organization may reasonably request in relation to this Agreement.

(b) FICC and NYPC agree that each will notify the other Clearing Organization promptly if an event occurs that reflects, in the sole discretion of the notifying Clearing Organization, a material problem with respect to a Cross-Margining Participant. Examples of such an event shall include, but shall not be limited to, the events requiring notice pursuant to Section 19 of this Agreement.

7. Suspension and Liquidation of Cross-Margining Participant.

(a) Either FICC or NYPC may at any time exercise any rights under its Rules to terminate, suspend or otherwise cease to act for or limit the activities of a Cross-Margining Participant (a “Defaulting Member”) and, subject to the provisions of the next sentence, to liquidate or transfer to one or more other Cross-Margining Participants or Clearing Members the positions and Margin of such ~~Cross-Margining Participant~~ the Defaulting Member. Upon such event (the “Default Event”), the terminating or suspending Clearing Organization shall immediately by telephone or in person, and thereafter in writing, notify the other Clearing Organization of such suspension and each Clearing Organization shall, unless otherwise jointly agreed, promptly transfer, liquidate or otherwise close out the Eligible Positions in each Set of Clearing Member Cross-Margining Account carried for the Defaulting Member at that Clearing Organization except to the extent that the Clearing Organizations agree, consistent with their respective Rules, to delay liquidation of some or all of such Eligible Positions. The Clearing Organizations shall use reasonable efforts to coordinate the transfer or liquidation of such Eligible Positions so that all “legs” of any “spread” or hedged position can be closed out simultaneously with a view to minimizing any losses arising therefrom. Any funds received by a Clearing Organization upon the liquidation or transfer of positions in the Set of Clearing Member Cross-Margining Accounts of a Cross-Margining Participant ~~Defaulting Member~~ pursuant to this Section shall be applied in accordance with the following paragraphs of this Section- 7.

(b) “Cross-Margin Gain” means the amount of any net gain, and “Cross-Margin Loss” means the amount of any net loss, realized in the liquidation of Eligible Positions held by a Clearing Organization in the Proprietary Cross-Margining Account and/or the Market Professional Cross-Margining Account of a Defaulting Member, respectively, in each case determined in accordance with this paragraph (b) and without regard to Available Assets. The amount of any Cross-Margin Gain shall be decreased, and the amount of any Cross-Margin Loss shall be increased, by the amount of any costs, fees and expenses incurred by a Clearing Organization in connection with the liquidation, transfer or management of Eligible Positions in the Cross-Margining Accounts of a Defaulting Member. In calculating its Cross-Margin Gain (or Cross-Margin Loss) or its Net Gain (or Net Loss), each Clearing Organization shall make such calculations separately for the Proprietary Cross-Margining Account and the Market Professional Cross-Margining Account of the Defaulting Member.

(c) ~~(b)~~-If neither Clearing Organization has a Cross-Margin Loss, no payment will be due to either Clearing Organization in respect of the Guarantees between FICC and NYPC referred to in Sections 8 and 9 below.

(d) ~~(e)~~-If either Clearing Organization has a Net Loss (solely for purposes of this paragraph (ed), the “worse-off party”) and the other has a Net Gain (solely for purposes of this paragraph (ed), the “better-off party”) that is equal to or exceeds the absolute value of the worse-off party’s Net Loss, then the better-off party shall pay to the worse-off party an amount equal to the absolute value of such Net Loss.

(e) ~~(d)~~-If either Clearing Organization has a Net Loss (solely for the purposes of this paragraph (de), the “worse-off party”) and the other Clearing Organization has a Net Gain (solely for the purposes of this paragraph (de), the “better-off party”) that is less than or equal to

the absolute value of the worse-off party's Net Loss, then the better-off party shall pay to the worse-off party an amount equal to such Net Gain. Thereafter, if such payment does not extinguish the Net Loss of the worse-off party, the better-off party shall pay the worse-off party an amount equal to the lesser of: (x) the amount necessary to ensure that the Net Loss of each Clearing Organization, after giving effect to such payment, is in proportion to the Constituent Margin Ratio; or (y) the better-off party's Maximum Transfer Payment, less the amount of the better-off party's Net Gain (but not less than zero).

~~(f)~~ ~~(e)~~-If either Clearing Organization has a Net Loss, and the other has the same Net Loss, a smaller Net Loss, or no Net Loss, then:

(i) in the event that the Net Loss of the Clearing Organizations is in proportion to the Constituent Margin Ratio, then no payment will be due to either Clearing Organization; and

(ii) in the event that the Net Loss of the Clearing Organizations is not in proportion to the Constituent Margin Ratio, then the Clearing Organization that has a Net Loss which is less than its proportionate share of the total Net Losses incurred by the Clearing Organizations (solely for the purposes of this paragraph (ef), the "better-off party") shall pay the other Clearing Organization an amount equal to the lesser of: (x) the better-off party's Maximum Transfer Payment; or (y) the amount necessary to ensure that the Clearing Organizations' respective Net Losses are, after giving effect to such payment, allocated between them in proportion to the Constituent Margin Ratio.

~~(g)~~ ~~(f)~~-Notwithstanding anything to the contrary in this Agreement:

(i) in the event that each Clearing Organization is obligated by paragraphs (d), (e) or (f) to make a payment to the other Clearing Organization, the amounts payable by one Clearing Organization to the other Clearing Organization pursuant to paragraphs (d), (e) and (f) shall be netted and set off;

(ii) in the event that either Clearing Organization has (x) a Net Loss in the Market Professional Cross-Margining Account of a Defaulting Member remaining after the determinations and payments (if any) required to be made pursuant to paragraphs (d) and (e) and (y) a Cross-Margin Gain in the Proprietary Cross-Margining Account of such Defaulting Member remaining after the determinations required to be made pursuant to paragraph (b) or a Net Gain in the Proprietary Cross-Margining Account of such Defaulting Member remaining after the determinations and payments (if any) required to be made pursuant to paragraphs (d) and (e), in each case after giving effect to the netting and setoffs required by clause (i), such Clearing Organization shall apply the amount of such Cross-Margin Gain or Net Gain to reduce the amount of such Net Loss; and

(iii) in the event that if FICC has a Cross-Margin Gain in the Proprietary Cross-Margining Account of a Defaulting Member remaining after the determinations required to be made pursuant to paragraph (b) or a Net Gain in

the Proprietary Cross-Margining Account of a Defaulting Member remaining after the determinations and payments (if any) required to be made pursuant to paragraphs (e) and (d) and (e), in any such case after giving effect to the netting and setoffs required by clauses (i) and (ii), FICC shall promptly pay to NYPC the amount of any deficiency in the Segregated Customer Funds Account of the Defaulting Member (or, if applicable, such Defaulting Member's Cross-Margining Affiliate), but in no event more than the amount of such remaining Cross-Margin Gain or Net Gain (as applicable), and NYPC shall in such an event promptly provide a written statement to FICC which sets forth such calculations in reasonable detail.

(h) ~~(g)~~—In the event that NYPC and FICC each has a Net Loss in respect of a Defaulting Member but FICC receives a payment under the Cross-Guaranty Agreement in respect of such Defaulting Member, FICC shall promptly notify NYPC of the fact thereof and pay to NYPC its pro rata share of such payment, where such pro rata share is determined by comparing the ratio of NYPC's Net Loss to the sum of the Clearing Organizations' Net Losses. The provisions of this paragraph (gh) shall not apply to any Default Event occurring on or after the date on which NYPC becomes a party to the Cross-Guaranty Agreement.

(i) ~~(h)~~—FICC and NYPC shall each determine as soon as practicable the Cross-Margin Gain or Cross-Margin Loss and the Net Gain or Net Loss of that Clearing Organization. FICC shall notify NYPC, and NYPC shall notify FICC, of the amount of its own Cross-Margin Gain or Cross-Margin Loss and Net Gain or Net Loss and, in such detail as may reasonably be requested, the means by which such calculations were made. If FICC is obligated to make a payment of the Payment Obligation to NYPC, or NYPC is obligated to make a payment of the Payment Obligation to FICC, in respect of a Guaranty, the Clearing Organization obligated to make such payment shall do so promptly and in no event later than the third Business Day following the calculation by both Clearing Organizations of their Cross-Margin Gain or Cross-Margin Loss or their Net Gain or Net Loss, as applicable. All payments required to be made under this paragraph (hi) shall be made in immediately available funds.

(i) ~~(i)~~—If at any time within 90 calendar days following the date on which a payment is made under paragraph (hi), either Clearing Organization determines that any amount paid to or received from the other Clearing Organization pursuant to this Section 7 in respect of a Guaranty was incorrect either because of errors in calculation at the time or because new information relevant to the determination of such amount was discovered after the determination of such amount, the Clearing Organization that discovered the error or new information shall notify the other Clearing Organization. In such event, the Clearing Organizations shall: (i) cooperate with one another to recalculate the appropriate amount of any Guaranty payments to be made promptly and in no event later than ten Business Days from the date on which the Clearing Organization that discovered the error or new information notified the other Clearing Organization, and (ii) make any necessary payments to one another to correct the error within three Business Days following agreement on such recalculation by both Clearing Organizations. Such payments shall be made in immediately available funds.

(k) ~~(j)~~—In the event that either Clearing Organization (the "Guarantor") becomes obligated to make a Guaranty payment to the other Clearing Organization (the

“Beneficiary”) in respect of the obligation of a Defaulting Member or its Cross-Margining Affiliate, if applicable, to the Beneficiary, the Defaulting Member and such Affiliate shall thereupon immediately be obligated, whether or not the Guarantor has then made the Guaranty payment to the Beneficiary, to reimburse the Guarantor for the amount of the Guaranty payment as determined by the Guarantor, and the Guarantor shall be subrogated to all of the rights of the Beneficiary against the Defaulting Member or its Cross-Margining Affiliate. Guarantor shall notify the Defaulting Member and its Cross-Margining Affiliate, if applicable, of the amount of such obligation (the “Reimbursement Obligation”), but such notification shall not be a condition to the rights of the Clearing Organizations hereunder and the Reimbursement Obligation shall be due immediately upon the determination of the amount thereof. In the event that the final amount of the Guaranty ~~Payment~~payment is greater or less than the amount originally determined, the Reimbursement Obligation shall be adjusted accordingly and payment of the difference shall be made between the Guarantor and the Defaulting Member or its Cross-Margining Affiliate, as appropriate. It is understood and agreed that any payment or obligation to make a payment between the Guarantor or its Cross-Margining Participant and the Beneficiary with respect to the Guaranty, and any payment or obligation to make payment between the Defaulting Member or its Cross-Margining Affiliate and the Guarantor, is a “margin payment” or “settlement payment” or an obligation to make a “margin payment” or “settlement payment” as defined in the Bankruptcy Code, as the case may be. In the event that the Guarantor had a Net Gain in respect of the Defaulting Member or its Cross-Margining Affiliate, the Reimbursement Obligation of the Defaulting Member or its Cross-Margining Affiliate shall be netted and set off against such Net Gain, and any remaining Net Gain shall be returned to the Defaulting Member or its representative or otherwise disposed of in accordance with the Cross-Guaranty Agreement and Rules of the Guarantor.

(l) ~~(k)~~—Each Clearing Organization hereby grants the other Clearing Organization a first priority security interest in and lien on such Clearing Organization’s contractual rights with respect to the positions, Margin, and any proceeds thereof held in or for each Clearing Member Cross-Margining Account at such Clearing Organization to secure its obligations under this Section 7 and, as applicable, Sections 8 and 9 of this Agreement, and FICC hereby grants NYPC a first priority security interest in and lien on payments received by FICC under the Cross-Guaranty Agreement to the extent a portion of such payments is owed to NYPC as provided in paragraph (gh) to secure its payment obligations thereunder, and each Clearing Organization shall have all of the rights of a secured creditor under the New York Uniform Commercial Code. Before the occurrence of a Default Event with respect to a Cross-Margining Participant, each Clearing Organization may use the Margin deposited by a Cross-Margining Participant to the extent permitted under its Rules and under the terms of this Agreement. From and after the time a Cross-Margining Participant becomes a Defaulting Member, each Clearing Organization shall, after first applying such Margin as is necessary to satisfy the obligations of the Defaulting Member to such Clearing Organization under the Clearing Member Agreement, deposit any remaining Margin and any proceeds thereof into an account at a depository institution that is reasonably acceptable to the Clearing Organizations, which account shall be owned by the Clearing Organizations as joint tenants, pending the determination by the Clearing Organizations of Net Gain, Net Loss, Cross-Margin Gain and/or Cross-Margin Loss pursuant to this Section 7. Any such remaining Margin and proceeds shall be applied in accordance with this Section 7 and, as applicable, Sections 8 and 9 of this Agreement.

8. Guaranty of FICC to NYPC.

(a) FICC hereby unconditionally guaranties the prompt payment when due (whether at maturity, by declaration, by demand or otherwise), and at any and all times thereafter, of all indebtedness and other obligations of every kind and nature of each Cross-Margining Participant or its Cross-Margining Affiliate (hereafter referred to, in either case, as “NYPC’s Debtor”) to NYPC, direct or indirect, absolute or contingent, due or to become due, whether now or hereafter existing, arising from or related to Eligible Positions or the liquidation thereof (all such indebtedness and other obligations, the “Indebtedness to NYPC”), but limited to the amounts determined in accordance with Section 7 of this Agreement. FICC further agrees to pay any and all reasonable costs and expenses (including counsel fees and expenses) incurred by NYPC in enforcing its rights against FICC under this Section 8.

(b) The creation or existence from time to time of Indebtedness to NYPC (whether or not such Indebtedness may be in excess of the amounts determined in accordance with Section 7 of this Agreement to which the right of recovery under this Guaranty is limited) is hereby authorized without notice to FICC and shall in no way affect or impair this Guaranty.

(c) The liability of FICC under this Guaranty shall be unconditional and irrespective of (i) any lack of enforceability of any Indebtedness to NYPC or any guaranty thereof, (ii) any change of the time, manner or place of payment, or any other term, of any Indebtedness to NYPC or any guaranty thereof, (iii) any taking, exchange, subordination, release or non-perfection of any collateral securing payment of any Indebtedness to NYPC; (iv) the acceptance of additional parties or the release of anyone primarily or secondarily liable on the Indebtedness to NYPC; (v) any law, rule, regulation or order of any jurisdiction or any governmental, regulatory or administrative authority of any kind, whether now or hereafter in effect, affecting any term of any Indebtedness to NYPC or any guaranty or security therefor or NYPC’s rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, NYPC’s Debtor or a guarantor. FICC waives promptness, diligence, and notices with respect to any Indebtedness to NYPC and this Guaranty and any requirement that NYPC exhaust any right or take any action against NYPC’s Debtor or any other person or entity or with respect to any guaranty or collateral security therefor and any duty on NYPC’s part to disclose to FICC any matter, fact or thing related to the business, operations or conditions (financial or otherwise) of NYPC’s Debtor or its affiliates or its property, whether now or hereafter known by NYPC. FICC acknowledges that this Guaranty is a guaranty of payment not collection and that FICC has made and will continue to make its own investigations with respect to all matters regarding NYPC’s Debtor.

(d) In the event that FICC makes any payment to NYPC under this Guaranty, and to the extent such payment is not returned to FICC in whole or in part pursuant to Section 7(jk) of this Agreement, FICC shall be subrogated to the rights of NYPC against the Cross-Margining Participant or its Cross-Margining Affiliate in respect of whose Indebtedness to NYPC such payment was made and to the rights of NYPC against any other guarantor or other third party with respect to such Indebtedness to NYPC.

(e) All of NYPC’s rights and remedies provided for herein or otherwise available to NYPC at law or otherwise shall be cumulative to the extent permitted by law.

9. Guaranty of NYPC to FICC.

(a) NYPC hereby unconditionally guaranties the prompt payment when due (whether at maturity, by declaration, by demand or otherwise), and at any and all times thereafter, of all indebtedness and other obligations of every kind and nature of each Cross-Margining Participant or its Cross-Margining Affiliate (hereafter referred to, in either case, as "FICC's Debtor") to FICC, direct or indirect, absolute or contingent, due or to become due, whether now or hereafter existing, arising from or related to Eligible Positions or the liquidation thereof (all such indebtedness and other obligations, the "Indebtedness to FICC"), but limited to the amounts determined in accordance with Section 7 of this Agreement. NYPC further agrees to pay any and all reasonable costs and expenses (including counsel fees and expenses) incurred by FICC in enforcing its rights against NYPC under this Section 9.

(b) The creation or existence from time to time of Indebtedness to FICC (whether or not such Indebtedness may be in excess of the amounts determined in accordance with Section 7 of this Agreement to which the right of recovery under this Guaranty is limited) is hereby authorized without notice to NYPC and shall in no way affect or impair this Guaranty.

(c) The liability of NYPC under this Guaranty shall be unconditional and irrespective of (i) any lack of enforceability of any Indebtedness to FICC or any guaranty thereof, (ii) any change of the time, manner or place of payment, or any other term, of any Indebtedness to FICC or any guaranty thereof, (iii) any taking, exchange, subordination, release or non-perfection of any collateral securing payment of any Indebtedness to FICC; (iv) the acceptance of additional parties or the release of anyone primarily or secondarily liable on the Indebtedness to FICC; (v) any law, rule, regulation or order of any jurisdiction or any governmental, regulatory or administrative authority of any kind, whether now or hereafter in effect, affecting any term of any Indebtedness to FICC or any guaranty or security therefor or FICC's rights with respect thereto; and (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, FICC's Debtor or a guarantor. NYPC waives promptness, diligence, and notices with respect to any Indebtedness to FICC and this Guaranty and any requirement that FICC exhaust any right or take any action against FICC's Debtor or any other person or entity or with respect to any guaranty or collateral security therefor and any duty on FICC's part to disclose to NYPC any matter, fact or thing related to the business, operations or conditions (financial or otherwise) of FICC's Debtor or its affiliates or its property, whether now or hereafter known by NYPC. NYPC acknowledges that this Guaranty is a guaranty of payment not collection and that NYPC has made and will continue to make its own investigations with respect to all matters regarding FICC's Debtor.

(d) In the event that NYPC makes any payment to FICC under this Guaranty, and to the extent such payment is not returned to NYPC in whole or in part pursuant to Section 7(jk) of this Agreement, NYPC shall be subrogated to the rights of FICC against the Cross-Margining Participant or its Cross-Margining Affiliate in respect of whose Indebtedness to FICC such payment was made and to the rights of FICC against any other guarantor or other third party with respect to such Indebtedness to FICC.

(e) All of FICC's rights and remedies provided for herein or otherwise available to FICC at law or otherwise shall be cumulative to the extent permitted by law.

10. Confidentiality.

(a) Except as expressly authorized in this Agreement, each Clearing Organization shall maintain in confidence any and all information obtained by it in connection with this Agreement, the transactions or activities contemplated herein with respect to the other Clearing Organization, and the positions, transactions and financial condition of any Clearing Member of such other Clearing Organization (“Confidential Information”). The foregoing shall not apply to (i) information which is or becomes generally known to the public other than through an action or failure to act by such Clearing Organization in violation of this Section 10, or (ii) disclosure of Confidential Information to a third party to whom such information was previously known or who has agreed to maintain the confidentiality of such information in accordance with the provisions of this Section 10. This Section 10 shall not prohibit a Clearing Organization from furnishing Confidential Information: (i) to the other Clearing Organization; (ii) to the CFTC, the SEC or any other regulator or supervisory authority with oversight authority over a Clearing Organization or any of its Clearing Members; (iii) to a “registered entity” within the meaning of the CEA or the Exchange Act or to a “self-regulatory organization” within the meaning of CFTC regulations or the Exchange Act, in either case pursuant to a surveillance agreement or similar arrangement to which such Clearing Organization is a party; (iv) as may be required by the CEA, the Exchange Act, or CFTC or SEC regulations; or (v) or to a foreign government or regulatory body.

(b) In the event that either Clearing Organization is required by subpoena, or by any other order of court, law or regulation to disclose any Confidential Information in the possession of such Clearing Organization, it is agreed that the Clearing Organization which is subject to such requirement shall provide the other Clearing Organization with prompt notice of such requirement so that the other Clearing Organization may seek an appropriate protective order and/or waive compliance with the provisions of this Section with respect to such required disclosure. In the event that the other Clearing Organization determines to seek a protective order, the Clearing Organization subject to the requirement shall cooperate to the extent reasonably requested by the other Clearing Organization. It is further agreed that if in the absence of protective order or the receipt of a waiver hereunder, the Clearing Organization subject to the requirement is nonetheless, in the opinion of its counsel, compelled to disclose such Confidential Information to any tribunal or regulatory agency or else stand liable for contempt or suffer other censure or penalty, such Clearing Organization may produce such Confidential Information without liability under this Section 10.

(c) The provisions of this Section 10 shall survive the termination of this Agreement.

(d) Each Clearing Organization acknowledges and agrees that the violation of its obligations under this Section 10 would cause irreparable harm to the other Clearing Organization, which harm may not be compensable solely by monetary damages, and that, therefore, in the event of an actual or threatened breach by a Clearing Organization of this Section 10, the other Clearing Organization shall be entitled to immediate injunctive and other equitable relief, without the necessity of proving monetary damages or posting bond or other security. Any such equitable relief granted shall be without prejudice to any other rights and remedies as a Clearing Organization may have under this Agreement.

11. FDICIA. This Agreement, together with ~~the FICC Rules, the NYPC Rules, the~~ Clearing Member Agreement and any other agreements between FICC, NYPC and a Cross-Margining Participant or any Affiliate thereof is, for purposes of Title IV, Subtitle A of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. §§ 4401-4407), a “netting contract” and all payments made or to be made hereunder, including payments made in accordance with this Agreement in connection with the liquidation of a Cross-Margining Participant are “covered contractual payment obligations” or “covered contractual payment entitlements,” as the case may be, as well as “covered clearing obligations”; and for purposes of the U.S. Bankruptcy Code and the Federal Deposit Insurance Act is a “master netting agreement” with respect to some or all of “swap agreements,” “commodity contracts,” “forward contracts,” and “securities contracts.”

12. Indemnification.

(a) Each Clearing Organization (the “Indemnitor”), unless otherwise specified in this Agreement, shall indemnify, defend and hold harmless the other Clearing Organization, its affiliates and its and their stockholders or members, directors, officers, employees and agents (each, an “Indemnified Party”) against any Losses (as defined below) incurred by an Indemnified Party as the result, or arising from allegations of, any act or failure to act by the Indemnitor in connection with this Agreement or the cross-margining procedures contemplated under this Agreement if such act or failure to act constitutes either (x) gross negligence or willful misconduct on the part of the Indemnitor; or (y) a breach of this Agreement, any obligation undertaken in connection with this Agreement, any Rule of the Indemnitor (except to the extent that such Rule is inconsistent with the provisions of this Agreement), or any law or governmental regulation applicable to the Indemnitor.

(b) As used in this Section 12, the term “Losses” means any and all losses, damages and expenses whatsoever (whether direct or arising from claims of third parties) including, without limitation, liabilities, judgments, damages, costs of investigation, reasonable attorneys fees and other expenses and amounts paid in settlement (pursuant to consent of the Indemnitor, which consent shall not be unreasonably withheld) in connection with any action, suit, litigation, claim or proceeding to which an Indemnified Party is made a party defendant, or is threatened to be made such a party.

(c) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or the assertion of any claim against such Indemnified Party, such Indemnified Party shall, if a claim in respect thereof is to be made against the Indemnitor, notify the Indemnitor in writing of the commencement of such action or assertion of such claim; but the omission so to notify the Indemnitor will not relieve the Indemnitor from any liability which it may have to any Indemnified Party except to the extent that the Indemnitor has been materially and adversely affected by the lack of prompt notice and shall in any event not relieve the Indemnitor of any liability which it may have to an Indemnified Party otherwise than under this Section 12. In case any such action is brought against any Indemnified Party, and such party promptly notifies the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate in, and to the extent that it may wish, to assume and control the defense thereof, with counsel chosen by it, and, after notice from the Indemnitor to such Indemnified Party of its election so to assume the defense thereof, the Indemnitor will not be liable to such Indemnified

Party under this Section 12 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, but the Indemnified Party may, at its own expense, participate in such defense by counsel chosen by it without, however, impairing the Indemnitor's control of the defense. In any action in which the named parties include the Indemnitor and one or more indemnified parties, the Indemnitor shall have the right to assume control of any legal defenses that are available to it and any of the indemnified parties. Notwithstanding the foregoing, in any action in which the named parties include both the Indemnitor and an Indemnified Party and in which the Indemnified Party shall have been advised by its counsel that there may be legal defenses available to the Indemnified Party that are different from or additional to those available to the Indemnitor, the Indemnitor shall not have the right to assume such different or additional legal defenses. The Indemnitor may not negotiate a compromise or settlement of any such action or claim without the consent of the indemnified parties, which consent shall not be unreasonably withheld or delayed.

13. Rules of the Clearing Organizations.

(a) FICC and NYPC each shall propose and use all reasonable efforts to obtain any regulatory approvals necessary to adopt and maintain in effect such provisions in its Rules as are reasonably necessary to implement the provisions of this Agreement.

(b) FICC and NYPC shall give each other reasonable prior notice of the intended effectiveness of any rule or rule amendment (other than an emergency rule or rule amendment, as to which notice shall be given promptly) adopted by such Clearing Organization if such rule or rule amendment relates in any way to such Clearing Organization's Margin requirements, the NYPC Guaranty Fund or FICC Clearing Fund (as applicable), rights of assessment against its Clearing Members, or similar matters.

14. Limited Purpose Participants.

(a) A Limited Purpose Participant shall have the ability to have access, through NYPC, to the cross-margining arrangement that is the subject of this Agreement.

(b) Except as otherwise provided in the LPP Agreement:

(i) Trades that are within the scope of the LPP Agreement and that would otherwise be cleared by such Limited Purpose Participant shall instead be submitted to NYPC, which shall act as central counterparty and derivatives clearing organization in respect thereof and shall include such trades in the cross-margining arrangement that is the subject of this Agreement;

(ii) Members of the Limited Purpose Participant shall be bound by the NYPC Rules as fully as if they were Clearing Members of NYPC, and NYPC shall have all of its rights, under its Rules and otherwise, in the event that a member of the Limited Purpose Participant is a Defaulting Member;

(iii) A Limited Purpose Participant shall make a contribution to the NYPC Guaranty Fund in form and substance similar to and in an amount that is not less than the amount of the NYSE Guaranty;

(iv) NYPC shall not be required to accept trades in any product that is not eligible for clearing pursuant to this Agreement; and

(v) Clearing fees shall be allocated between NYPC and the Limited Purpose Participant as may be agreed by NYPC and the Limited Purpose Participant, taking into account the cost of services (including capital expenditures incurred by NYPC), technology that may be contributed by the Limited Purpose Participant, the volume of transactions, and such other factors as may be relevant.

(c) As used in this Section 14:

(i) "Limited Purpose Participant" means a clearinghouse or clearing organization, other than NYPC or FICC, that (i) does not limit its provision of clearing services on a vertical basis to a single Market or limited number of Markets and operates pursuant to a business model that requires such clearinghouse or clearing organization to provide clearing services to any qualified Market, (ii) agrees to participate using the uniform risk methodology and risk management policies, systems and procedures that have been adopted by NYPC and FICC for implementation and administration of the cross-margining arrangement that is the subject of this Agreement, and (iii) is party to an LPP Agreement.

(ii) "LPP Agreement" means an agreement between NYPC and a Limited Purpose Participant which provides, inter alia, that the Limited Purpose Participant shall be deemed to be a Clearing Member for purposes of the NYPC Rules, except to the extent otherwise provided in such agreement, in this Agreement, or in NYPC Rule 801.

(iii) "Market" means a "trading facility" or "organized exchange," as such terms are defined in the CEA as in effect on April 16, 2010; provided, that the term "trading facility" shall for this purpose include the entities otherwise excluded by Section 1a(34)(B) of the CEA as in effect on such date.

15. Representations and Warranties. Each Clearing Organization represents and warrants to the other as of the date hereof and as of the Effective Date as follows:

(a) Good Standing. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged and is duly qualified and authorized to do business as a foreign corporation or company and is in good standing under the laws of each jurisdiction in which failure to so qualify could have a material adverse effect on its financial condition, business or operations.

(b) Corporate Power and Authority. It has all requisite corporate (or, in the case of NYPC, limited liability company) power and authority to enter into this Agreement and the agreements referenced in this Agreement, as applicable, and full power and authority to take all actions required of it pursuant to such agreements. This Agreement and the applicable agreements referenced in this Agreement will constitute, when executed and delivered, valid and binding obligations of such Clearing Organization, and the execution, delivery and performance of all of its obligations under this Agreement and the applicable agreements referenced in this Agreement have been duly authorized by all necessary corporate action on the part of such Clearing Organization.

(c) No Violation. Except for provisions as to which waivers have been obtained, the execution and delivery of this Agreement and the applicable agreements referenced in this Agreement by the Clearing Organization and the performance of its obligations under this Agreement and the applicable agreements referenced in this Agreement: (i) do not result in a violation or breach of, do not conflict with or constitute a default under, and will not accelerate or permit the acceleration of performance required by, any of the terms and provisions of its organizational documents, rules or other governing documents, any note, debt instrument, or any other agreement to which it is a party or to which any of its assets or properties is subject, and will not be an event which after notice or lapse of time or both will result in any such violation, breach, conflict, default or acceleration; and (ii) do not result in a violation or breach of any law, judgment, decree, order, rule or regulation of any governmental authority or court, whether federal, state or local, at law or in equity, applicable to it or any of its assets or properties.

(d) Authorizations and Consents. All authorizations, permits, approvals or consents required to be obtained from, and all notifications and filings required to be made with, all governmental authorities and regulatory bodies and third parties to permit such Clearing Organization to place into effect this Agreement and the applicable agreements referenced in this Agreement and to perform its obligations under this Agreement and under the applicable agreements referenced in this Agreement have been obtained.

16. Covenants of FICC. FICC covenants and agrees that, during the term of this Agreement: (a) NYPC Contracts shall have priority for Margin offset purposes over any Other Cross-Margining Agreement; (b) it will not enter into an Other Cross-Margining Agreement if such agreement would adversely affect the priority of NYPC and FICC under this Agreement with respect to Available Assets; and (c) it will not, without the prior written consent of NYPC amend the Cross-Margining Agreement dated January 2, 2004, between FICC and Chicago Mercantile Exchange Inc. ("CME"), as amended by Amendment No. 1 dated October 11, 2005, Amendment No. 2 dated February 5, 2007, and that certain Amendment No. 3 dated _____, 2010 as of February 28, 2011, if such further amendment would adversely affect NYPC's right to cross-margin positions in Eligible Products prior to any cross-margining of CME positions with FICC Contracts or adversely affect the priority of NYPC and FICC under this Agreement with respect to Available Assets.

17. Termination.

(a) Operating Agreement. This Agreement shall automatically terminate upon the termination of the Operating Agreement in accordance with the terms thereof.

(b) Material Breach. At any time during the term of this Agreement, either Party may terminate this Agreement, immediately, upon written notice to the other Party, if the other Party materially breaches any of its obligations under this Agreement and fails to remedy such material breach within thirty (30) days of receipt of written notice thereof. Notwithstanding the foregoing, this Agreement may not be terminated under this paragraph (b): (i) by NYPC on the basis of a material breach by FICC, if either the NYSE Member or a majority of the NYSE Directors failed to approve any action by NYPC or inaction by NYPC that has been recommended in writing to the NYPC Board, in accordance with customary NYPC Board procedures, by an Executive Officer of NYPC and such failure substantially contributed to the cause of the material breach by FICC, or (ii) by FICC on the basis of a material breach by NYPC, if either the DTCC Member or a majority of the DTCC Directors failed to approve any action by NYPC or inaction by NYPC that has been recommended in writing to the NYPC Board, in accordance with customary NYPC Board procedures, by an Executive Officer of NYPC and such failure substantially contributed to the cause of the material breach by NYPC; provided, that a written recommendation in accordance with customary NYPC Board procedures shall not be required in respect of clause (i) or (ii) where the recommendation of such Executive Officer is in response to an Emergency (as such term is defined in the NYPC Rules of NYPC). Capitalized terms used but not defined in this paragraph (b) have the meanings assigned thereto in the Operating Agreement.

(c) Loss of Registration. NYPC may terminate this Agreement immediately upon notice to FICC in the event that FICC fails to maintain in effect its registration with the SEC as a securities clearing agency. FICC may terminate this Agreement immediately upon notice to NYPC in the event NYPC fails to maintain in effect its registration with the CFTC as a derivatives clearing organization.

(d) Insolvency. At any time during the term of this Agreement, either Party may terminate this Agreement upon thirty (30) days prior written notice if: (i) the other Party (A) voluntarily commences any proceeding or files any petition under the bankruptcy laws of the United States, (B) becomes subject to any involuntary bankruptcy or insolvency proceedings under the laws of the United States, which proceedings are not dismissed within thirty (30) days, (C) makes an assignment of all or substantially all of its assets for the benefit of its creditors, or (D) appoints a receiver, trustee, custodian or liquidator for a substantial portion of its property, assets or business; or (ii) the other Party passes a resolution for its winding up or dissolution or a court of competent jurisdiction makes an order for such other Party's winding up or dissolution.

(e) Survival of Obligations. The obligations of the Clearing Organizations arising under Sections 7, 8 and 9 of this Agreement shall survive the termination of this Agreement.

18. Forbearance of Authority to Reject Transactions. The Administrator shall not, without the express consent of NYPC, exercise any authority contained in its Rules to reject a transaction effected in any Set of Clearing Member Cross-Margining Accounts (whether a purchasing or selling transaction) that was reported to the Administrator in a report of matched trades); provided, that any such report shall contain all of the data, and is submitted in the form and manner customarily required, by the Administrator for transactions of such type.

19. Information Sharing.

(a) The Clearing Organizations hereby agree to provide one another with the following information regarding their respective Cross-Margining Participants:

(i) If either Clearing Organization applies any special surveillance procedures to a Cross-Margining Participant, such Clearing Organization shall notify the other Clearing Organization of that fact.

(ii) If either Clearing Organization requires more frequent reporting of financial information by a Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact and the period of reporting.

(iii) If either Clearing Organization increases the capital requirement for any Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact, the amount of the additional capital required and the deadline for meeting the requirement.

(iv) If either Clearing Organization imposes additional margin requirements with respect to a particular Cross-Margining Participant, or issues a special intra-day call for Margin in respect of any account of a Cross-Margining Participant, that Clearing Organization shall notify the other Clearing Organization of that fact and the amount of the additional margin required.

(v) Each Clearing Organization shall, upon request by the other Clearing Organization, furnish to such other Clearing Organization the following information with respect to each account carried by the Cross-Margining Participant with the Clearing Organization from whom the information is requested: (A) Margin required and on deposit in respect of such account, and (B) the dollar amount of any current settlement obligations owed to or by the Cross-Margining Participant that have been determined for such account in respect of variation margin, premiums, option exercises and any other settlements.

(vi) Each Clearing Organization shall notify the other Clearing Organization of any disciplinary action (other than an appeal from an administrative fine) taken by its governing board, or committee or subcommittee thereof, against a Cross-Margining Participant involving non-compliance with financial or financial reporting requirements, or violation of the Rules.

(vii) Each Clearing Organization shall notify the other Clearing Organization in the event that the notifying Clearing Organization learns of any major processing difficulties (including, but not limited to, back-office computer problems) or operational errors of a Cross-Margining Participant.

(viii) Each Clearing Organization shall notify the other Clearing Organization in the event that a Cross-Margining Participant defaults in any settlement obligation.

In the case of any notice given pursuant to clauses (i), (ii), (iii), (iv), (vii), or (viii) above, the Clearing Organization giving such notice shall also notify the other Clearing Organization when the condition giving rise to such notice is terminated.

(b) The Clearing Organizations hereby agree to inform one another, upon request, of the total size of, and aggregate amount of required contributions to, such Clearing Organization's Clearing Fund or Guaranty Fund, as applicable.

(c) Any notice required to be given pursuant to this Section 19 shall be given by telephone or facsimile promptly upon the occurrence of the event giving rise to the requirement of notification, and any such notice given by telephone shall be promptly confirmed in writing. Each such notice shall be directed as follows:

If to FICC:

Murray Pozmanter
Managing Director, Fixed Income Clearance and Settlement
Telephone: (212) 855-7522
Facsimile: (212) 269-0162

and to:

Nikki Poulos
Managing Director and General Counsel
Telephone: (212) 855-7633
Facsimile: (212) 855-3215

If to NYPC:

~~Walter Lukken~~
Chief Executive Officer
Telephone: (212) 855-5210
Facsimile: (212) 855-5225

and to:

Laura Klimpel
Chief Compliance Officer and Counsel
Telephone: (212) 855-5230

Facsimile: (212) 855-5225

In case of the absence or unavailability of any officer named above, telephone calls shall be directed to another individual who has been designated in writing by the Clearing Organizations as authorized to receive such telephone calls. Prior to the Effective Date of this Agreement, each Clearing Organization shall provide the other with the name and telephone number of any other individual designated by such Clearing Organization pursuant to the preceding sentence.

(d) In the event that notice is given by either Clearing Organization pursuant to this Section 19, such Clearing Organization shall furnish to the other Clearing Organization upon request such additional information or documents relating to the circumstances leading to the notice as may reasonably be requested by the Clearing Organization receiving the notice.

20. Liability.

(a) TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, EXCEPT AS EXPRESSLY PROVIDED IN PARAGRAPH (b), NEITHER PARTY HERETO SHALL BE LIABLE TO ANY OTHER HEREUNDER FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR SPECIAL DAMAGES, OR FOR LOSS OF PROFITS, GOODWILL OR CONTRACTS, OR FOR THE PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER ARISING FROM NEGLIGENCE, BREACH OF CONTRACT OR OTHERWISE, AND WHETHER OR NOT ANY PARTY HERETO SHALL HAVE BEEN ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.

(b) Notwithstanding the foregoing, the limitations set forth in this Section 20 will not apply to a Clearing Organization's breach of its obligations under Section 10.

21. General Provisions.

(a) Further Assurances. Each Party agrees, without additional consideration, to execute and deliver such instruments and take such other actions as shall be reasonably required or as shall be reasonably requested by the other party in order to carry out the transactions, agreements and covenants contemplated by this Agreement.

(b) Amendment, Modification and Waiver. Except as expressly provided for herein, this Agreement, including the main body of this Agreement and all exhibits hereto, may be modified, supplemented or otherwise amended only by an instrument in writing signed on behalf of a duly authorized representative of each Party and in compliance with all applicable laws; *provided, however*, that such signature shall not include a signature by electronic device. A Party may temporarily waive or modify any condition intended to be for its benefit provided such waiver shall be in writing signed by the Party to be charged. The failure of a Party to exercise or enforce any right conferred upon it by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement thereof at any time or times thereafter. No waiver by either Party hereunder shall be effective unless agreed to pursuant to a writing signed by an authorized representative of each Party.

(c) Governing Law. The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Subject to paragraph (n), any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the Parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be in any manner allowed by applicable law.

(d) Notices. Unless otherwise expressly provided herein, all notices and other communications pertaining to the Agreement: (i) will be in writing; (ii) shall be delivered by certified or registered mail via the United States Postal Service, postage prepaid; by hand; or by any nationally recognized private courier (e.g., Federal Express, UPS, DHL); (iii) shall be effective (a) if mailed via certified or registered mail, on the date five calendar days after the date of mailing, or (b) if hand delivered, or delivered by private courier, on the date of delivery; and (iv) shall be addressed as follows:

If to FICC:

Murray Pozmanter
Managing Director, Fixed Income Clearance and Settlement
Fixed Income Clearing Corporation
55 Water Street
New York, NY 10041
Telephone: (212) 855-7522
Facsimile: (212) 269-0162

With a copy (which shall not constitute notice) to:

Nikki Poulos
Managing Director and General Counsel
Fixed Income Clearing Corporation
55 Water Street
New York, NY 10041
Telephone: (212) 855-7633
Facsimile: (212) 855-3215

If to NYPC:

Walter Lukken

Chief Executive Officer
New York Portfolio Clearing, LLC
55 Water Street, 31st Floor
New York, NY 10041
Telephone: (212) 855-5210
Facsimile: (212) 855-5225

With a copy (which shall not constitute notice) to:

Laura Klimpel
Chief Compliance Officer ~~&~~and Counsel
New York Portfolio Clearing, LLC
55 Water Street, 31st Floor
New York, NY 10041
Telephone: (212) 855-5230
Facsimile: (212) 855-5225

or to such other address or addresses as may hereafter be specified by written notice given by one Party to the other.

(e) Assignment. Except as otherwise expressly provided herein, neither Party shall assign or otherwise transfer this Agreement, or any of its rights or obligations under this Agreement, without the prior written approval of the other Party, which approval shall not be unreasonably withheld, delayed or conditioned. Any purported assignment or transfer in violation of this paragraph (e) shall be void.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same instrument. A complete set of counterparts shall be lodged with each Party.

(g) Headings. References to sections, paragraphs and exhibits are to sections, paragraphs and exhibits of and to this Agreement, unless otherwise indicated. Section headings are inserted for convenience of reference only and shall not affect the construction of this Agreement. The singular number shall include the plural, and vice versa. Any use of the word "including" will be interpreted to mean "including, but not limited to," unless otherwise indicated. References to any Person (including the Parties and any other entities referred to) shall be construed to mean such Person and its successors in interest and permitted assigns, as applicable.

(h) Entire Agreement. This Agreement, together with all exhibits hereto (and, to the extent referenced herein, (i) the Rules, (ii) that certain Amended and Restated Limited Liability Company Agreement of NYPC, dated as of September 4, 2009, as it may be further amended or restated from time to time, (iii) that certain letter agreement between DTCC and NYSE Euronext dated June 17, 2009 and captioned "Project Adams," and (iv) that certain NYSE Master Services Agreement entered into by NYSE Liffe US, LLC and NYPC as of April 7, 2010) ~~constitute~~, constitutes the entire understanding between the Parties with respect to the

subject matter hereof and supersede all prior representations, agreements, negotiations and discussions between the Parties with respect to the subject matter hereof.

(i) Invalid Provision. Each provision of this Agreement shall be considered separable; and if, for any reason, any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, unlawful, or unenforceable, such determination shall not affect the enforceability of the remainder of this Agreement or the validity, lawfulness, or enforceability of such provision in any other jurisdiction.

(j) Effective Date. This Agreement shall become effective on the later of (i) the date agreed by the parties and (ii) the date on which all necessary regulatory approvals of this Agreement have been received by FICC and NYPC (the "Effective Date").

(k) Force Majeure. If the performance of this Agreement by either Party (other than the payment of any amounts due hereunder) is prevented, hindered, delayed or otherwise made impracticable by reason of any cause beyond a Party's reasonable control, including any flood, riot, fire, judicial or governmental action, labor dispute, failure or degradation of any third party system or service, or act of war or terrorism (each, a "Force Majeure Event"), that party shall be excused from such performance to the extent, including for the duration of time, that it is prevented, hindered or delayed by such Force Majeure Event. In the event a Party becomes aware of a Force Majeure Event that will affect its performance under this Agreement, it shall so notify the other Party as soon as reasonably practicable. The Parties shall thereafter work together to take reasonable steps to mitigate the effects of any inability to perform or any delay in performance, if practicable.

(l) Remedies Not Exclusive. No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy, except as expressly provided in this Agreement, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise.

(m) No Third-Party Beneficiaries. This Agreement is binding upon, and shall inure to the benefit of, the Parties and their respective administrators, legal representatives, successors, and permitted assigns. The Parties agree that no provision of this Agreement is intended, expressly or by implication, to purport to confer a benefit or right of action upon a third party (whether or not in existence, and whether or not named, as of the date hereof), other than Persons entitled to indemnification pursuant to Section 12, who are third party beneficiaries of Section 12 (and no other provisions) of this Agreement.

(n) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(o) Dispute Resolution. [Reserved]

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

FIXED INCOME CLEARING CORPORATION

By: _____
{Title/name}

NEW YORK PORTFOLIO CLEARING, LLC

By: _____
{Title/name}

**FIXED INCOME CLEARING CORPORATION/
 NEW YORK PORTFOLIO CLEARING, LLC**
CLEARING MEMBER CROSS-MARGINING PARTICIPANT AGREEMENT
(JOINT CLEARING MEMBER
(Joint Clearing Member – Proprietary Accounts)

The undersigned ("Clearing Member") is a Clearing Member of Fixed Income Clearing Corporation ("FICC") and a Clearing Member of New York Portfolio Clearing, LLC ("NYPC"). By entering into this Clearing Member Cross-Margining Participant Agreement (this "Agreement"), Clearing Member hereby elects to become a Cross-Margining Participant for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [§.], 20102012 (as further amended, modified, or supplemented from time to time, the "Cross-Margining Agreement"). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Clearing Member agrees to be bound by the FICC Rules and the NYPC Rules applicable to Clearing Members participating in cross-margining arrangementsCross-Margining Participants and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, Clearing Member unconditionally promises immediate payment of its payment or reimbursement obligations to the Clearing OrganizationOrganizations arising under the Cross-Margining Agreement or such Clearing Organization'sthe Rules in respect of the Set of Clearing MemberProprietary Cross-Margining Accounts.

On behalf of itself and of each person on whose behalf positions may be maintained in the Clearing Member's Set of Proprietary Cross-Margining Accounts, Clearing Member hereby pledges, as security for its present and future obligations to the Clearing Organizations, whether or not arising from the Set of Proprietary Cross-Margining Accounts, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of its positions and Margin (including but not limited to Margin held in the Set of Clearing Member's Set of Proprietary Cross-Margining Accounts), proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the "Collateral"). Without limiting the generality of the foregoing, Clearing Member agrees that (i) the rights of the Clearing Organizations set forth in the preceding sentence are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Member will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Member in this Agreement.

For purposes of calculating Margin, Clearing Member's Set of Proprietary Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of ~~Clearing Member~~ Proprietary Cross-Margining Accounts. Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by the ~~Clearing Member~~ for any amount due from Clearing Member in respect of the Set of ~~Clearing Member~~ Proprietary Cross-Margining Accounts.

Clearing Member acknowledges and agrees that either FICC or NYPC may terminate, suspend or otherwise cease to act for Clearing Member in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Member's Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Member in accordance with the Cross-Margining Agreement and the Rules.

Clearing Member acknowledges and agrees and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Member may be disclosed solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify Clearing Member as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Member's condition, positions, Margin requirements and deposits.

Clearing Member acknowledges and agrees that the Cross-Margin Requirement in respect of its Set of ~~Clearing Member~~ Proprietary Cross-Margining Accounts will be calculated in accordance with the Cross-Margining Agreement and the Rules. Clearing Member further acknowledges and agrees that neither Clearing Organization guarantees to Clearing Member that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) all transactions and positions in Clearing Member's Set of Proprietary Cross-Margining Accounts will be solely for Clearing Member's own account and/or for the account of Non-Customers of Clearing Member; (iv) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (v) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vi) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its

obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; ~~(vii)~~ this Agreement has been duly executed and delivered by it; ~~(viii)~~ this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and ~~(ix)~~ its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between ~~one or both of the Members~~ Clearing Member and FICC or NYPC, any transfer by ~~either~~ Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by Clearing Member upon two Business Days' notice to FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to Clearing Member. Notwithstanding the previous two sentences, Clearing Member's obligations under this Agreement and the Cross-Margining Agreement ~~shall survive that arise prior to the termination of this Agreement~~ shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the ~~Parties~~ parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[Signature page follows]

Clearing Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

Accepted By:

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

**FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC**

**CLEARING MEMBER CROSS-MARGINING PARTICIPANT AGREEMENT
(AFFILIATED MEMBERS)
(Affiliated Clearing Members – Proprietary Accounts)**

The undersigned, _____, is a Clearing Member of Fixed Income Clearing Corporation (“FICC”), and the undersigned, _____, is a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Participant Agreement (this “Agreement”), each of the undersigned (each, a “Clearing Member” and together, the “Clearing Members”) hereby elects to become a Cross-Margining Participant and an Affiliate of the other Clearing Member for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2010/2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Clearing Members agree to be bound by the FICC Rules and the NYPC Rules applicable to Clearing Members participating in cross-margining arrangements Cross-Margining Participants and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, each Clearing Member unconditionally promises immediate payment of its and its Affiliate’s payment and reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement and the Rules in respect of the Set of Clearing Member Proprietary Cross-Margining Accounts. Clearing Members hereby agree to be jointly and severally liable to the Clearing Organizations for any Margin, settlement or other obligation arising from transactions or positions in the Set of Clearing Member Proprietary Cross-Margining Accounts. Subject to the foregoing, this Agreement shall not be construed to obligate either Clearing Member to make any contributions to the clearing or guaranty fund of, or be liable for any assessment against the members of, a Clearing Organization of which such Clearing Member is not itself a Clearing Member.

~~Members hereby pledge~~ On behalf of itself and of each person on whose behalf positions may be maintained in the Clearing Members’ Set of Proprietary Cross-Margining Accounts, each Clearing Member hereby pledges, as security for the present and future obligations of either Clearing Member to the Clearing Organizations, whether or not arising from the Set of Proprietary Cross-Margining Accounts, and jointly ~~grant~~ grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of their respective positions and Margin (including but not limited to Margin held in ~~the Set of Clearing Member~~ Members’ Set of Proprietary Cross-Margining Accounts), proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the “Collateral”). Clearing Members hereby authorize the Clearing Organizations to treat all Margin deposited by either of them in respect of, and all positions in, the ~~Set of Clearing Member~~ Cross-Margining Accounts as belonging to either or both of them. Without limiting the generality of the foregoing, Clearing Members agree that (i) the rights of the Clearing Organizations set forth in the preceding two sentences are in

addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) each Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Members will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Members in this Agreement.

For purposes of calculating Margin, Clearing Members' Set of Proprietary Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of ~~Clearing Member Cross-Margining Accounts.~~ Each Proprietary Cross-Margining Account. Each Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by the Clearing Member for any amount due from such ~~Member~~ Clearing Member in respect of the Set of ~~Clearing Member~~ Proprietary Cross-Margining Accounts, and the Clearing Organizations are authorized to treat the funds in such bank account(s) as belonging to either or both of the ~~Members~~ Clearing Members.

Clearing Members acknowledge and agree that either FICC or NYPC may terminate, suspend or otherwise cease to act for them in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Members' Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Members in accordance with the Cross-Margining Agreement and the Rules.

~~Members acknowledge and~~ Clearing Members and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Members may be disclosed to either ~~Member or otherwise~~ Clearing Member or otherwise solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify either of the Clearing Members as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Members' condition, positions, Margin requirements and deposits.

Clearing Members acknowledge and agree that the Cross-Margin Requirements in respect of the Set of ~~Clearing Member~~ Proprietary Cross-Margining Accounts will be calculated in accordance with the Cross Margining Agreement and the Rules. Clearing Members further acknowledge and agree that neither Clearing Organization guarantees to Clearing Members that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what each Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Each Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a

first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) it is an Affiliate of the other Clearing Member that is party to this Agreement; (iv) all transactions and positions in Clearing Members' Set of Proprietary Cross-Margining Accounts will be solely for the Clearing Members' own accounts and/or for the accounts of Non-Customers of the Clearing Members; (v) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; ~~(iv)~~ its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; ~~(v)~~ all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; ~~(vi)~~ this Agreement has been duly executed and delivered by it; ~~(vii)~~ this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and ~~(viii)~~ its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between either Clearing Member and FICC or NYPC, any transfer by either Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by either Clearing Member upon two Business Days' notice to the other Clearing Member, FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC. ~~—, which acknowledgment shall be given promptly upon the expiration of such two Business Day period.~~ Either FICC or NYPC may terminate this Agreement immediately upon notice to both Clearing Members. ~~—Notwithstanding the previous two sentences, each Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive the termination of this Agreement.—such termination.~~ This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District

Court for the Southern District of New York, and the ~~Parties~~parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[Signature page follows]

FICC Clearing Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

NYPC Clearing Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

Accepted By:

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC
CLEARING MEMBER CROSS-MARGINING AGREEMENT
(Joint Clearing Member – Market Professional Accounts)

The undersigned (“Clearing Member”) is a Clearing Member of Fixed Income Clearing Corporation (“FICC”) and a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Agreement (this “Agreement”), Clearing Member hereby elects to become a Cross-Margining Participant for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Clearing Member agrees to be bound by the FICC Rules and the NYPC Rules applicable to Clearing Members participating in cross-margining arrangements and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, Clearing Member unconditionally promises immediate payment of its payment or reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement or the Rules in respect of the Set of Market Professional Cross-Margining Accounts.

The Set of Market Professional Cross-Margining Accounts shall be limited to transactions and positions carried by Clearing Member for Market Professionals who have signed a “Market Professional Agreement” in the form of Exhibit 1 hereto. Clearing Member agrees that it will not commence clearing transactions through or carrying positions in the Set of Market Professional Cross-Margining Accounts for any Market Professional until it has received with respect to such Market Professional a duly executed copy of the Market Professional Agreement and such other documentation as may be requested by the Clearing Organizations. Clearing Member agrees to indemnify and hold harmless the Clearing Organizations, their directors, officers, employees and each person, if any, who controls any of the Clearing Organizations against any claims, losses, liabilities and expenses, including, without limitation, reasonable legal fees and expenses and amounts paid or payable in settlement of any action, proceeding or investigation arising from any claim by any party resulting from the carrying of positions in a Market Professional Cross-Margining Account that belong to any person other than a Market Professional for whom a Market Professional Agreement is in effect.

On behalf of itself and of each Market Professional on whose behalf positions may be maintained in Clearing Member’s Set of Market Professional Cross-Margining Accounts, Clearing Member hereby pledges, as security for its present and future obligations to the Clearing Organizations, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of its positions and Margin held in Clearing Member’s Set of Market Professional Cross-Margining Accounts, proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the “Collateral”). Without limiting the generality of the foregoing, Clearing Member agrees that (i) the rights of the

Clearing Organizations set forth in the preceding sentence are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Member will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Member in this Agreement.

For purposes of calculating Margin, Clearing Member's Set of Market Professional Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of Market Professional Cross-Margining Accounts. Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by Clearing Member for any amount due from Clearing Member in respect of the Set of Market Professional Cross-Margining Accounts.

Clearing Member acknowledges and agrees that either FICC or NYPC may terminate, suspend or otherwise cease to act for Clearing Member in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Member's Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Member in accordance with the Cross-Margining Agreement and the Rules.

Clearing Member and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Member may be disclosed solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify Clearing Member as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Member's condition, positions, Margin requirements and deposits.

Clearing Member acknowledges and agrees that the Cross-Margin Requirement in respect of its Set of Market Professional Cross-Margining Accounts will be calculated in accordance with the Cross-Margining Agreement and the Rules. Clearing Member further acknowledges and agrees that neither Clearing Organization guarantees to Clearing Member that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise

has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) all transactions and positions in Clearing Member's Set of Market Professional Cross-Margining Accounts will be solely for the account of one or more Market Professionals, each of which is party to a Market Professional Agreement; (iv) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (v) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vi) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (vii) it is registered with the SEC as a broker-dealer and with the CFTC as a futures commission merchant; (viii) this Agreement has been duly executed and delivered by it; (ix) this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and (x) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between one or both of the Clearing Members and FICC or NYPC, any transfer by either Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by Clearing Member upon two Business Days' notice to FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to Clearing Member. Notwithstanding the previous two sentences, Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the

jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

[Signature page follows]

Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Accepted By:

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____

(to be completed upon acceptance by FICC and NYPC).

FIXED INCOME CLEARING CORPORATION
NEW YORK PORTFOLIO CLEARING, LLC,

MARKET PROFESSIONAL AGREEMENT FOR CROSS-MARGINING
(Joint Clearing Member)

This Market Professional Agreement for Cross-Margining (Joint Clearing Member) (“Agreement”) is made and entered into between the undersigned clearing member of Fixed Income Clearing Corporation and New York Portfolio Clearing, LLC (“Clearing Member”) and the undersigned member of a designated contract market that clears futures contracts and/or options on futures contracts through NYPC (“Member”). As used in this Agreement, “Clearing Organization” means either of Fixed Income Clearing Corporation (“FICC”) or New York Portfolio Clearing, LLC (“NYPC”).

Clearing Member and Member hereby enter into this Agreement to provide for the cross-margining of certain of Member’s positions in U.S. dollar-denominated interest rate and fixed income futures contracts and/or options on futures contracts cleared by NYPC (“NYPC Contracts”) with U.S. Government securities, securities of U.S. federal agencies, securities of U.S. Government-sponsored enterprises, financing products and certain mortgage-backed securities contracts cleared by FICC (“FICC Contracts” and, together with NYPC Contracts, “Eligible Products”) held by Clearing Member at one Clearing Organization with certain of Member’s positions held by Clearing Member at the other Clearing Organization, as set forth below.

Clearing Member acknowledges and understands that Member desires it to clear and maintain some or all of Member’s positions in Eligible Products in Clearing Member’s market professional cross-margining accounts at the Clearing Organizations (the “Market Professional Cross-Margining Accounts”), which are subject to the terms and conditions of the Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts) among Clearing Member and the Clearing Organizations, a copy of which is attached hereto. Notwithstanding the foregoing, Member agrees that Clearing Member may, at any time and in its sole discretion, determine to clear and/or maintain any one or group of such positions in accounts at the Clearing Organizations other than the Market Professional Cross-Margining Accounts.

Member represents and warrants that it is a “Market Professional” within the meaning of the Rules of the Clearing Organizations. Member acknowledges and agrees that its positions in the Market Professional Cross-Margining Accounts, all margin held by the Clearing Organizations in respect thereof, and all proceeds of any of the foregoing, may be commingled with the positions and property of other Market Professionals who clear through Clearing Member and have elected cross-margining but that its positions in FICC Contracts will be cross-margined solely with its positions in NYPC Contracts. Member acknowledges and understands that the Commodity Futures Trading Commission (“CFTC”) has, by order, rendered inapplicable the provisions of certain CFTC regulations to the extent that such regulations would prohibit the commingling of such FICC Contracts and NYPC Contracts and Member acknowledges that such property will be treated in a manner consistent with applicable orders of the CFTC.

Member further acknowledges and agrees that such property held on its behalf by Clearing Member will be customer property received by a futures commission merchant (“FCM”) to be

accounted for, treated and dealt with by such FCM in a manner consistent with Section 4d of the Commodity Exchange Act ("CEA") and that, in the event of the bankruptcy, liquidation, or receivership of or other proceeding involving the distribution of funds held by Clearing Member: (i) Member's claims against Clearing Member with respect to Member's positions in the Market Professional Cross-Margining Accounts and all money, securities and property received with respect thereto, shall be subject to the distributional convention established in Appendix B to Part 190 of the CFTC's Regulations, a copy of which is attached hereto; (ii) positions in the Market Professional Cross-Margining Accounts and all cash, securities and other property carried in respect thereof shall not be "customer property" for the purposes of the federal securities laws (to the extent necessary to effect cross-margining in accordance with the applicable orders of the CFTC), or for purposes of Subchapter III of Chapter 7 of the Bankruptcy Code ("Subchapter III") or the Securities Investor Protection Act of 1970 ("SIPA"), and will not be claimed as such, and shall be "customer property" for purposes of the CEA, Subchapter IV of Chapter 7 of the Bankruptcy Code and Part 190 of the Regulations of the CFTC; and (iii) any claim asserted by Member against Clearing Member arising out of or based upon the Accounts, to the extent that such claim would otherwise represent a claim against or be payable from "customer property" as defined in Subchapter III or SIPA, shall be subordinated to the claims of all other customers, as the term "customer" is defined in Subchapter III or SIPA.

Member hereby grants to the Clearing Organizations a joint lien on, security interest in, and right of setoff against (i) all of Member's property carried in the Market Professional Cross-Margining Accounts and or held in respect thereof including, without limitation, all Eligible Products from time to time purchased or carried in any of the Market Professional Cross-Margining Accounts, (ii) all cash, securities and other property deposited with or held by the Clearing Organizations as margin in respect thereof, and (iii) all proceeds of any of the foregoing (such accounts and all such contracts, margin and proceeds hereinafter referred to collectively as "Collateral"), as security for the obligations of Clearing Member to either or both of the Clearing Organizations in respect of the Accounts. Member represents and warrants that as of the date of this Agreement, there is no outstanding lien on or security interest in the Collateral except as provided in the rules of the Clearing Organizations, and agrees that it shall not grant or permit to be created any other lien on or security interest in the Collateral without the express written consent of the Clearing Organizations, other than any interest of Clearing Member in the Collateral that is subordinate to the interest of the Clearing Organizations.

Member acknowledges that in the event that a Clearing Organization terminates, suspends or otherwise ceases to act for or limits the activities of Clearing Member in accordance with the rules of such Clearing Organization, it shall be within the sole discretion of the Clearing Organizations to determine whether to transfer or liquidate Member's positions in the Market Professional Cross-Margining Accounts.

This Agreement shall become effective upon the filing of an executed counterpart hereof with the Clearing Organizations. Member and Clearing Member agree not to modify, amend or terminate this Agreement without the prior written consent of the Clearing Organizations, and further agree not to modify this Agreement by any other instrument unless the approval of the Clearing Organizations is noted thereon.

[Signature page follows.]

Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

Clearing Member

Name of Member: _____

By: _____

Print Name: _____

Title: _____

Attachments: Clearing Member Cross-Margining Agreement (Joint Clearing Member – Market Professional Accounts)
Appendix B to Part 190 of the CFTC’s Regulations

FIXED INCOME CLEARING CORPORATION/
NEW YORK PORTFOLIO CLEARING, LLC

CLEARING MEMBER CROSS-MARGINING AGREEMENT
(Affiliated Clearing Members – Market Professional Accounts)

The undersigned, _____, is a Clearing Member of Fixed Income Clearing Corporation (“FICC”), and the undersigned, _____, is a Clearing Member of New York Portfolio Clearing, LLC (“NYPC”). By entering into this Clearing Member Cross-Margining Agreement (this “Agreement”), each of the undersigned (each, a “Participant” and together, the “Participants”) hereby elects to become a Cross-Margining Participant and an Affiliate of the other Participant for purposes of the Amended and Restated NYPC Cross-Margining Agreement between FICC and NYPC dated as of [•], 2012 (as further amended, modified, or supplemented from time to time, the “Cross-Margining Agreement”). Capitalized terms used in this Agreement that are not defined herein have the meanings given to them in the Cross-Margining Agreement, the form of which is appended hereto.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Participants agree to be bound by the FICC Rules and the NYPC Rules applicable to Clearing Members participating in cross-margining arrangements and by the provisions of the Cross-Margining Agreement, as the foregoing may be in effect from time to time. Without limiting the generality of the foregoing, each Clearing Member unconditionally promises immediate payment of its and its Affiliate’s payment and reimbursement obligations to the Clearing Organizations arising under the Cross-Margining Agreement and the Rules in respect of the Set of Market Professional Cross-Margining Accounts. Clearing Members hereby agree to be jointly and severally liable to the Clearing Organizations for any Margin, settlement or other obligation arising from transactions or positions in the Set of Market Professional Cross-Margining Accounts. Subject to the foregoing, this Agreement shall not be construed to obligate either Clearing Member to make any contributions to the clearing or guaranty fund of, or be liable for any assessment against the members of, a Clearing Organization of which such Clearing Member is not itself a Clearing Member.

The Set of Market Professional Cross-Margining Accounts shall be limited to transactions and positions carried by Clearing Member for Market Professionals who have signed a “Market Professional Agreement” in the form of Exhibit 1 hereto. Clearing Members agree that they will not commence clearing transactions through or carrying positions in the Set of Market Professional Cross-Margining Accounts for any Market Professional until it has received with respect to such Market Professional a duly executed copy of the Market Professional Agreement and such other documentation as may be requested by the Clearing Organizations. Clearing Members agree to indemnify and hold harmless the Clearing Organizations, their directors, officers, employees and each person, if any, who controls any of the Clearing Organizations against any claims, losses, liabilities and expenses, including, without limitation, reasonable legal fees and expenses and amounts paid or payable in settlement of any action, proceeding or investigation arising from any claim by any party resulting from the carrying of positions in a Market Professional Cross-Margining Account that belong to any person other than a Market Professional for whom a Market Professional Agreement is in effect.

On behalf of itself and of each Market Professional on whose behalf positions may be maintained in Clearing Members' Set of Market Professional Cross-Margining Accounts, each Clearing Member hereby pledges, as security for the present and future obligations of either Clearing Member to the Clearing Organizations, and jointly grants to the Clearing Organizations a first priority continuing security interest in, lien on and right of set-off against all of their respective positions and Margin, proceeds in respect thereof, or other property in the custody, possession or subject to the control of the Clearing Organizations (such positions, Margin, proceeds and property, the "Collateral"). Clearing Members hereby authorize the Clearing Organizations to treat all Margin deposited by either of them in respect of, and all positions in, the Clearing Member Cross-Margining Accounts as belonging to either or both of them. Without limiting the generality of the foregoing, Clearing Members agree that (i) the rights of the Clearing Organizations set forth in the preceding two sentences are in addition to any other rights arising out of the New York Uniform Commercial Code or other statute, common law, or governmental regulation, or under their respective Rules, (ii) each Clearing Member will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action necessary or desirable and reasonably requested by the Clearing Organizations to create, preserve, perfect or validate the security interest or lien granted in this paragraph, to enable the Clearing Organizations to exercise or enforce their rights under this Agreement, and (iii) Clearing Members will promptly give notice to the Clearing Organizations of, and defend against, any suit, action, proceeding or lien that involves or could adversely affect the security interest and lien granted by Clearing Members in this Agreement.

For purposes of calculating Margin, Clearing Members' Set of Market Professional Cross-Margining Accounts will be combined and treated as a single account. The Administrator is hereby authorized to net all daily settlement amounts owed to or due from the Clearing Organizations in respect of the Set of Market Professional Cross-Margining Accounts. Each Clearing Member hereby authorizes the Administrator to draft the bank account(s) designated by the Clearing Member for any amount due from such Clearing Member in respect of the Set of Market Professional Cross-Margining Accounts, and the Clearing Organizations are authorized to treat the funds in such bank account(s) as belonging to either or both of the Clearing Members.

Clearing Members acknowledge and agree that either FICC or NYPC may terminate, suspend or otherwise cease to act for them in accordance with the applicable Rules and that, in such an event, FICC and NYPC may liquidate Clearing Members' Clearing Member Cross-Margining Accounts and any assets held in the Clearing Member Cross-Margining Accounts on behalf of such Clearing Members in accordance with the Cross-Margining Agreement and the Rules.

Clearing Members and the Clearing Organizations agree that Clearing Data (as hereinafter defined) regarding Clearing Members may be disclosed to either Clearing Member or otherwise solely (i) in accordance with the provisions of Section 10 of the Cross-Margining Agreement and (ii) in aggregated form, in such manner as either Clearing Organization may determine, provided that such aggregated Clearing Data does not identify Clearing Member as the source thereof. "Clearing Data" means transaction and all other data that is received by FICC or NYPC that is relevant to their respective clearance and/or settlement processes, and such data, reports or summaries thereof, which may be produced as a result of processing such data, including data regarding Clearing Members' condition, positions, Margin requirements and deposits.

Clearing Members acknowledge and agree that the Cross-Margin Requirements in respect of the Set of Market Professional Cross-Margining Accounts will be calculated in accordance with the Cross-Margining Agreement and the Rules. Clearing Members further acknowledge and agree that neither Clearing Organization guarantees to Clearing Members that the calculation of the Cross-Margin Requirement pursuant to the Cross-Margining Agreement will yield a Cross-Margin Requirement that is less than what each Clearing Member would have owed if its Stand-Alone Margin Requirements at FICC and NYPC were calculated separately.

Each Clearing Member represents and warrants to and for the benefit of the Clearing Organizations that: (i) it has the power to grant, and has granted, to the Clearing Organizations a first priority continuing security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of such security interest and lien; (ii) it is the sole owner of or otherwise has the right to transfer all Collateral transferred to the Clearing Organizations pursuant to the Cross-Margining Agreement and the Rules, free and clear of any security interest, lien, encumbrance or other restrictions (other than any security interest or lien granted or created pursuant to this Agreement); (iii) all transactions and positions in Clearing Members' Set of Market Professional Cross-Margining Accounts will be solely for the account of one or more Market Professionals, each of which is party to a Market Professional Agreement; (iv) it is an Affiliate of the other Clearing Member that is party to this Agreement; (v) it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (vi) its execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all requisite action; (vii) all authorizations of and exemptions, actions, approvals and consents by, and all notices to or filings with, any governmental or other authority or other persons that are necessary to enable it to execute and deliver this Agreement and to perform its obligations hereunder have been obtained or made and are in full force and effect, and it has complied with all of the conditions thereof; (viii) this Agreement has been duly executed and delivered by it; (ix) this Agreement is a legal, valid, and binding obligation on its part, enforceable against it in accordance with its terms; and (x) its execution, delivery and performance of this Agreement do not violate or conflict with any law, regulation, rule of self-regulatory organization or judicial or governmental order or decree to which it is subject, any provision of its constitutional or governing documents, or any term of any agreement or instrument to which it is a party, or by which its property or assets is bound or affected. The FICC Clearing Member additionally represents and warrants to and for the benefit of the Clearing Organizations that it is registered with the SEC as a broker-dealer, and the NYPC Clearing Member additionally represents to and for the benefit of the Clearing Organizations that is registered with the CFTC as a futures commission merchant. The representations and warranties in this paragraph shall be effective as of the date of this Agreement and the date of each transaction or transfer relating to this Agreement or the Cross-Margining Agreement.

Without limiting any provision of the Rules or any other agreement between either Clearing Member and FICC or NYPC, any transfer by either Clearing Member of any rights it may have in the Collateral shall be null and void and, in any event, subject to the prior payment in full of all payment obligations under the Cross-Margining Agreement and the Rules.

This Agreement shall be effective when accepted by both FICC and NYPC. This Agreement may be terminated by either Clearing Member upon two Business Days' notice to the other Clearing Member, FICC and NYPC and such termination shall be effective upon written acknowledgment by both FICC and NYPC, which acknowledgment shall be given promptly

upon the expiration of such two Business Day period. Either FICC or NYPC may terminate this Agreement immediately upon notice to both Clearing Members. Notwithstanding the previous two sentences, each Clearing Member's obligations under this Agreement and the Cross-Margining Agreement that arise prior to the termination of this Agreement shall survive such termination. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all which taken together shall be deemed one and the same agreement.

The validity and effectiveness of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws. Any legal action or proceeding with respect to this Agreement may be brought exclusively in the federal or state courts located in New York, New York, including the United States District Court for the Southern District of New York, and the parties hereby (a) irrevocably submit to the exclusive jurisdiction of such courts, and (b) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, that the venue of the action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Service of process shall be made in any manner allowed by applicable law.

EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

FICC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

NYPC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Fixed Income Clearing Corporation

By: _____

Print Name: _____

Title: _____

Date: _____

New York Portfolio Clearing, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

This Agreement is dated as of _____
(to be completed upon acceptance by FICC and NYPC).

FIXED INCOME CLEARING CORPORATION
NEW YORK PORTFOLIO CLEARING, LLC.

MARKET PROFESSIONAL AGREEMENT FOR CROSS-MARGINING
(Affiliated Clearing Members)

This Market Professional Agreement for Cross-Margining (Affiliated Clearing Members) (“Agreement”) is made and entered into between the undersigned clearing member of Fixed Income Clearing Corporation, the undersigned clearing member of New York Portfolio Clearing, LLC (each of the foregoing, a “Clearing Member”) and the undersigned member of a designated contract market that clears futures contracts and/or options on futures contracts through NYPC (“Member”). As used in this Agreement, “Clearing Organization” means either of Fixed Income Clearing Corporation (“FICC”) or New York Portfolio Clearing, LLC (“NYPC”).

Clearing Members and Member hereby enter into this Agreement to provide for the cross-margining of certain of Member’s positions in U.S. dollar-denominated interest rate and fixed income futures contracts and/or options on futures contracts cleared by NYPC (“NYPC Contracts”) with U.S. Government securities, securities of U.S. federal agencies, securities of U.S. Government-sponsored enterprises, financing products and certain mortgage-backed securities contracts cleared by FICC (“FICC Contracts” and, together with NYPC Contracts, “Eligible Products”) held by Clearing Member at one Clearing Organization with certain of Member’s positions held by Clearing Member at the other Clearing Organization, as set forth below.

Clearing Members acknowledge and understand that Member desires them to clear and maintain some or all of Member’s positions in Eligible Products in Clearing Members’ market professional cross-margining accounts at the Clearing Organizations (the “Market Professional Cross-Margining Accounts”), which are subject to the terms and conditions of the Clearing Member Cross-Margining Agreement (Affiliated Clearing Members – Market Professional Accounts) among Clearing Members and the Clearing Organizations, a copy of which is attached hereto. Notwithstanding the foregoing, Member agrees that Clearing Members may, at any time and in their sole discretion, determine to clear and/or maintain any one or group of such positions in accounts at the Clearing Organizations other than the Market Professional Cross-Margining Accounts.

Member represents and warrants that it is a “Market Professional” within the meaning of the Rules of the Clearing Organizations. Member acknowledges and agrees that its positions in the Market Professional Cross-Margining Accounts, all margin held by the Clearing Organizations in respect thereof, and all proceeds of any of the foregoing, may be commingled with the positions and property of other Market Professionals who clear through Clearing Members and have elected cross-margining but that its positions in FICC Contracts will be cross-margined solely with its positions in NYPC Contracts. Member acknowledges and understands that the Commodity Futures Trading Commission (“CFTC”) has, by order, rendered inapplicable the provisions of certain CFTC regulations to the extent that such regulations would prohibit the commingling of such FICC Contracts and NYPC Contracts, and Member acknowledges that such property will be treated in a manner consistent with applicable orders of the CFTC.

Member further acknowledges and agrees that such property held on its behalf by Clearing Member will be customer property received by a futures commission merchant ("FCM") to be accounted for, treated and dealt with by such FCM in a manner consistent with Section 4d of the Commodity Exchange Act ("CEA") and that, in the event of the bankruptcy, liquidation, or receivership of or other proceeding involving the distribution of funds held by either Clearing Member: (i) Member's claims against such Clearing Member, if any, with respect to Member's positions in the Market Professional Cross-Margining Accounts and all money, securities and property received with respect thereto, shall be subject to the distributional convention established in Appendix B to Part 190 of the CFTC's Regulations, a copy of which is attached hereto; (ii) positions in the Market Professional Cross-Margining Accounts and all cash, securities and other property carried in respect thereof shall not be "customer property" for the purposes of the federal securities laws (to the extent necessary to effect cross-margining in accordance with the applicable orders of the CFTC), or for purposes of Subchapter III of Chapter 7 of the Bankruptcy Code ("Subchapter III") or the Securities Investor Protection Act of 1970 ("SIPA"), and will not be claimed as such, and shall be "customer property" for purposes of the CEA, Subchapter IV of Chapter 7 of the Bankruptcy Code and Part 190 of the Regulations of the CFTC; and (iii) any claim asserted by Member against either Clearing Member arising out of or based upon the Accounts, to the extent that such claim would otherwise represent a claim against or be payable from "customer property" as defined in Subchapter III or SIPA, shall be subordinated to the claims of all other customers, as the term "customer" is defined in Subchapter III or SIPA.

Member hereby grants to the Clearing Organizations a joint lien on, security interest in, and right of setoff against (i) all of Member's property carried in the Market Professional Cross-Margining Accounts and or held in respect thereof including, without limitation, all Eligible Products from time to time purchased or carried in any of the Market Professional Cross-Margining Accounts, (ii) all cash, securities and other property deposited with or held by the Clearing Organizations as margin in respect thereof, and (iii) all proceeds of any of the foregoing (such accounts and all such contracts, margin and proceeds hereinafter referred to collectively as "Collateral"), as security for the obligations of Clearing Members to either or both of the Clearing Organizations in respect of the Accounts. Member represents and warrants that as of the date of this Agreement, there is no outstanding lien on or security interest in the Collateral except as provided in the rules of the Clearing Organizations, and agrees that it shall not grant or permit to be created any other lien on or security interest in the Collateral without the express written consent of the Clearing Organizations, other than any interest of either Clearing Member in the Collateral that is subordinate to the interest of the Clearing Organizations.

Member acknowledges that in the event that a Clearing Organization terminates, suspends or otherwise ceases to act for or limits the activities of either Clearing Member in accordance with the rules of the Clearing Organization of which it is a member, it shall be within the sole discretion of the Clearing Organizations to determine whether to transfer or liquidate Member's positions in the Market Professional Cross-Margining Accounts.

This Agreement shall become effective upon the filing of an executed counterpart hereof with the Clearing Organizations. Member and Clearing Members agree not to modify, amend or terminate this Agreement without the prior written consent of the Clearing Organizations, and further agree not to modify this Agreement by any other instrument unless the approval of the Clearing Organizations is noted thereon.

[Signature page follows.]

Member

Name: _____

By: _____

Print Name: _____

Title: _____

FICC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

NYPC Clearing Member

Name: _____

By: _____

Print Name: _____

Title: _____

Attachments: Clearing Member Cross-Margining Agreement (Affiliated Clearing Members –
Market Professional Accounts)
Appendix B to Part 190 of the CFTC's Regulations