



**VIA EMAIL TO: SECRETARY@CFTC.GOV**

November 23, 2012

Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Three Lafayette Centre  
Washington DC 20581

Dear Sir / Madam,

LCH.Clearnet Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC Regulation §40.6, amendments to LCH.Clearnet's General Rules and OTC EnClear Procedures, to become effective December 10, 2012.

#### **Explanation and Analysis**

The amendments to the General Regulations and EnClear Procedures are to introduce two new freight route contracts and a new fertilizer contract.

The rule amendment addresses issues impacted by Core Principle C (Participant and product eligibility - §39.12).

#### **Public Information**

LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at: [http://www.lchclearnet.com/rules\\_and\\_regulations/ltd/proposed\\_rules.asp](http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp)

LCH.Clearnet will be making a separate submission under the procedure set out in 17 CFR §39.5 in relation to mandatory clearing determinations.

#### **Opposing Views**

There were no opposing views expressed to LCH.Clearnet by governing board or committee members, members of LCH.Clearnet or market participants, that were not incorporated into the rule.

**LCH.Clearnet Limited Aldgate House, 33 Aldgate High Street, London EC3N 1EA**  
Tel: +44 (0)20 7426 7000 Fax: +44 (0)20 7426 7001 [www.lchclearnet.com](http://www.lchclearnet.com)  
LCH.Clearnet Group Limited | LCH.Clearnet Limited | LCH.Clearnet SA



**Certification**

LCH.Clearnet hereby certifies to the CFTC, pursuant to the procedures set forth in the Commission Regulations §40.6, that the attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions regarding this submission please contact me on +44-2070426-7285 or at [jay.iyer@lchclearnet.com](mailto:jay.iyer@lchclearnet.com)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Jay Iyer', written over a horizontal line.

**Jay Iyer, CCO**  
**LCH.Clearnet Limited**

**SUBMISSION OF AMENDMENTS TO THE CLEARINGHOUSE RULES**

TO THE

**COMMODITY FUTURES TRADING COMMISSION**

SUBMITTED BY

**LCH.Clearnet Limited**

an English limited company

**FILING AS A REGISTERED DERIVATIVES CLEARING ORGANIZATION**

**Pursuant to Commission Regulation § 40.6**

**Submission of Amendments to the Clearing House Procedures:**

- **General Regulations**
- **EnClear Procedures**

---

---

Submitted: November 23, 2012

---

---

**LCH.CLEARNET LIMITED SELF-CERTIFICATION OF AMENDMENTS TO RULES TO ADD TWO NEW FREIGHT ROUTE CONTRACTS AND A NEW FERTILIZER SWAP CONTRACT.**

**Fertilizer Options Contract**

LCH.Clearnet Limited (“LCH.Clearnet”) will offer clearing in a single expiry, premium paid option on the underlying UREA – New Orleans (UNO) Fertilizer Option contract for the corresponding expiry

Fertilizer Options Contracts reference the underlying Swap contract LCH.Clearnet currently clears. These contracts are subject to initial and variation margining.

**Fertilizer Option Contract Specification**

<b>Description</b>	Single expiry, premium paid option on the underlying UREA – New Orleans (UNO) Fertilizer Swap contract for the corresponding expiry.
<b>Contract Code</b>	ONO
<b>Lot Size</b>	500st
<b>Currency</b>	US Dollars
<b>Minimum tick</b>	US \$0.0001
<b>Option Type</b>	Options are European style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
<b>Option Premium</b>	The Premium is paid at the time of purchase
<b>Last Trading Day</b>	Last publication day of the relevant index in the contract month ie the last business Thursday of every month  Exception – December contracts will expire on the penultimate Thursday, as there is no publication of an index in the week prior to New Year  Where the last Thursday of the month is a non-business day, the last trading day will be the first business day preceding.
<b>Expiry</b>	18:00 hours UK time on the last trading day  Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price  <b>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract</b>

	<p>The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying UREA – New Orleans (UNO) Fertilizer Swap contract</p> <p>For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying UREA – New Orleans (UNO) Fertilizer Swap contract</p>
<b>Contract series</b>	Front 6 months, 4 quarters
<b>Strike Price</b>	Any whole \$ value
<b>Margin</b>	Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.
<b>Business Days</b>	UK business days

LCH.Clearnet will add to the existing Cash Settled Freight Forward Contracts: \$ Per Tonne Tanker Voyage Routes the following route: Baltic TC14 (D14) 38,000mt US Gulf - Continent

#### **Wet Freight Contract (TC14 / P2A)**

<b>Description</b>	<p>Cash settled \$/t freight forward contracts on the following Tanker Voyage Routes:</p> <p>Baltic TC14 (D14) (38,000 mt., U.S.Gulf - Continent)</p>
<b>Lot size</b>	1,000 mt
<b>Currency</b>	US \$/tonne
<b>Minimum tick</b>	US \$ 0.0001 to account for final settlement
<b>Fixed price</b>	The traded price (in \$/t) or the previous day's settlement price, as supplied end of day by the Baltic Exchange
<b>Floating price</b>	<p>In respect of daily settlement, the floating price will be the end of day price (in \$/t) as supplied by the Baltic Exchange</p> <p>In respect of final settlement, the floating price will be a price in US\$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flat Rate divided by 100 for each pricing date in the expiry month</p>
<b>Last trading day</b>	<p>At 18:00 hours UK time on last business day of each month within the contract series</p> <p>Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day</p>
<b>Contract series</b>	Traded as months, quarters and calendars, out to 2 whole calendar years (a maximum of 35 months)
<b>Final payment</b>	On the first business day following the expiry day

<b>Business days</b>	UK business days
----------------------	------------------

LCH.Clearnet will add the following Cash settled Premium Paid Option on to the existing Dry Timecharter Trip & Basket Routes a P20 (Continent Trip Far East). Freight Option contract.

### **P20 Dry Charter Freight Option Contract**

<b>Contract description – Cash Settled Premium Paid Option on Dry Timecharter Basket Routes</b>	
<b>Description</b>	Cash settled Premium Paid Option on the following Dry Timecharter Basket Route:  P20 (Cont Trip Far East)  These contracts, if “in the money” expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)
<b>Lot size</b>	1 day
<b>Currency</b>	US Dollars
<b>Pricing</b>	US \$ per day
<b>Minimum tick</b>	US \$1 per day
<b>Option Type</b>	Options are European style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
<b>Option Premium</b>	The Premium is paid at the time of purchase
<b>Last trading day</b>	At 18:00 hours UK time on last business day of each month within the contract series  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day
<b>Expiry</b>	18:00 hours UK time on the last trading day  Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price  <b>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract</b>  The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying freight forward contracts  For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying freight forward contracts
<b>Contract</b>	Traded as months, out to 1 whole calendar years (a maximum of 23 months)

LCH.CLEARNET Rule Submission

<b>series</b>	
<b>Strike Price</b>	Any whole \$ value
<b>Business Days</b>	UK business days

The General Regulations, with addition of contracts can be found at Exhibit A-1. The EnClear Procedures, with addition of contracts can be found at Exhibit A-2.

## **EXHIBIT A-1 : General Regulations**



The table below shows which set of terms (identified by the individual sub-section number of this section 3) applies to the relevant type of freight forward contract or option contract and route:

<b>Name of freight contract and route</b>	<b>Section</b>
Tanker Voyage Routes	Section 3.4A
\$ Per Tonne Tanker Voyage Routes	Section 3.4B
Dry Voyage Routes	Section 3.4C
Dry Timecharter Basket Routes - Forwards	Section 3.4D
Dry Trip Timecharter Routes	Section 3.4E
Timecharter Voyage Route	Section 3.4F
Dry Timecharter <u>Trip &amp;</u> Basket Routes - Options	Section 3.4G
Baltic Exchange Dry Index	Section 3.4H
Iron Ore Swap	Section 3.4I
Fertilizer Swaps	Section 3.4J
<u>Fertilizer Swap Options</u>	<u>Section 3.4K</u>
Container Swaps	Section 3.4K4L
API 2 cif ARA (Argus/McCloskey) Coal Swap Contract	Section 3.4L4M
API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contract	Section 3.4M4N
European Hot Rolled Coil Steel Swaps	Section 3.4N4O
Chinese Hot Rolled Coil Steel Swap	Section 3.4O4P
Turkish Import Scrap Steel Swap	Section 3.4P4Q
Chinese Domestic Hot Rolled Ribbed Bar Steel Swap	Section 3.4Q4R
API 2 of ARA (Argus/McCloskey) Coal Option Contract	Section 3.4R4S
API 4 fob Richard Bay (Argus McCloskey) Coal Option Contract	Section 3.4S4T

### 3.4A **Cash Settled Freight Forward Contracts: Tanker Voyage Routes**

Description Cash settled freight forward contracts on any of the

following Tanker Voyage Routes:

Baltic TD3 (260,000 mt ME Gulf – Japan)

Baltic TD5 (130,000 mt W Africa – USAC)

Baltic TD7 (80,000 mt North Sea – Cont)

Baltic TC2 (37,000 mt Continent – USAC)

Baltic TC4 (30,000 mt Singapore – Japan)

Baltic TC5 (55,000 mt ME – Japan)

Baltic TC6 (30,000 mt Algeria/Euromed)

Lot Size	1,000 mt
Currency	US Dollars
Minimum Tick	US\$0.0001 to account for final settlement
Fixed Price	The traded price or the previous day's settlement price, calculated as Flatrate x WS Rate /100
Floating Price	In respect of daily revaluation, the floating price will be calculated as Flat Rate x WS Rate/100, where the WS rate is the end of day price as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be a price in US\$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flat Rate divided by 100 for each pricing date in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non working day.
Contract Series	Front 6 Months, Front 5 Quarters (TC2, TC6, TD3, TD5, TD7), Front 4 Quarters (TC4, TC5), Front 2 Whole Calendar years. Out to a maximum of 36 months
Final Payment Date	The first business day following the expiry day
Business Days	UK business days

### 3.4B **Cash Settled Freight Forward Contracts: \$ Per Tonne Tanker Voyage Routes**

Description	Cash settled \$ per tonne freight forward contracts on the following Tanker Voyage Routes:
-------------	--

Baltic TC2 (DC2) (37,000 mt Continent – USAC)

Baltic TD3 (DD3) (260,000 mt ME Gulf – Japan)

Baltic TD5 (DD5) (130,000 mt W Africa – USAC)

Baltic TD7 (DD7) (80,000 mt North Sea – Cont)

[Baltic TC14 \(D14\) \(38,000 mt. US Gulf – Continent\)](#)

Lot Size	1,000 mt
Currency	US Dollars
Pricing	US \$/tonne
Minimum Tick	US \$ 0.0001 to account for final settlement
Fixed Price	The traded price (in \$/t) or the previous day's settlement price, as supplied end of day by the Baltic Exchange
Floating Price	In respect of daily settlement, the floating price is the end of day price (in \$/t) as supplied by the Baltic Exchange.  In respect of final settlement, the floating price will be a price in US\$ per mt calculated as the mean of the Baltic Exchange WS rate spot price assessments multiplied by the Flate Rate divided by 100 for each pricing date in the expiry month.
Last Trading Day	At 18:00 hours UK time on last business day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous business day, where the 24th December is a non-working day.
Contract Series	Front 6 Months, Front 5 Quarters, Front 2 Whole Calendar Years. Out to a maximum of 35 months
Final Payment	The first business day following the expiry day.
Business Days	UK business days.

### 3.4C **Cash Settled Freight Forward Contracts: Dry Voyage Routes**

Description	Cash settled freight forward contracts on any of the following Dry Voyage Routes:  C3E (Tubarao – Beilun/Baoshan)  C4E (Capesize Richards Bay – Rotterdam)  C5E (W Australia – Beilun/Baoshan)
-------------	--

Business days UK business days

3.4G **Cash Settled Premium Paid Options: Dry Timecharter [Trip & Basket Routes](#)**

Description Cash settled Premium Paid Options on any of the following Dry Timecharter Basket Routes: -

CTO (Capesize TC Avg 4 routes)

PTO (Panamax TC Avg 4 routes)

STO (Supramax TC Avg 6 routes)

HTO (Handysize TC Avg 6 routes)

[Cash settled Premium Paid Options on any of the following Dry Trip Timecharter Routes](#)

[P20 \(Cont Trip Far East\)](#)

These contracts, if “in the money” expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)

Lot Size 1 day

Currency US Dollars

Pricing US\$ per day

Minimum Tick US\$1 per day

Option Type Options are European style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.

Option Premium The Premium is paid at the time of purchase.

Last Trading Day At 17:00 hours UK time on last Business Day of each month within the contract series.

Exception – December contracts will expire on the 24th December, or previous Business Day, where the 24th December is a non working day

Expiry 17:00 hours UK time on the Last Trading Day

Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater in-the-money when compared to the relevant

reference price.

Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.

The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying freight forward contracts.

For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying freight forward contracts.

Contract Series Front 1 or 2 months (remaining from expired front quarter)

Front 4 Quarters, Front 3 Calendar Years.

[P20 - Traded as months, out to 3 whole calendar years \(a maximum of 47 months\)](#)

Strike Price CTO – Sixty strike prices in increments of \$250 per day both above and below the “at-the-money” strike price in all contract series.

STO - Thirty strike prices in increments of \$250 per day both above and below the “at-the-money” strike price in all contract series.

PTO - Thirty strike prices in increments of \$250 per day both above and below the “at-the-money” strike price in all contract series.

HTO - Thirty strike prices in increments of \$100 per day both above and below the “at-the-money” strike price in all contract series.

Where the “at the money” strike price of the underlying commodity moves additional strikes will be added each Business Day.

[P20 - Any whole \\$ value](#)

Business Days UK Business Days

### 3.4H **Cash Settled Freight Index Contract: Baltic Exchange Dry Index**

Description Cash settled freight swap on the Baltic Exchange Dry Index (BDI)

Lot Size 1 BDI tick

Currency US Dollars

Delivery	Cash settled monthly against the average of all the relevant indices for that contract during the month.
Business Days	UK Business Days

### 3.4K Fertilizer Swap Option

<u>Description</u>	<u>Single expiry, premium paid option on the underlying UREA – New Orleans (UNO) Fertilizer Swap contract for the corresponding expiry.</u>
<u>Contract Code</u>	<u>ONO</u>
<u>Lot Size</u>	<u>500st</u>
<u>Currency</u>	<u>US Dollars</u>
<u>Minimum tick</u>	<u>US \$0.0001</u>
<u>Option Type</u>	<u>Options are Asian style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.</u>
<u>Option Premium</u>	<u>The Premium is paid at the time of purchase</u>
<u>Last Trading Day</u>	<u>Last publication day of the relevant index in the contract month ie the last business Thursday of every month</u>  <u>Exception – December contracts will expire on the penultimate Thursday, as there is no publication of an index in the week prior to New Year</u>  <u>Where the last Thursday of the month is a non-business day, the last trading day will be the first business day preceding.</u>
<u>Expiry</u>	<u>18:00 hours UK time on the last trading day</u>  <u>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater “in-the-money” when compared to the relevant reference price</u>  <u>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract</u>  <u>The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying UREA – New Orleans (UNO) Fertilizer Swap contract</u>  <u>For these purposes “final settlement price” means the final</u>

	<a href="#"><u>settlement price on the expiry day of the underlying UREA – New Orleans (UNO) Fertilizer Swap contract</u></a>
<a href="#"><u>Contract series</u></a>	<a href="#"><u>Front 6 months, 4 quarters</u></a>
<a href="#"><u>Strike Price</u></a>	<a href="#"><u>Any whole \$ value</u></a>
<a href="#"><u>Margin</u></a>	<a href="#"><u>Options will be subject to Initial Margin and Net Liquidation Value variation margin on a daily basis.</u></a>
<a href="#"><u>Business Days</u></a>	<a href="#"><u>UK business days</u></a>

### 3.4K3.4L **Container Freight Swap Agreement**

Description	SCFI cash settled container freight swap agreements on the following routes:  <ul style="list-style-type: none"> <li>CNW (Shanghai – North West Europe)</li> <li>CMD (Shanghai – Mediterranean)</li> <li>CSW (Shanghai – US West Coast)</li> <li>CSE (Shanghai – US East Coast)</li> </ul>
Lot Size	1 TEU 20ft container (CMD and CNW)  1 FEU 40ft container (CSE and CSW)
Currency	US Dollars
Pricing	US \$ per TEU (CMD and CNW)  US \$ per FEU (CSE and CSW)
Minimum Tick	US \$ 0.01 to account for final settlement.
Fixed Price	The traded price or the previous day's settlement price as supplied end of day by Approved OTC brokers, or such other price as may be prescribed by the Clearing House from time to time.
Floating Price	In respect of daily settlement, the floating price will be the end of day price as supplied by Approved OTC brokers, or such other price as may be prescribed by the Clearing House from time to time.  In respect of final settlement, the floating price will be the mean of the all the SCFI weekly spot assessments for the contract route as published by the Shanghai Shipping Exchange each Friday during the contract month.
Contract Series	Front 3 months, front quarter + following 3 quarters, 1

Lot Size	1 day
Minimum Tick	US\$0.0001/day
Currency	US Dollars
Contract Series	P1A, P1E – Front 6 Months, front 4 whole quarters P2A, P3A – Front 6 Months, front 3 whole quarters

Contract: Freight Forward, Cash Settled only: Timecharter Voyager Route

Description Cash settled freight forward contract on the following Timecharter Voyage Route:  
S7 (East coast India – China)

Lot Size	1 day
Minimum Tick	US\$0.0001/day
Currency	US Dollars
Contract Series	Current quarter and following 4 quarters

Contract: Cash Settled Premium Paid Options: Dry Timecharter [Trip & Basket Routes](#)

Description Cash settled Premium Paid Option on any of the following Dry Timecharter Basket Routes: -

CTO (Capesize TC Avg 4 routes)

PTO (Panamax TC Avg 4 routes)

STO (Supramax TC Avg 6 routes)

HTO (Handysize TC Avg 6 routes)

[Cash settled Premium Paid Option on any of the following Day Trip Timecharter Routes:](#)

[P20 \(Cont Trip Far East\)](#)

These contracts, if “in the money” expire into their underlying freight forward contracts with a traded price equal to the Strike Price (see below)

Lot Size	1 day
----------	-------



Currency	US Dollars
Pricing	US\$ per day
Minimum Tick	US\$1 per day
Option Type	Options are European style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.
Option Premium	The Premium is paid at the time of purchase.
Last Trading Day	At 18:00 hours UK time on last Business Day of each month within the contract series.  Exception – December contracts will expire on the 24th December, or previous Business Day, where the 24th December is a non working day
Expiry	18:00 hours UK time on the Last Trading Day  Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation (\$0.0001) or greater in-the-money when compared to the relevant reference price.  Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract.  The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying freight forward contracts.  For these purposes “final settlement price” means the final settlement price on the expiry day of the underlying freight forward contracts.
Contract Series	Front 1 or 2 months (remaining from expired front quarter)

Front 4 Quarters, Front 3 Calendar Years.

[P20 – Traded as months, out to 3 whole calendar years \(a maximum of 47 months\)](#)

Strike Price

CTO – Sixty strike prices in increments of \$250 per day both above and below the “at-the-money” strike price in all contract series.

STO - Thirty strike prices in increments of \$250 per day both above and below the “at-the-money” strike price in all contract series.

PTO - Thirty strike prices in increments of \$250 per day both above and below the “at-the-money” strike price in all contract series

HTO - Thirty strike prices in increments of \$100 per day both above and below the “at-the-money” strike price in all contract series.

[P20 – any whole \\$ value.](#)

Where the “at the money” strike price of the underlying commodity moves additional strikes will be added each Business Day.

Business Days

UK Business Days

Contract: Freight Index, Cash Settled only: Baltic Exchange Dry Index

Description

Cash settled freight swap on the Baltic Exchange Dry Index (BDI)

Lot Size

1 BDI tick

Minimum Tick

US\$0.0001 to account for final settlement

Currency

US Dollars

Contract Series

Front 4 Months, Front 4 Quarters, One Whole Quarter

Contract: Iron Ore Swap

Description

Iron ore swap contract – settled against the daily TSI index (The Steel Index) 62% fe

Lot Size

1,000mt

Currency

US Dollars

Minimum Tick

\$0.01/mt

Contract Series

Front 3 months, 4 quarters, 2 calendar

	years
Contract: Fertilizer Swaps	
Description	Fertilizer swap contracts cash settled against: UREA – New Orleans (UNO) UREA – Yuzhnyy (UYZ) UREA – Egypt (UNE) DAP – Tampa (DTA) DAP – New Orleans (DNO) UAN – NOLA (UAN)
Lot Size	500mt – UYZ, DTA, UNE 500st – UNO, DNO, UAN
Currency	US Dollars
Minimum Tick	US \$0.0001
Contract Series	Front 6 months, 4 Quarters

Contract: Fertilizer Swap Option

<u>Description</u>	<u>Single expiry, premium paid option on the underlying UREA – New Orleans (UNO) Fertilizer Swap contract for the corresponding expiry.</u>
<u>Lot Size</u>	<u>500st</u>
<u>Currency</u>	<u>US Dollars</u>
<u>Minimum Tick</u>	<u>US \$0.0001</u>
<u>Option Type</u>	<u>Options are Asian style and will be automatically exercised on the expiry day if they are “in the money”. If an option is “out of the money” it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances. No manual exercise is permitted.</u>
<u>Option Premium</u>	<u>The Premium is paid at the time of purchase</u>
<u>Last Trading Day</u>	<u>Last publication day of the relevant index in the contract month ie the last business Thursday of every month</u>

	<a href="#"><u>ception – December contracts will expire on the penultimate Thursday, as there is no publication of an index in the week prior to New Year</u></a>
	<a href="#"><u>Where the last Thursday of the month is a non-business day, the last trading day will be the first business day preceding.</u></a>
<a href="#"><u>Expiry</u></a>	<a href="#"><u>18:00 hours UK time on the last trading day</u></a>
	<a href="#"><u>Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or greater "in-the-money" when compared to the relevant reference price</u></a>
	<a href="#"><u>Members are not permitted to override automatic exercise settings or manually enter exercise instructions for this contract</u></a>
	<a href="#"><u>The reference price will be a price in US dollars, cents and hundredths of a cent (\$0.0001), per day equal to the final settlement price for the underlying UREA – New Orleans (UNO) Fertilizer Swap contract</u></a>
	<a href="#"><u>For these purposes "final settlement price" means the final settlement price on the expiry day of the underlying UREA – New Orleans (UNO) Fertilizer Swap contract</u></a>
<a href="#"><u>Contract Series</u></a>	<a href="#"><u>Front 6 months, 4 quarters</u></a>
<a href="#"><u>Strike Price</u></a>	<a href="#"><u>Any whole \$ value</u></a>
<a href="#"><u>Business Day</u></a>	<a href="#"><u>UK business days</u></a>

Contract: Container Freight Swap Agreement

Description	SCFI cash settled container freight swap agreements on the following routes:  CNW (Shanghai – North West Europe)  CMD (Shanghai – Mediterranean)  CSW (Shanghai – US West Coast)  CSE (Shanghai – US East Coast)
Lot Size	1 TEU 20ft container (CMD and CNW)  1 FEU 40ft container (CSE and CSW)

**EXHIBIT A-2 : EnClear Procedures**

## **2E.2 FREIGHT DIVISION**

### **2E.2.1 Introduction**

**This Section 2E.2 only applies to the Freight Division of the LCH EnClear OTC Services.**

References to “LCH EnClear OTC Clearing Members” or “GCMs” in this section, means those GCMs who are party to, or accept, Eligible OTC Trades in the Freight Division for clearing by the Clearing House. See Section 2E.1.3 for further details about obtaining approval to clear within the Freight Division.

### **2E.2.2 OTC Freight Division Products Eligible for Clearing**

Only trades in products approved by the Clearing House for the LCH EnClear OTC Freight Division (“Eligible Products”) may be submitted for registration. The contract terms of Eligible Products for the Freight Division are set out in Section 3.4 of Part A of the Schedule to the LCH EnClear OTC Regulations and may be amended from time to time.

Below is a list of Eligible Products in the Freight Division; this list is split into three categories of products within Freight Division. The list may change from time to time.

#### **2E.2.2.1 FFA (Forward Freight Agreement) Products**

Dry Timecharter Basket Routes – Forwards (CTC, PTC, STC, HTC)

Dry Timecharter [Trip &](#) Basket Routes – Options (CTO, PTO, STO, HTO, [P20](#))

Dry Voyage Routes (C3E, C4E, C5E, C7E)

Dry Trip Timecharter Routes (P1E, P2E, P3E, P1A, P2A, P3A)

Dry Timecharter Voyage Route (S7)

Tanker Voyage Routes (TD3, TD5, TD7, T19, TC2, TC4, TC5, TC6)

\$ per Tonne Tanker Voyage Routes (DD3, DD5, DD7, D19, DC2, DC6, [D14](#))

Baltic Exchange Dry Index (BDI)

#### **2E.2.2.2 CFSA (Container Freight Swap Agreement) Products**

CNW (Shanghai – North West Europe)

CMD (Shanghai – Mediterranean)

CSW (Shanghai – US West Coast)

CSE (Shanghai – US East Coast)

#### **2E.2.2.3 WCI Container Products**

WRS (Rotterdam – Shanghai)

WLS (Los Angeles – Shanghai)

#### 2E.2.2.4 **Commodities**

Iron Ore Swaps (TSI)

Iron Ore Options (TSO)

Steel Swaps (SCN, SCS, SST, SBC, SCC)

Fertilizer Swaps (UNO, UYZ, DTA, DNO, UAN, UNE)

[Fertilizer Options \(ONO\)](#)

Coal Swaps (API 2 and API 4)<sup>2</sup>

Coal Options (API 2 and API 4)<sup>3</sup>

#### 2E.2.3 **Operating Times**

##### 2E.2.3.1 **Opening Days**

The Clearing House will publish details of the business days on which the LCH EnClear OTC Service is operational to receive Eligible OTC Trades in its Freight Division by Member Circular.

##### 2E.2.3.2 **Opening Hours**

Eligible OTC Trades in the Freight Division may be notified during the following UK times:

Products	Trade Entry Times	Trade Confirmation Times
FFAs	07:00 – 18:00	07:00 – 18:30
Containers	07:00 – 18:00	07:00 – 18:30
Iron Ore	07:00 – 18:00	07:00 – 18:30
Steel	07:00 – 18:00	07:00 – 18:30
Fertilizer	07:00 – 18:00	07:00 – 18:30
Coal Swaps	07:00 – 18:00	07:00 – 18:30

<sup>2</sup> API 2 and API 4 are trademarks and are used under license from Argus Media Limited and IHS Global Limited. All copyrights and database rights in the API 2 and API 4 indices belong exclusively to Argus Media Limited and IHS Global Limited and are used herein under license. LCH.Clearnet Ltd is solely responsible for the API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contracts. Argus and IHS take no position on the purchase or sale of such API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Swap Contracts.

<sup>3</sup> See footnote 2, above. LCH.Clearnet Ltd is solely responsible for the API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Option Contracts. Argus and IHS take no position on the purchase or sale of such API 2 cif ARA and API 4 fob Richards Bay (Argus/McCloskey) Coal Option Contracts.