



VIA CFTC PORTAL SUBMISSION

12 February 2016

Mr. Christopher Kirkpatrick
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Mr. Kirkpatrick:

LCH.Clearnet Limited ("LCH"), a derivatives clearing organization ("DCO") registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), amendments to its Rulebook and Procedures, which will take effect from 1 March 2016.

Part I: Explanation and Analysis

The amendments to the LCH Rulebook and Procedures are with respect to the ForexClear service and will:

- i) remove extracts of the EMTA template terms (which are incorporated by reference into the ForexClear contract terms) from the rules and replace such extracts with website links; and
- ii) provide that the DCO may notify ForexClear Clearing members that certain changes to the SwapsMonitor Financial Calendar, which is used to determine holidays for the ForexClear service, will not apply to ForexClear contracts.

Part II: Description of Rule Changes

A rule change matrix and black-lined versions of the applicable sections of the Rulebook are included as appendices:

Appendix A – Matrix of Rule Changes

Appendix B – Procedures Section 2I (ForexClear Service)

Appendix C – FCM Procedures

Appendix D – Product Specific Contract Terms and Eligibility Criteria Manual

Appendix E – FCM Product Specific Contract Terms and Eligibility Criteria Manual

Part III: Core Principle Compliance

LCH.Clearnet has concluded that compliance with the Core Principles will not be adversely impacted by this change, and in particular complies with Core Principles C.

Part IV: Public Information

LCH.Clearnet has posted a notice of pending certification with the CFTC and a copy of this submission on the LCH.Clearnet website at <http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

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Part V: 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 this change.

Certification

LCH.Clearnet hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that 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 at julian.oliver@lchclearnet.com

Yours sincerely,

A handwritten signature in blue ink that reads "Julian Oliver".

Julian Oliver, Chief Compliance Officer
LCH.Clearnet Ltd
Julian.oliver@lchclearnet.com

LCH.Clearnet Rule Submission

Appendix A

Matrix of Rule Changes

Matrix of Rule Changes

Procedures Section 2I (ForexClear Service)	FCM Procedures	Explanation
1	2.2.1	Section 2I: Removed “Scheduled Valuation Date from the “References” paragraph and also amended “Valuation Postponement”. Inserted definitions of EMTA, EMTA Template, and Relevant EMTA Template. FCM Procedures: Inserted language setting out that certain references shall have the meanings given to them in the FCM ForexClear contract Terms. Inserted definitions of EMTA, EMTA Template, and Relevant EMTA Template.
1.3.3(a)(ii)(G)	2.2.8(a)(vii)	Inserted language to clarify that Clearing Members should refer to the “Relevant EMTA Template” and removed table which set out the Business days and City for Valuation Date by Currency Pair, as well as the Business days and City for Settlement Date.
1.3.6 1.3.6(a) 1.3.6(b) 1.3.6(c)	2.2.8(h)	Amended language to refer to the “Relevant EMTA Template” and deleted “as referenced in the Product Specific Contract Terms and Eligibility Criteria Manual.” Deleted table of source codes of the Settlement Rate Options.
1.3.9(a) 1.3.9(b)	2.2.8(k)	Inserted language to make clear that ForexClear via a notice on the LCH website, is able to announce that a change to the SwapsMonitor Financial Calendar does not apply to ForexClear contracts. Refers to the “Relevant EMTA Template”.
1.4.2(c)(ii)	2.2.9(b)(ii)	Amended to refer to the “Relevant EMTA Template”
1.4.3	2.2.9(c)	Deleted the table of Settlement Rate Publication Local Time per reference currency.
Product Specific Contract Terms and Eligibility Criteria Manual Schedule 6, Part A	FCM Product Specific Contract Terms and Eligibility Criteria Manual Schedule 3, Part A	Explanation
1.1	1.1	Amended “ISDA Definitions”
1.2	1.2	Inserted meaning of “FXC”
1.3	1.3	Inserted meaning of “ISDA”
1.4	1.4	Amended to make clear the source of word and expression definitions.
1.10	1.10	Amended paragraph numbers within sentence.
3.1	3.1	Amended to make clear the EMTA Template is incorporated by reference and along with specific paragraphs in the document governs the terms of a ForexClear Contract relating to a currency pair.
4.1	4.1	Inserted “Valuation Date” into the paragraph setting out Business Days and makes clear this meaning of “Business Days” shall apply unless the Clearing House notifies Clearing Members otherwise.

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Appendix B

Procedures Section 2I (ForexClear Service)



LCH.CLEARNET LIMITED

PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

CONTENTS

Section	Page
1. Introduction and interpretation.....	1
1.1 Users of ForexClear.....	1
1.2 Service Scope	3
1.3 Trade Management.....	6
1.4 Market Data.....	16
1.5 Valuation and Margin.....	19
1.6 General Margining Process	26
1.7 ForexClear Reporting.....	28
1.8 Treasury Operations & Collateral Management	29
1.9 Payment of Stamp Tax	30
1.10 Default Management	31
1.11 Provision of Tax Forms.....	34
1.12 ForexClear Client Clearing	34
1.13 Provision of Tax Forms.....	38
1.14 Indirect Clearing.....	39
Schedule 1 Confidentiality, non-disclosure and participation in the ForexClear Default Management Group.....	41

1. INTRODUCTION AND INTERPRETATION

These Procedures govern the ForexClear Service, form part of the Rulebook and must be read in conjunction with the other parts of the Rulebook.

Any terms not defined in these Procedures have the definitions given to them in the Rulebook.

References to "**Sections**" shall mean Sections in these Procedures.

References to "**Business Day**", "**Calculation Agent**", "**Currency Pair**", "**Disruption Fallback**", "**Notional Amount**", "**Reference Currency**", "~~Scheduled Valuation Date~~", "**Settlement Currency**", "**Settlement Currency Amount**", "**Settlement Date**", "**Settlement Rate**", "**Settlement Rate Option**", "**Trade Date**", "**Valuation Date**", "**Valuation Postponement**" shall ~~carry have~~ the meanings given to them in the ForexClear Contract Terms Schedule to the ForexClear Regulations with respect to the relevant Currency Pair.

References to "**business day**" shall carry the meaning given to it in the Rulebook.

"EMTA" means EMTA Inc., the trade association for the emerging markets that was formerly known as the Emerging Markets Traders Association, or any successor entity.

"EMTA Template" means the template terms for Non-Deliverable FX Transactions for a particular Currency Pair that are in effect and published by EMTA on its website on the relevant Trade Date.

"Relevant EMTA Template" means, for a particular ForexClear Contract, the EMTA Template that is incorporated by reference into the ForexClear Contract Terms applicable to such Contract, together with any amendments thereto as set out in the ForexClear Contract Terms.

Unless otherwise specified, all times are in local London time.

The liability of the Clearing House is as set out in Regulation 52 (*Exclusion of Liability*), which applies to these Procedures in its entirety unless provided otherwise.

1.1 Users of ForexClear

The ForexClear Service is an interface that processes and stores all ForexClear Transactions. Those authorised by the Clearing House to submit trades (as defined below) for clearing in the ForexClear Service fall into two categories – ForexClear Clearing Members ("**FXCCMs**") and ForexClear Dealers ("**FXDs**"). FXCCMs are clearing members who have applied and have been accepted by the Clearing House to clear in the ForexClear Service. FXDs are not FXCCMs, but have met the criteria for registration as a FXD and have entered into a ForexClear Dealer Clearing Agreement with an FXCCM and the Clearing House. FXCCMs and FXDs are collectively known as ForexClear Participants ("**FXPs**"). For membership procedures, please see Section 1 (*Clearing Member and Dealer Status*) of the Procedures.

FXCCMs must not submit instructions to the Clearing House for trades which will not meet the ForexClear Eligibility Criteria. The Clearing House will register a ForexClear Transaction on the basis of the data provided to it by the ForexClear Approved Trade Source System and has no obligation to verify that the details received from the ForexClear Approved Trade Source System in respect of a ForexClear Transaction properly reflect the trade entered into by the relevant FXCCMs.

Application for ForexClear Approved Trade Source System status shall be made in accordance with the policies published from time to time on the Clearing House's website. A list of ForexClear Approved Trade Source System currently approved by the Clearing House is available on the Clearing House's website. Where the Clearing House approves additional ForexClear Approved Trade Source System, it will notify FXCCMs via a member circular.

The Clearing House is not able to, and will not, verify the authorisation of the source of any details of any ForexClear Transaction reported to it for registration by the ForexClear Approved Trade Source System. The Clearing House shall have no liability in the event that any FXCCM suffers any loss through the unauthorised input of details into a system of a ForexClear Approved Trade Source System.

Notwithstanding the designation by the Clearing House of a system as a ForexClear Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any ForexClear Approved Trade Source System or the timeliness or otherwise of the delivery of any ForexClear Transaction details by that ForexClear Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FXCCM and the ForexClear Approved Trade Source System and the terms of such relationship may entitle the ForexClear Approved Trade Source System to suspend the ability of an FXCCM to make submissions from time to time.

The Clearing House accepts no liability for any error within or corruption of any data sent by the ForexClear Approved Trade Source System to the Clearing House or to an FXCCM or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any ForexClear Contract(s) on the basis of incorrect or corrupted data sent to it by a ForexClear Approved Trade Source System, the FXCCM(s) concerned shall be bound by the terms of such ForexClear Contract(s), unless the ForexClear Contract is subsequently cancelled in accordance with Regulation 91 (*Cancellation of ForexClear Contracts*).

1.3.3 Trade Validation and Registration

(a) Process Flow Description

- (i) The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the ForexClear Eligibility Criteria and the Counterparty Technical

Validation Check (as defined below) and Incremental Risk Checks (as defined at paragraph ~~(b)(b)~~ of this Section ~~1.3.31.3.3~~ (*Trade Validation and Registration*) required for ForexClear Transactions (together the "**Validation Checks**").

- (ii) The fields checked are as follows:
- (A) *Counterparties*: (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the ForexClear Contract is to be registered not been declared a Defaulter by the Clearing House? (together, the "**Counterparty Technical Validation Check**");
 - (B) *Trade type*: is the instrument type an NDF?
 - (C) *Economic Terms*: does the trade include all the Economic Terms?
 - (D) *Currency Pairs*: are the Reference Currency and the Settlement Currency a Currency Pair (as defined in the Product Specific Contract Terms and Eligibility Criteria Manual).
 - (E) *Settlement Currency*: is the Settlement Currency USD?
 - (F) *Trade tenor eligibility*: does the scheduled Settlement Date fall on a date: (a) not earlier than three business days immediately following the date on which the trade is submitted to the Clearing House for registration (the "**Submission Date**") and (b) not later than the date falling two calendar years plus two business days immediately following the Submission Date? If the ForexClear Transaction arrives after the ForexClear date roll (00.00 local London time), the Submission Date is defined as the next good business day.
 - (G) *Valuation Date and Settlement Date*: do the Valuation Date and Settlement Date for the ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the ForexClear Transaction relates? Does the Settlement Date fall on a valid Business Day after the Valuation Date? ~~The table below FXCCMs should refer to the Relevant EMTA Template for further details of shows the the~~ relevant Business Days for determining the Valuation Date and the Settlement Date.¹

¹As amended from time to time as per relevant EMTA Template.

Currency Pair	Business Days for Valuation Date	Relevant City/Cities for Business Day for Valuation Date	Business Days for Settlement Date	Relevant City for Business Day for Settlement Date
USD-BRL	BRL & USD	Any of Rio de Janeiro, Brasilia or São Paulo and New York City	USD	New York City
USD-CLP	USD & CLP	New York and Santiago	USD	New York City
USD-CNY	CNY	Beijing	USD	New York City
USD-COP	USD & COP	New York and Bogota	USD	New York City
USD-IDR	IDR	Jakarta	USD	New York City
USD-INR	INR	Mumbai	USD	New York City
USD-KRW	KRW	Seoul	USD	New York City
USD-MYR	MYR	Kuala Lumpur	USD	New York City
USD-PEN USD &	PEN	New York	and Lima	USD New York
USD-PHP	PHP	Manila	USD	New York City
USD-RUB	USD & RUB	New York and Moscow	USD	New York City
USD-TWD	TWD	Taipei	USD	New York City

- (iii) Trades that pass the Validation Checks are accepted and two trade records are created for the ForexClear Transaction: one for the ForexClear Contract between the Clearing House and the first FXCCM to the ForexClear Transaction and the other for the ForexClear Contract between the Clearing House and the second FXCCM to the ForexClear Transaction.
- (iv) Provided each FXCCM has transferred sufficient Collateral to the Clearing House, the Clearing House will send a message

- (c) A successful cancellation message results in a "CANCELLED" status message if the ForexClear Transaction or the ForexClear Contract (as the case may be) is cancelled during the Opening Hours. The status messages are sent from the Clearing House to the FXCCM via the ForexClear Approved Trade Source System.
- (d) There is no ForexClear Contract or ForexClear Transaction amendment functionality.
- (e) *Process Flow Description*
 - (i) The Clearing House accepts trade cancellation instructions from the ForexClear Approved Trade Source System for ForexClear Transactions or ForexClear Contracts (as the case may be) that have previously been submitted to the ForexClear Service. Cancellation instructions must include the ForexClear ID.
 - (ii) The Clearing House checks that the cancellation instruction contains a valid ForexClear ID which relates to: (a) a ForexClear Transaction or ForexClear Contract (as the case may be) that has not been previously cancelled; and (b) in the case of a ForexClear Contract only, a ForexClear Contract with respect to which the relevant Valuation Date has not yet occurred.
 - (iii) Where a trade has already been rejected (as a result of having failed a Counterparty Technical Validation Check), the ForexClear Service sends a "CANCEL REJECTED" message to the ForexClear Approved Trade Source System for the relevant FXPs.
 - (iv) All trade cancellation instructions must pass the Incremental Risk Check. If any FXCCM has not transferred sufficient Collateral in respect of its Liabilities or estimated Liabilities to the Clearing House (taking into account any MER Buffer and MCE provided by the Clearing House, if any) at the time of the relevant Incremental Risk Check, then any ForexClear trade cancellation instruction to which it is a party will be rejected immediately. However, any ForexClear trade cancellation instruction that is risk reducing (i.e. results in a reduction of that FXCCM's Liabilities) will always pass the Incremental Risk Check, even if the FXCCM has not transferred sufficient Collateral in respect of its Liabilities to the Clearing House.

1.3.6 *Valuation Date Event Management:* The Clearing House is the Calculation Agent and will store and apply the Settlement Rate Option and the Valuation Date for each ForexClear Contract.

On the Valuation Date with respect to each ForexClear Contract, the Settlement Rate will be retrieved from the Settlement Rate Option per

Currency Pair in accordance with the ~~Relevant~~ EMTA Templates ~~(as referenced in the Product Specific Contract Terms and Eligibility Criteria Manual)~~. The Market Data provider for Settlement Rates is Reuters.

ForexClear applies the relevant Settlement Rate to ForexClear Contracts using the following criteria:

- (a) Settlement Rate Option source code (as ~~referenced in the Relevant EMTA Template~~ below);
- (b) Valuation Date.

~~The table below gives the source codes of the Settlement Rate Options to be used as per the relevant EMTA Template:~~

Currency Pair	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)
USD-BRL	BRL-PTAX (BRL09)
USD-CLP	CLP-DÓLAR-OBS (CLP10)
USD-CNY	CNY-SAEC (CNY01)
USD-COP	COP-TRM (COP2)
USD-IDR	IDR-JISDOR (IDR04)
USD-INR	INR-RBIB (INR01)
USD-KRW	KRW-KFTC18 (KRW02)
USD-MYR	MYR-PPKM (MYR03)
USD	PEN-INTERBANK-AVE (PEN05)
USD-PHP	PHP-PDSPESO (PHP06)
USD-RUB	RUB-CME-EMTA (RUB03)
USD-TWD	TWD-TAIFX1 (TWD03)

The Clearing House applies the Settlement Rate to all relevant ForexClear Contracts at a predefined time (see Section ~~1.4.31.4.3~~ (Market Data) below) following its publication.

The Clearing House calculates the Settlement Currency Amount in the Settlement Currency per ForexClear Contract. FXCCMs can retrieve the Settlement Rate and Settlement Currency Amount in the Settlement Currency via ForexClear Reporting (as defined in Section [1.74.7](#) (*ForexClear Reporting*)) on the ForexClear Service Portal and on MemWeb, which are internet services onto which information is loaded and can be accessed by FXCCMs.

(c) *Process Flow Description*

- (i) After the Registration Time for a ForexClear Contract, the ForexClear Service links a Settlement Rate Option to it in accordance with the ~~R~~relevant EMTA Template ~~for the Currency Pair~~.
- (ii) On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the ForexClear Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each ForexClear Contract in the Settlement Currency by applying the relevant Settlement Rate Option as ~~published~~[referenced in the Relevant EMTA Template](#).
- (iii) If the Settlement Rate Option set out in the ~~R~~relevant EMTA Template is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the ~~R~~relevant EMTA Template.

1.3.7 *Settlement:* With respect to each ForexClear Contract, the Settlement Currency Amount is calculated by the application of the Settlement Rate to the Notional Amount in accordance with the ForexClear Contract Terms.

From (and including) the Registration Time to (and including) the Business Day immediately preceding the Settlement Date, changes in the daily value of open ForexClear Contracts will have resulted in variation margin credits and debits between the parties (as set out at Section [1.5.24.5.2](#) (*Variation Margin*)). With respect to each ForexClear Contract, on the Business Day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the aggregate net variation margin which has been paid/received through the term of the ForexClear Contract, the result of which is a Net Settlement Amount ("NSA"), which will be reflected in the FXCCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each ForexClear Contract, the transfer to the Clearing House of all the Collateral in respect of the variation margin required during the term of such ForexClear Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such ForexClear Contract. For the purpose of providing Nostro reconciliations, to the relevant parties, the Clearing House will provide Reporting (as defined in Section [1.74.7](#) (*ForexClear Reporting*)) which will reflect an entry for the "**Settlement Currency Amount**" and a separate entry for the reversal of the aggregate net variation margin which has been paid/received through the term of the ForexClear Contract. This paragraph

applies even if the Settlement Date has been adjusted in accordance with the ForexClear Contract Terms.

- 1.3.8 *Portfolio Management:* The Clearing House allows portfolios of ForexClear Contracts to be transferred between FXCCMs e.g. in the event of merger, or where agreed between the relevant FXPs.

The portfolio transfer capability allows the transfer of:

- (a) A single ForexClear Contract.
- (b) Part of an FXCCM's portfolio (which includes the ability to transfer ForexClear Contracts to various other FXCCMs, e.g. Bank A to Bank B for USD/RUB, Bank A to Bank C for USD/KRW and Bank A to Bank D for USD/BRL).
- (c) Portfolio transfer (i.e. the transfer of all or just one of the portfolios belonging to an FXCCM).
- (d) Multiple portfolio transfers (i.e. the transfer of several portfolios of an FXCCM).

The Clearing House will carry out the portfolio transfer. For transfers under ~~(b)(b)~~, ~~(c)(c)~~ and ~~(d)(d)~~, this can be on a ForexClear Contract by ForexClear Contract or on a Currency Pair basis.

Before the completion of a portfolio transfer, the Clearing House will perform a margin impact analysis of the transfer to the source and destination portfolios. The Clearing House will advise the relevant FXCCM regarding any additional Collateral that may be required in order to complete the portfolio transfer.

- (e) *Legal Documentation:* The Transfer of ForexClear Contracts will be documented in accordance with the standard legal documentation for the transfer of ForexClear Contracts provided by the Clearing House to FXPs. Any such transfer must be authorised by all relevant parties and executed by individuals with appropriate signing authority.

- 1.3.9 *Reference Data*

- (a) *Holiday Event Calendar:*

The ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, INC.) (“**SwapsMonitor Financial Calendar**”) in order to determine holidays. This requires all ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar.

~~When-If~~ a change is declared that affects the SwapsMonitor Financial Calendar that is referenced on ForexClear, then a corresponding calendar adjustment will be made to the ForexClear system, unless the Clearing House informs FXCCMs by notice on its website (at

www.lchclearnet.com/asset-classes/foreign-exchange/products, or such other web page as the Clearing House determines) that the relevant change will not apply to ForexClear Contracts.

The Clearing House may temporarily close the ForexClear Service to process a calendar adjustment in its clearing system. FXCCMs will be notified in advance of the date, time and expected duration of such closure.

(b) *Date Adjustment:*

As a result of the calendar adjustment process, the Valuation Date and/or the Settlement Date of any affected ForexClear Contracts will automatically be date adjusted in accordance with the provisions of the Relevant EMTA Template ~~for the relevant Currency Pair~~.

The Clearing House will notify the FXCCMs via file download from the Clearing Member Reporting as to the ForexClear Contracts affected and the date adjustments made.

1.4 Market Data

1.4.1 *Sources used by ForexClear Service:* The ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section ~~1.4.2~~1.4.2 (*Market Data Sources and Frequencies*)) in relation to each Currency Pair:

- (a) FX spot rates ("**FX Spot Rates**");
- (b) FX swap points ("**FX Swap Points**");
- (c) Settlement Rate Option;
- (d) Interest rate curves (see paragraph ~~(b)~~(b) of Section ~~1.4.5~~1.4.5 (*Curve Building in ForexClear*) below) ("**Interest Rate Curves**");
- (e) USD LIBOR Curve;
- (f) PAI rates ("**PAI Rates**"); and
- (g) Country credit spreads (see Section ~~1.4.6~~1.4.6 (*Country Credit Spreads*) below) ("**Country Credit Spreads**"),

together, "**Market Data**".

FX Spot Rates and FX Swap Points are received by the Clearing House via a live link from all eligible FXCCMs during the Opening Hours (as defined in paragraph ~~(b)~~(b) of Section ~~1.2.2~~1.2.2 (*Service Operating Hours*)).

1.4.2 *Market Data Sources and Frequencies:* The Clearing House receives the following updated raw prices:

- (a) FX Spot Rates:
- (i) Source – contributing FXCCMs.
 - (ii) Frequency - every time updated by contributing FXCCMs up to a maximum rate of once every five minutes.
- (b) FX Swap Points:
- (i) Source - all contributing FXCCMs.
 - (ii) Frequency - every time updated by contributing FXCCMs up to a maximum rate of once every five minutes.
 - (iii) Tenors – as shown in the table below.

Tenor
S/N
1 week
1 month
2 months
3 months
6 months
12 months
24 months

- (c) Settlement Rate Options:
- (i) Source - Reuters.
 - (ii) Frequency - when published (as referenced in the Relevant EMTA Template ~~the times shown in the table at Section (Market Data) below~~).
- (d) Interest Rate Curves:
- (i) Source - internal Clearing House.
 - (ii) Frequency - at each SwapClear margin run.
- (e) Country Credit Spreads:
- (i) Source - Bloomberg.
 - (ii) Frequency - when published.
- (f) USD LIBOR Curve:
- (i) Source - SwapClear.
 - (ii) Frequency - at each SwapClear margin run.

- (g) PAI rates:
- (i) Source - LCH Treasury.
- (ii) Frequency - daily.

1.4.3 ~~[Not used]~~ *Market Data*

Reference Currency	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)	Settlement Rate Publication Local Time (or as per the relevant EMTA Template as amended from time to time)
BRL	BRL-PTAX (BRL09)	13:15 (São Paulo)
CLP	CLP-DÓLAR-OBS (CLP10)	10:30 (Santiago)
CNY	CNY-SAEC (CNY01)	09:15 (Beijing)
COP	COP-TRM (COP02)	10:30 (Bogota)
IDR	IDR-JSDOR (IDR04)	10:00 (Jakarta)
INR	INR-RBIB (INR01)	12:30 (Mumbai)
KRW	KRW-KFTC18 (KRW02)	15:30 (Seoul)
MYR	MYR-PPKM (MYR03)	11:10 (Kuala Lumpur)
PEN	PEN-INTERBANK-AVE (PEN05)	14:00 (Lima)
PHP	PHP-PDSPESO (PHP06)	11:30 (Manila)
RUB	RUB-CME-EMTA (RUB03)	13:30 (Moscow)
TWD	TWD-TAIFX1 (TWD03)	11:00 - 12:00 (Taipei)

1.4.4 *Market Data Provision to FXCCMs*: Market Data used in a Margin Run is made available to FXCCMs via ForexClear Reporting (as defined in Section [1.7.4.7](#) (*ForexClear Reporting*)).

1.4.5 *Curve Building in ForexClear*

- (a) *FX Curve (Zero Coupon/Market Rate Curve)*: The Clearing House builds for each Currency Pair an FX curve (zero coupon/market rate curve) using the FX Spot Rates, FX Swap Points and the USD LIBOR Curve based on interpolation techniques agreed through the ForexClear Risk & Trading Working Group (a group comprising the Clearing House and FXCCM's risk and trading representatives) ("**RTWG**").

LCH.Clearnet Rule Submission

Appendix C

FCM Procedures



**FCM PROCEDURES OF
THE CLEARING HOUSE**

LCH.CLEARNET LIMITED

CONTENTS

Clause	Page
1. FCM Clearing Member Status	1
1.1 FCM Clearing Member Application Procedure	1
1.2 Criteria for FCM Clearing Member Status.....	3
1.3 Termination of FCM Clearing Member Status	5
1.4 Net Capital.....	5
1.5 Calculation Of Net Capital	6
1.6 Reporting	6
1.7 Additional Requirements.....	8
1.8 Other Conditions	8
2. Product-Specific Procedures	10
2.1 SWAPCLEAR.....	10
Schedule 2.1A Swapclear Processing Schedule.....	70
Schedule 2.1B FCM Client – Partial Transfer Form.....	71
Schedule 2.1C FCM Client – Full Transfer Form.....	74
Schedule 2.1D FCM Client Transfer – Carry FCM Clearing Member Reponses Form	78
Schedule 2.1E Confidentiality, Non-Disclosure and Participation in the Default Management Group.....	80
2.2 FOREXCLEAR.....	85
Schedule 2.2A FCM Client – Partial Transfer Form.....	131
Schedule 2.2B FCM Client – Full Transfer Form.....	133
Schedule 2.2C FCM Client Transfer – Carry FCM Clearing Member Reponses Form	136
Schedule 2.2D Confidentiality, Non-Disclosure and Participation in the ForexClear Default Management Group.....	138
2.3 [RESERVED].....	143
2.4 NODAL	144
3. Financial Transactions.....	153
3.1 Accounts	153
3.2 Protected Payments System (PPS)	154
3.3 Acceptable Forms Of Cover.....	159
3.4 Distribution Of Collateral.....	160
3.5 Interest and Accommodation Charge Structure	162
3.6 Fees.....	166
3.7 Default Fund; SwapClear Contributions	166

3.8	Quantifying SwapClear Contributions	167
3.9	Default Fund; ForexClear Contributions.....	167
3.10	Quantifying ForexClear Contributions.....	167
3.11	Default Fund Contributions and Loss Distribution Charges: FCM Nodal Clearing Service	167
3.12	Clearing House Reporting	168
	Schedule 3A Bank Participants in the London Protected Payments System	169
	Schedule 3B Bank Participants in the London Protected Payments System	170
	Schedule 3C Bank Participants in the US Protected Payments System.....	172
	Schedule 3D Mandate for LCH.Clearnet Limited: Clearing Operations	173
4.	Collateral	175
4.1	General Information	175
4.2	Securities	179
4.3	Instructions via the CMS	179
4.4	Settlement Procedures – Securities	179
4.5	Triparty Service with Euroclear, Clearstream and BNY Mellon	182
4.6	Withholding Taxes	184
4.7	References	186
4.8	Contingency Arrangements.....	186
4.9	Return of Unallocated Excess and FCM Buffer.....	186
4.10	Collateral Value Reports	187
	Schedule 4A FCM Client Account Lodgment Form.....	190
	Schedule 4B Contingency FCM House Account Lodgment Form.....	191
	Schedule 4C Contingency Collateral Release Form	192
	Schedule 4D Settlement Accounts	193
	Schedule 4E Contingency Member Triparty Lodgment Form.....	195
	Schedule 4F Contingency Member Triparty Amendment Form.....	196
	Schedule 4G Contingency Member Triparty Closing Form	197
	Schedule 4H Contingency Member Triparty Lodgment Form	198
	Schedule 4I Contingency Member Triparty Amendment Form	199
	Schedule 4J Contingency Member Triparty Closing Form.....	200
	Schedule 4K Contingency Member Triparty Lodgment Form	201
	Schedule 4L Contingency Member Triparty Amendment Form	202
	Schedule 4M Contingency Member Triparty Closing Form.....	203
	Schedule 4N Contingency Member Triparty Lodgment Form	204
	Schedule 4O Contingency Member Triparty Amendment Form.....	205
	Schedule 4P Contingency Member Triparty Closing Form.....	206

5.	Business Continuity.....	207
5.1	Recovery situations	207
5.2	Recovery situations affecting FCM Members' Ability to Perform Clearing Activities	207
5.3	Principal Office evacuation	207
5.4	Clearing House data center.....	210
5.5	Compliance with Business Continuity Testing	211
6.	Appeal Procedures.....	212
6.1	Introduction	212
6.2	Decisions in respect of which an appeal may be lodged.....	212
6.3	Initiating an appeal	212
6.4	The first tier appeal.....	213
6.5	The second tier appeal.....	214
6.6	Requests for review	216
6.7	Market disorders etc. and default	217
	Schedule 6A Appeal Form	218
	Schedule 6B Notice of Further Appeal	220
7.	Complaints.....	222
7.1	Introduction	222
7.2	How to make a complaint.....	222
7.3	Internal investigation and review by the Clearing House	223
7.4	Referral to an independent investigator.....	224
7.5	Procedure for dealing with the complaint	225
7.6	Outcomes.....	225
8.	Disciplinary Proceedings.....	227
8.1	Scope of this procedure	227
8.2	Investigation procedure	227
8.3	Immediate measure.....	234
8.4	Sanctions	234
8.5	Disputing a decision	235
8.6	Reporting and publication	235
8.7	Infringement of applicable law.....	236

2.2 FOREXCLEAR

2.2.1 *Introduction and Interpretation*

This Section 2.2 of the FCM Procedures governs the FCM ForexClear Service and must be read in conjunction with the other parts of the FCM Rulebook.

A reference to an “**FXCCM**” is generic and encompasses both ForexClear Clearing Members (as defined in the UK General Regulations) and FCM ForexClear Clearing Members.

References to “**Business Day**”, “**Calculation Agent**”, “**Currency Pair**”, “**Disruption Fallback**”, “**Notional Amount**”, “**Reference Currency**”, “**Settlement Currency**”, “**Settlement Currency Amount**”, “**Settlement Date**”, “**Settlement Rate**”, “**Settlement Rate Option**”, “**Trade Date**”, “**Valuation Date**”, and “**Valuation Postponement**” shall have the meanings given to them in the FCM ForexClear Contract Terms.

References to “**business day**” shall carry the meaning given to it in the Rulebook.

“**EMTA**” means EMTA Inc., the trade association for the emerging markets that was formerly known as the Emerging Markets Traders Association, or any successor entity.

“**EMTA Template**” means the template terms for Non-Deliverable FX Transactions for a particular Currency Pair that are in effect and published by EMTA on its website on the relevant Trade Date.

“**Relevant EMTA Template**” means, for a particular FCM ForexClear Contract, the EMTA Template that is incorporated by reference into the FCM ForexClear Contract Terms applicable to such Contract, together with any amendments thereto as set out in the FCM ForexClear Contract Terms.

Unless otherwise specified, all times are in local London time.

The liability of the Clearing House is as set out in Regulation 32 (*Exclusion of Liability*), which applies to these FCM Procedures in its entirety unless provided otherwise.

2.2.2 *Users of FCM ForexClear*

The FCM ForexClear Service is an interface that processes and stores all FCM ForexClear Transactions. Those authorized by the Clearing House to submit trades (as defined below) for clearing in the FCM ForexClear Service fall into two categories – FCM Clearing Members approved by the Clearing House to clear in the FCM ForexClear Service (“**FX FCMs**”) and FCM Clients of FX FCMs. FX FCMs and FCM Clients of FX FCMs are known as ForexClear Participants (“**FXPs**”). For membership procedures, please see Section 1 of the FCM Procedures. At least one party to each FCM ForexClear Transaction submitted to the Clearing House will be an FX FCM, acting through a client or

Notwithstanding the designation by the Clearing House of any system as an FCM Approved Trade Source System, the Clearing House makes no warranty (and will accept no liability) as to the effectiveness, efficiency, performance or any other aspect of the services provided by any FCM Approved Trade Source System or the timeliness or otherwise of the delivery of any FCM ForexClear Transaction details by that FCM Approved Trade Source System to the Clearing House. Such matters form part of the relationship between the FCM Clearing Members and that FCM Approved Trade Source System and the terms of such relationship may entitle the FCM Approved Trade Source System to suspend the ability of an FX FCM to make submissions from time to time.

FX FCMs must not submit instructions to the Clearing House for trades which will not meet the FCM ForexClear Eligibility Criteria. The Clearing House will process any FCM ForexClear Transaction reported to it by an FCM Approved Trade Source System on an “as is” basis, and subject to the FCM Regulations and these FCM Procedures, will register any such FCM ForexClear Transaction on the basis of the data provided to it by the FCM Approved Trade Source System and approved by the relevant FCM Clearing Member. The Clearing House has no obligation to verify that the details received, properly reflect the trade entered into by the relevant Executing Parties.

The Clearing House accepts no liability for any error within or corruption of any data sent by an FCM Approved Trade Source System to the Clearing House or to an FCM Clearing Member or any delay in or failure of the transmission of such data to the Clearing House. In the event that the Clearing House registers any FCM ForexClear Contract on the basis of incorrect or corrupted data sent to it by an FCM Approved Trade Source System and accepted by an FCM Clearing Member, the FCM Clearing Member concerned shall be bound by the terms of such FCM ForexClear Contract, unless the FCM ForexClear Contract is subsequently cancelled in accordance with FCM Regulation 49 (*Cancellation of FCM ForexClear Contracts*).

FCM Clearing Members shall ensure that transaction details accepted for registration are accepted by appropriately authorized personnel. Apart from the foregoing acceptance, the Clearing House is not able to, and will not, verify the authorization of the source of any details of any transaction reported to it for registration by any FCM Approved Trade Source System. The Clearing House shall have no liability in the event that any FCM Clearing Member suffers any loss through the unauthorized acceptance of an FCM Notification.

2.2.8 ***Trade Validation and Registration***

(a) *Process flow description*

The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the FCM

ForexClear Eligibility Criteria and the Counterparty Technical Validation Check (as defined below) and Incremental Risk Checks (as defined in Section 2.2.8(b)) required for FCM ForexClear Transactions (together the “**Validation Checks**”).

The fields checked are as follows:

- (i) **Counterparties:** (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the FCM ForexClear Contract is to be registered not been declared a defaulter by the Clearing House? (together, the “**Counterparty Technical Validation Check**”);
- (ii) **Trade type:** is the instrument type an NDF?
- (iii) **Economic Terms:** does the trade include all the Economic Terms (as defined in Part A of Schedule 2 to the FCM Product Specific Contract Terms and Eligibility Criteria Manual)?
- (iv) **Currency Pairs:** are the Reference Currency and the Settlement Currency a Currency Pair (as defined in Schedule 2 to the FCM Product Specific Contract Terms and Eligibility Criteria Manual)?
- (v) **Settlement Currency:** is the Settlement Currency USD?
- (vi) **Trade tenor eligibility:** does the scheduled Settlement Date fall on a date: (a) not earlier than three Business Days immediately following the date on which the trade is submitted to the Clearing House for registration (the “**Submission Date**”) and (b) not later than the date falling two calendar years plus two Business Days immediately following the Submission Date? If the FCM ForexClear Transaction arrives after the ForexClear date roll (22.00 hours, London time), the Submission Date is defined as the next good business day.
- (vii) **Valuation Date and Settlement Date:** do the Valuation Date and Settlement Date for the FCM ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the FCM ForexClear Transaction relates? Does the Settlement Date fall on a valid Business Day after the Valuation Date? ~~The table below shows~~ FXCCMs should refer to the Relevant EMTA Template for further details of the relevant Business days for determining the Valuation Date and Settlement Date.²

² ~~As amended from time to time as per the relevant EMTA Template.~~

Currency Pair	Business Days for Valuation Date	Relevant City/Cities for Business Day for Valuation Date	Business Days for Settlement Date	Relevant City for Business Day for Settlement Date
USD-BRL	BRS & USD	Any of Rio de Janeiro, Brasilia or São Paulo and New York City	USD	New York City
USD-CLP	USD & CLP	New York and Santiago	USD	New York City
USD-CNY	CNY	Beijing	USD	New York City
USD-COP	USD & COP	New York and Bogata	USD	New York City
USD-IDR	IDR	Jakarta	USD	New York City
USD-INR	INR	Mumbai	USD	New York City
USD-KRW	KRW	Seoul	USD	New York City
USD-MYR	MYR	Kuala Lumpur	USD	New York City
USD-PEN	USD & PEN	New York and Lima	USD	New York City
USD-PHP	PHP	Manila	USD	New York City
USD-RUB	USD & RUB	New York and Moseow	USD	New York City
USD-TWD	TWD	Taipei	USD	New York City

Trades that pass the Validation Checks are accepted and two trade records are created for the FCM ForexClear Transaction: one for the FCM ForexClear Contract between the Clearing House and the first FX FCM to the FCM ForexClear Transaction and the other for the FCM ForexClear Contract between the Clearing House and the second FX FCM to the FCM ForexClear Transaction (or the ForexClear Contract between the Clearing House and the ForexClear Clearing

A successful cancellation message results in a “CANCELLED” status message if the FCM ForexClear Transaction or the FCM ForexClear Contract (as the case may be) is cancelled during the Opening Hours. The status messages are sent from the Clearing House to the FX FCM via the FCM Approved Trade Source System.

(f) *Process flow description*

The Clearing House accepts trade cancellation instructions from the FCM Approved Trade Source System for FCM ForexClear Transactions or FCM ForexClear Contracts (as the case may be) that have previously been submitted to the FCM ForexClear Service. Cancellation instructions must include the ForexClear ID.

The Clearing House checks that the cancellation instruction contains a valid ForexClear ID which relates to: (a) an FCM ForexClear Transaction or FCM ForexClear Contract (as the case may be) that has not been previously cancelled; and (b) in the case of an FCM ForexClear Contract only, an FCM ForexClear Contract with respect to which the relevant Valuation Date has not yet occurred.

Where a trade has already been rejected (as a result of having failed a Counterparty Technical Validation Check), the FCM ForexClear Service sends a “CANCEL REJECTED” message to the FCM Approved Trade Source System for the relevant FXPs.

All trade cancellation instructions must pass the Incremental Risk Check. If any FX FCM does not have sufficient Margin for its Liabilities or estimated Liabilities (taking into account any MER Buffer and MCE provided by the Clearing House, if any) at the time of the relevant Incremental Risk Check, then any ForexClear trade cancellation instruction to which it is a party will be rejected immediately. However, any ForexClear trade cancellation instruction that is risk reducing (i.e. results in a reduction of that FX FCM's Liabilities) will always pass the Incremental Risk Check, even if the FX FCM does not have sufficient Margin for its Liabilities.

(g) *Trade Amendment*

No amendment of the financial terms of an FCM ForexClear Transaction or FCM ForexClear Contract is permitted. FX FCMs who wish to change the FCM Client information on a ForexClear Transaction should contact ForexClear Business Operations at 0207 426 3729 for further information.

(h) *Valuation Date Event Management*

The Clearing House is the Calculation Agent and will store and apply the Settlement Rate Option and the Valuation Date for each FCM ForexClear Contract.

On the Valuation Date with respect to each FCM ForexClear Contract, the Settlement Rate will be retrieved from the Settlement Rate Option per Currency Pair in accordance with the ~~Relevant~~ EMTA Templates ~~(as referenced in Schedule 2 to the FCM Product Specific Contract Terms And Eligibility Criteria Manual)~~. The Market Data provider for Settlement Rates is Reuters.

The FCM ForexClear Service applies the relevant Settlement Rate to FCM ForexClear Contracts using the following criteria:

- (i) Settlement Rate Option source code (as ~~below~~referenced in the Relevant EMTA Template)
- (ii) Valuation Date

~~The table below gives the source codes of the Settlement Rate Options to be used as per the relevant EMTA Template:~~

Currency Pair	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)
USD-BRL	BRL-PTAX (BRL09)
USD-CLP	CLP-DÓLAR-OBS (CLP10)
USD-CNY	CNY-SAEC (CNY01)
USD-COP	COP-TRM (COP2)
USD-IDR	IDR-JSDOR (IDR04)
USD-INR	INR-RBIB (INR01)
USD-KRW	KRW-KFTC18 (KRW02)
USD-MYR	MYR-PPKM (MYR03)
USD-PEN	PEN-INTERBANK-AVE (PEN05)
USD-PHP	PHP-PDSPESO (PHP06)
USD-RUB	RUB-CME-EMTA (RUB03)
USD-TWD	TWD-TAIFX1 (TWD03)

The Clearing House applies the Settlement Rate to all relevant FCM ForexClear Contracts at a predefined time following its publication.

The Clearing House calculates the Settlement Currency Amount in the Settlement Currency per FCM ForexClear Contract. FX FCMs can retrieve the Settlement Rate and Settlement Currency Amount in the Settlement Currency via ForexClear Reporting on the ForexClear Service Portal and on MemWeb, which are internet services onto which information is loaded and can be accessed by FX FCMs.

- (i) *Valuation Date Event Management: Process flow description*

After the Registration Time for an FCM ForexClear Contract, the FCM ForexClear Service links a Settlement Rate Option to it in accordance with the Rrelevant EMTA Template ~~for the Currency Pair~~.

On the Valuation Date, the Clearing House uses the Settlement Rate for the Currency Pair for the FCM ForexClear Contract when it is published by Reuters, and calculates the Settlement Currency Amount for each FCM ForexClear Contract in the Settlement Currency by applying the relevant Settlement Rate Option as published.

If the Settlement Rate Option set out in the Rrelevant EMTA Template is unavailable at the relevant time, Disruption Fallback alternatives for the determination of the Settlement Rate will apply as set out in the Rrelevant EMTA Template.

(j) *Settlement*

With respect to each FCM ForexClear Contract, the Settlement Currency Amount is calculated by the application of the Settlement Rate to the Notional Amount in accordance with the FCM ForexClear Contract Terms (see Part A of Schedule 2 to the FCM Product Specific Contract Terms And Eligibility Criteria Manual).

From (and including) the Registration Time to (and including) the Business Day immediately preceding the Settlement Date, changes in the daily value of open FCM ForexClear Contracts will have resulted in VM credits and debits between the parties (as set out in Section 2.2.10(b)). With respect to each FCM ForexClear Contract, on the Business Day immediately preceding the Settlement Date, the Clearing House nets the Settlement Currency Amount against the aggregate net VM which has been paid/received through the term of the FCM ForexClear Contract, the result of which is a Net Settlement Amount (“NSA”), which will be reflected in the FX FCMs' cash accounts with the Clearing House on the Settlement Date. As such, with respect to each FCM ForexClear Contract, the payment in full of all the VM required during the term of such FCM ForexClear Contract shall satisfy the relevant party's obligation to pay the Settlement Currency Amount on the Settlement Date of such FCM ForexClear Contract. For the purpose of providing Nostro reconciliation, to the relevant parties, the Clearing House will provide Reporting (as defined in Section 2.2.21 of these FCM Procedures) which will reflect an entry for the “**Settlement Currency Amount**” and a separate entry for the reversal of the aggregate net Variation Margin which has been paid/received through the term of the FCM ForexClear Contract. This paragraph applies even if the Settlement Date has been adjusted in accordance with the FCM ForexClear Contract Terms.

(k) *Reference Data*

Holiday Event Calendar:

The FCM ForexClear Service uses the SwapsMonitor Financial Calendar (as published by Swaps Monitor Publications, Inc.) (“**SwapsMonitor Financial Calendar**”) in order to determine holidays. This requires all FCM ForexClear Participants to be licensees of the SwapsMonitor Financial Calendar.

~~When-If~~ a change is declared that affects the SwapsMonitor Financial Calendar that is referenced on FCM ForexClear, then a corresponding calendar adjustment will be made to the FCM ForexClear system, unless the Clearing House informs FXCCMs by notice on its website (at www.lchclearnet.com/asset-classes/foreign-exchange/products, or such other web page as the Clearing House determines) that the relevant change will not apply to FCM ForexClear Contracts.

The Clearing House may temporarily close the FCM ForexClear Service to process a calendar adjustment in its clearing system. FX FCMs will be notified in advance of the date, time and expected duration of such closure.

Date Adjustment:

As a result of the calendar adjustment process, the Valuation Date and/or the Settlement Date of any affected FCM ForexClear Contracts will automatically be date adjusted in accordance with the provisions of the Relevant EMTA Template ~~for the relevant Currency Pair~~.

The Clearing House will notify the FX FCMs via file download from the Clearing Member Reporting as to the FCM ForexClear Contracts affected and the date adjustments made.

2.2.9 *Market Data*

(a) *Sources used by FCM ForexClear Service*

The FCM ForexClear Service collates instrument quotes for the following from multiple market sources (as detailed in Section 2.2.9(b)) in relation to each Currency Pair:

- (i) FX spot rates (“**FX Spot Rates**”);
- (ii) FX swap points (“**FX Swap Points**”);
- (iii) Settlement Rate Option;
- (iv) Interest rate curves (see Section 2.2.9(e) below) (“**Interest Rate Curves**”);
- (v) USD LIBOR Curve;

- (vi) PAI rates (“**PAI Rates**”); and
- (vii) Country credit spreads (see Section 2.2.9(f) below) (“**Country Credit Spreads**”),

together, “**Market Data**”.

FX Spot Rates and FX Swap Points are received by the Clearing House via a live link from all eligible FXCCMs (including FX FCMs) during the Opening Hours (as defined in Section 2.2.4(b)).

(b) *Market Data Sources and Frequencies*

The Clearing House receives the following updated raw prices:

FX Spot Rates:

- (i) Source – FXCCMs (including FX FCMs).
- (ii) Frequency - every time updated by FXCCMs (including FX FCMs) up to a maximum rate of once every five minutes.

FX Swap Points:

- (i) Source - all FXCCMs (including FX FCMs).
- (ii) Frequency - every time updated by FXCCMs (including FX FCMs) up to a maximum rate of once every five minutes.
- (iii) Tenors – as shown in the table below.

Tenor
S/N
1 week
1 month
2 months
3 months
6 months
12 months
24 months

Settlement Rate Options:

- (i) Source - Reuters.
- (ii) Frequency - when published (~~at as referenced in the Relevant EMTA Template~~ the times shown in the table in Section 2.2.9(c) below).

Interest Rate Curves:

- (i) Source - internal Clearing House

- (ii) Frequency - at each SwapClear margin run.

Country Credit Spreads:

- (i) Source - Bloomberg.
(ii) Frequency - when published.

USD LIBOR Curve:

- (i) Source - SwapClear.
(ii) Frequency - at each SwapClear margin run.

PAI rates:

- (i) Source - LCH Treasury.
(ii) Frequency - Daily.

- (c) *Market Data* [Not used]

Reference Currency	Settlement Rate Option (or as per the relevant EMTA Template as amended from time to time)	Settlement Rate Publication Local Time (or as per the relevant EMTA Template as amended from time to time)
BRL	BRL PTAX (BRL09)	13:15 (São Paulo)
CLP	CLP DÓLAR OBS (CLP10)	10:30 (Santiago)
CNY	CNY SAEC (CNY01)	09:15 (Beijing)
COP	COP TRM (COP02)	10:30 (Bogota)
IDR	IDR JSDOR (IDR04)	10:00 (Jakarta)
INR	INR RBIB (INR01)	12:30 (Mumbai)
KRW	KRW KFTC18 (KRW02)	15:30 (Seoul)
MYR	MYR PPKM (MYR03)	11:10 (Kuala Lumpur)
PEN	PEN INTERBANK AVE	14:00 (Lima)
PHP	PHP PDSPEO (PHP06)	11:30 (Manila)
RUB	RUB CME-EMTA (RUB03)	13:30 (Moscow)
TWD	TWD TAIEX1 (TWD03)	11:00—12:00 (Taipei)

- (d) *Market Data Provision to FX FCMs*

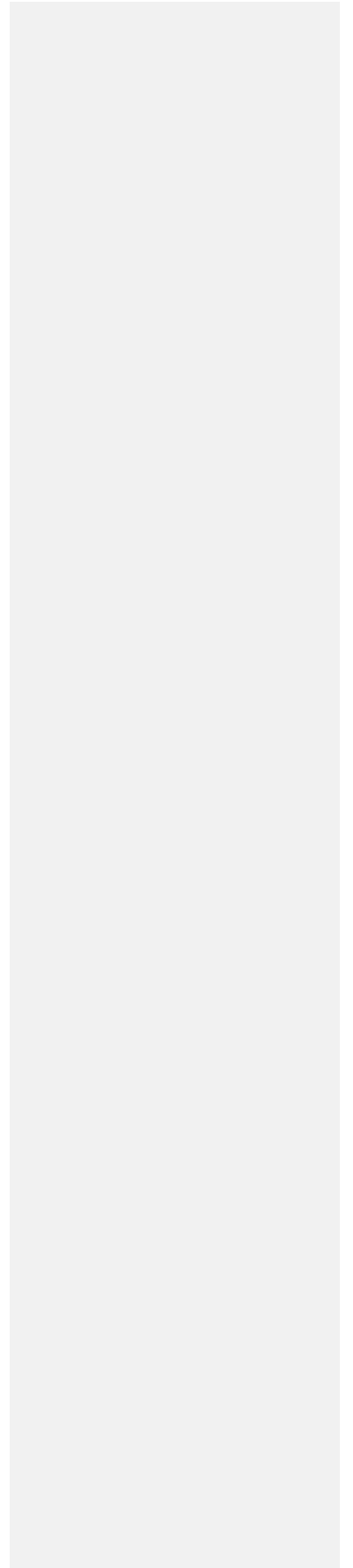
Market Data used in a Margin Run is made available to FX FCMs via ForexClear Reporting (as defined in Section 2.2.21).

LCH.Clearnet Rule Submission

Appendix D

Product Specific Contract Terms and Eligibility Criteria Manual

**PRODUCT SPECIFIC CONTRACT TERMS AND ELIGIBILITY CRITERIA
MANUAL**



CONTENTS

	Page
SCHEDULE 1 REPOCLEAR	1
Part A Repoclear Contract Terms: Repoclear Contracts arising from Repoclear Transactions, Repo Trades or Bond Trades	1
Part B Product Eligibility Criteria for Registration of a RepoClear Contract.....	8
Part C LCH GC Repo Contract Terms	20
Part D Product Eligibility Criteria for Registration of a LCH GC Repo Contract.....	21
Part E RepoClear SGC Contract Terms: RepoClear SGC Contracts arising from RepoClear SGC Transactions or SGC Trades.....	22
Part A Repoclear Term £Gc Contract Terms: Repoclear term £gc Contracts Arising From Repoclear Term £Gc Transactions Or Term £Gc Trades	29
Part B Product Eligibility Criteria for Registration of a RepoClear Term £GC Contract	36
Part F Product Eligibility Criteria for Registration of a RepoClear SGC Contract	38
Part G RepoClear GC Contract Terms: RepoClear €GC Contracts arising from RepoClear €GC Transactions or €GC Trades	40
Part H Product Eligibility Criteria for Registration of a RepoClear €GC Contract	41
SCHEDULE 2 SWAPCLEAR	42
Part A Swapclear Contract Terms	42
Part B Product Eligibility Criteria for Registration of a SwapClear Contract	56
SCHEDULE 3 EQUITYCLEAR.....	68
Part A EquityClear (Equities) Contract Terms.....	68
Part B EquityClear Eligible (Equities)	70
Part C EquityClear (ccCFD) Contract Terms.....	71
SCHEDULE 4 LCH ENCLEAR	76
Part A LCH EnClear Contract Terms.....	76
Part B Product Eligibility Criteria for Registration of a LCH EnClear Contract.....	109
SCHEDULE 5 LSE DERIVATIVES MARKETS	118
Part A LSE Derivatives Markets Cleared Exchange Contract Terms arising from LSE Derivatives Markets OTC Trades.....	118
Part B Product Eligibility Criteria for Registration of an LSE Derivatives Markets OTC Trade.....	123
SCHEDULE 6 THE FOREXCLEAR REGULATIONS.....	125
Part A ForexClear Contract Terms.....	125
Part B Registration of a ForexClear Contract - Product Eligibility Criteria	131

**SCHEDULE 6
THE FOREXCLEAR REGULATIONS**

**PART A
FOREXCLEAR CONTRACT TERMS**

The terms of a registered ForexClear Contract shall include these ForexClear Contract Terms which shall comprise:

- (1) Interpretation;
- (2) Economic Terms; and
- (3) Standard Terms, being both the:
 - A. Specific Standard Terms; and
 - B. General Standard Terms

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the Regulations and the Procedures, the Clearing House will use the ForexClear Contract Terms applicable to a ForexClear Contract to calculate the amounts due under the ForexClear Contract to, or from, the Clearing House in accordance with the Procedures.

1. Interpretation ("Interpretation")

1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ~~the International Swaps and Derivatives Association, Inc. ISDA, EMTA and FXC, ("ISDA"), the Emerging Markets Trade Association ("EMTA") and The Foreign Exchange Committee ("FXC")~~ and the same are incorporated by reference herein.

~~1.2~~ **"FXC"** means the Foreign Exchange Committee or any successor entity.

~~1.3~~ **"ISDA"** means International Swaps and Derivatives Association, Inc. or any successor entity.

~~1.4~~ Words and expressions used in these ForexClear Contract Terms which are not defined ~~herein shall have the meanings given to them~~ in the Regulations and the Procedures, ~~unless expressly provided otherwise. Words and expressions used in these ForexClear Contract Terms which are not defined in the Regulations and the Procedures~~ but which are defined in the ISDA Definitions shall ~~bear the same~~ ~~have the meanings given to them in herein as in~~ the ISDA Definitions, unless expressly provided otherwise.

~~1.5~~ In the event of an inconsistency, the Regulations and Procedures will prevail over the ISDA Definitions.

~~1.6~~ References in the ISDA Definitions to an "FX Transaction" shall be deemed to be references to a "ForexClear Transaction" for the purposes of ForexClear.

- ~~1.5~~1.7 Except where expressly stated otherwise, all reference to "Sections" means Sections in the ISDA Definitions.
- ~~1.6~~1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the ForexClear Clearing Members, give directions as to whether such amendment shall apply to ForexClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (provided that in any event any such amendment shall only apply in relation to ForexClear Contracts that have a Trade Date that falls on or after the effective date of such amendment).
- ~~1.7~~1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to ForexClear Contracts going forward, these ForexClear Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with ForexClear Contracts registered in a ForexClear Clearing Member's name prior to the time such amendment comes into effect.
- ~~1.8~~1.10 The accidental omission to give notice under this provision to, or the non-receipt of notice under paragraphs 1.86 or 1.7-9 above by, any ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. Economic Terms

- 2.1 The Economic Terms of a ForexClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding ForexClear Transaction.
- 2.2 The particulars of a ForexClear Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates:
- (a) Trade Date (Section 1.25)
 - (b) Forward Rate (Section 2.1(a))
 - (c) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
 - (d) Reference Currency Buyer (Section 1.20)
 - (e) Reference Currency Seller (Section 1.22)
 - (f) scheduled Settlement Date (Section 1.24) (without prejudice to the adjustments set out in the relevant EMTA Template)
 - (g) ~~Scheduled~~scheduled Valuation Date (Section 1.16(f)) (without prejudice to the adjustments set out in the relevant EMTA Template).
- 2.3 However, as set out more particularly in Regulation 90, where the ForexClear Transaction specifies a ForexClear Clearing Member as the Reference Currency Seller, with the other ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each ForexClear Contract to which it is party pursuant to the corresponding ForexClear

Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such ForexClear Contract, respectively.

3. Specific Standard Terms ("Specific Standard Terms")

The following terms are designated as Specific Standard Terms of a registered ForexClear Contract:

3.1 The EMTA ~~Template for Non-Deliverable FX Transactions~~ appropriate to the particular Currency Pair is incorporated by reference into these ForexClear Contract Terms, as amended herein, (in effect and as posted on the website of EMTA (www.emta.org or any successor website on the relevant Trade Date) (each an "EMTA Template")), and governs the terms of a ForexClear Contract relating to such Currency Pair; ~~other than~~together with, and subject to, the Economic Terms set out in Part 2 above, ~~and~~ the Specific Standard Terms ~~and the General Standard Terms~~ set out in this Part 3 and the General Standard Terms set out in Part 4 below. For the avoidance of doubt, each EMTA Template shall be deemed to exclude the EMTA Template Terms for Non-Deliverable Cross-Currency FX Transactions published by EMTA on 31 May 2011.

3.2 In the format "Reference Currency – Settlement Currency", the Currency Pairs are

- (a) BRL-USD
- (b) CLP-USD
- (c) CNY-USD
- (d) INR-USD
- (e) KRW-USD
- (f) RUB-USD
- (g) COP-USD
- (h) IDR-USD
- (i) MYR-USD
- (j) PHP-USD
- (k) TWD-USD
- (l) PEN-USD

3.3 Certain Specific Standard Terms of each ForexClear Contract are not provided in the EMTA Templates, but the parties to the corresponding ForexClear Transaction will be required to accept the Specific Standard Terms set out below in each ForexClear Contract:

- (a) Date of Annex A (Section 4.2):

Annex A to the ISDA Definitions is incorporated as amended as at the Trade Date.

- (b) Reference Currency (Section 1.19):

To be determined by using the EMTA Template appropriate to the particular Currency Pair.

- (c) Calculation Agent (Section 1.3):

The Clearing House is the Calculation Agent.

- 3.4 If the terms of an EMTA Template conflict with these ForexClear Contract Terms, these ForexClear Contract Terms shall prevail. If the terms of an EMTA Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

4. General Standard Terms ("General Standard Terms")

The following terms are designated as General Standard Terms of a registered ForexClear Contract:

4.1 **Business Days**

For the purposes of determining the Settlement Date and the Valuation Date only, in addition to the Business Days for the Principal Financial Centers for the Currency Pair specified in the relevant Economic Terms, the Business Days specified in the Swaps Monitor Financial Calendar as published by Swaps Monitor Publications, Inc. (as further detailed in the Procedures) from time to time, will apply to a ForexClear Contract, except where the Clearing House notifies FXCCMs otherwise in accordance with section 1.3.9 (Reference Data) of Section 21 (ForexClear Clearing Service) of the Procedures.

4.2 **Withholding Tax Provisions**

- (a) All payments due under a ForexClear Contract shall be made by the ForexClear Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the ForexClear Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.
- (b) All payments due under a ForexClear Contract shall be made by the Clearing House free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the Clearing House, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the ForexClear Clearing Member receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

LCH.Clearnet Rule Submission

Appendix E

FCM Product Specific Contract Terms and Eligibility Criteria Manual

FCM PRODUCT SPECIFIC CONTRACT TERMS AND
ELIGIBILITY CRITERIA MANUAL

CONTENTS

Clause	Page
SCHEDULE 1 FCM Swapclear.....	1
Part A FCM Swapclear Contract Terms	1
Part B Product Eligibility Criteria for Registration of an FCM SwapClear Contract	10
SCHEDULE 2 [RESERVED]	26
Part A [RESERVED].....	26
Part B [RESERVED]	27
SCHEDULE 3 FCM Forexclear	28
Part A FCM Forexclear Contract Terms.....	28
Part B Registration of an FCM ForexClear Contract - Product Eligibility Criteria	34

**SCHEDULE 3
FCM FOREXCLEAR**

**PART A
FCM FOREXCLEAR CONTRACT TERMS**

The terms of a registered FCM ForexClear Contract shall include these FCM ForexClear Contract Terms which shall comprise:

Interpretation;

- (1) Economic Terms; and
- (2) Standard Terms, being both the:
 - A. Specific Standard Terms; and
 - B. General Standard Terms

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms will prevail.

Subject to the FCM Regulations and the FCM Procedures, the Clearing House will use the FCM ForexClear Contract Terms applicable to an FCM ForexClear Contract to calculate the amounts due under the FCM ForexClear Contract to, or from, the Clearing House in accordance with the FCM Procedures.

1. Interpretation ("Interpretation")

1.1 **"ISDA Definitions"** means the 1998 FX and Currency Options Definitions (including Annex A thereto) as published by ISDA, EMTA and FXC, ~~the International Swaps and Derivatives Association, Inc. ("ISDA"), the Emerging Markets Trade Association ("EMTA") and The Foreign Exchange Committee ("FXC")~~ and the same are incorporated by reference herein.

1.2 **"FXC"** means the Foreign Exchange Committee or any successor entity

~~1.1.3~~ 1.3 **"ISDA"** means International Swaps and Derivatives Association, Inc. or any successor entity.

~~1.2.1.4~~ 1.4 Words and expressions used in these FCM ForexClear Contract Terms which are not defined herein shall have the meanings given to them in the FCM Regulations and the FCM Procedures, unless expressly provided otherwise. Words and expressions used in these FCM ForexClear Contract Terms which are not defined in the FCM Regulations and the FCM Procedures but which are defined in the ISDA Definitions shall ~~bear the same~~ have the meanings given to them herein as in the ISDA Definitions, unless expressly provided otherwise.

~~1.3.1.5~~ 1.5 In the event of an inconsistency, the FCM Regulations and the FCM Procedures will prevail over the ISDA Definitions.

~~1.4~~1.6 References in the ISDA Definitions to an "**FX Transaction**" shall be deemed to be references to an "**FCM ForexClear Transaction**" for the purposes of the FCM ForexClear Service.

~~1.5~~1.7 Except where expressly stated otherwise, all reference to "**Sections**" means Sections in the ISDA Definitions.

~~1.6~~1.8 In relation to any amendment to the ISDA Definitions published from time to time by ISDA, EMTA and FXC, the Clearing House may from time to time, by notice delivered to the FCM ForexClear Clearing Members, give directions as to whether such amendment shall apply to FCM ForexClear Contracts with immediate effect or with such deferred effect as the Clearing House shall determine (**provided that** in any event any such amendment shall only apply in relation to FCM ForexClear Contracts that have a Trade Date that falls on or after the effective date of such amendment).

~~1.7~~1.9 Any such notice may provide that despite the application of any such amendment to the ISDA Definitions to FCM ForexClear Contracts going forward, these FCM ForexClear Contracts shall continue, for the purpose of margining, valuation, set-off or otherwise, to be regarded as fully fungible with FCM ForexClear Contracts registered in an FCM ForexClear Clearing Member's name prior to the time such amendment comes into effect.

~~1.8~~1.10 The accidental omission to give notice under this provision to, or the non-receipt of notice under ~~paragraphs 1.6-8~~ or ~~1.7-9~~ above by, any FCM ForexClear Clearing Member shall not invalidate the amendment with which the notice is concerned.

2. **Economic Terms**

2.1 The Economic Terms of an FCM ForexClear Contract shall be derived from the information presented to the Clearing House by the parties to the corresponding FCM ForexClear Transaction.

2.2 The particulars of an FCM ForexClear Transaction presented to the Clearing House must include matched information in respect of the following Economic Terms which are not predetermined in the EMTA Templates:

- (1) Trade Date (Section 1.25)
- (2) Forward Rate (Section 2.1(a))
- (3) Reference Currency Notional Amount (Section 1.21) or Notional Amount (Section 1.17(b)) in USD
- (4) Reference Currency Buyer (Section 1.20)
- (5) Reference Currency Seller (Section 1.22)
- (6) scheduled Settlement Date (Section 1.24) (without prejudice to the adjustments set out in the relevant EMTA Template)
- (7) ~~s~~Scheduled Valuation Date (Section 1.16(f)) (without prejudice to the adjustments set out in the relevant EMTA Template).

- 2.3 However, as set out more particularly in FCM Regulation 38, where the FCM ForexClear Transaction specifies an FCM ForexClear Clearing Member as the Reference Currency Seller, with the other FCM ForexClear Member as the Reference Currency Buyer, the Clearing House, in respect of each FCM ForexClear Contract to which it is party pursuant to the corresponding FCM ForexClear Transaction, shall be (i) the Reference Currency Buyer; and (ii) the Reference Currency Seller under such FCM ForexClear Contract, respectively.

3. **Specific Standard Terms ("Specific Standard Terms")**

The following terms are designated as Specific Standard Terms of a registered FCM ForexClear Contract:

- 3.1 The EMTA ~~Template for Non-Deliverable FX Transactions~~ appropriate to the particular Currency Pair is incorporated by reference into these FCM ForexClear Contract Terms, as amended herein, (in effect and as posted on the website of EMTA (www.emta.org or any successor website on the relevant Trade Date) (each an "EMTA Template")), and governs the terms of an FCM ForexClear Contract relating to such Currency Pair; ~~other than~~ together with, and subject to, the Economic Terms set out in Clause 2 above, and the Specific Standard Terms and the General Standard Terms set out in this Clause 3 and the General Standard Terms set out in Clause 4 below. For the avoidance of doubt, each EMTA Template shall be deemed to exclude the EMTA Template Terms for Non-Deliverable Cross-Currency FX Transactions published by EMTA on 31 May 2011.

- 3.2 In the format "Reference Currency – Settlement Currency", the Currency Pairs are

- (1) BRL-USD
- (2) CLP-USD
- (3) CNY-USD
- (4) INR-USD
- (5) KRW-USD
- (6) RUB-USD
- (7) COP-USD
- (8) IDR-USD
- (9) MYR-USD
- (10) PHP-USD
- (11) TWD-USD
- (12) PEN-USD

3.3 Certain Specific Standard Terms of each FCM ForexClear Contract are not provided in the EMTA Templates, but the parties to the corresponding FCM ForexClear Transaction will be required to accept the Specific Standard Terms set out below in each FCM ForexClear Contract:

(1) Date of Annex A (Section 4.2):

Annex A to the ISDA Definitions is incorporated as amended as at the Trade Date.

(2) Reference Currency (Section 1.19):

To be determined by using the EMTA Template appropriate to the particular Currency Pair.

Calculation Agent (Section 1.3):

(3) The Clearing House is the Calculation Agent.

3.4 If the terms of an EMTA Template conflict with these FCM ForexClear Contract Terms, these FCM ForexClear Contract Terms shall prevail. If the terms of an EMTA Template conflict with the ISDA Definitions, the terms of the EMTA Template shall prevail.

4. **General Standard Terms ("General Standard Terms")**

The following terms are designated as General Standard Terms of a registered FCM ForexClear Contract:

4.1 ***Business Days***

For the purposes of determining the Settlement Date and the Valuation Date only, in addition to the Business Days for the Principal Financial Centers for the Currency Pair specified in the relevant Economic Terms, the Business Days specified in the SwapsMonitor Financial Calendar as published by Swaps Monitor Publications, Inc. (as further detailed in the FCM Procedures) from time to time, will apply to an FCM ForexClear Contract, except where the Clearing House notifies FXCCMs otherwise in accordance with section 2.2.8(k) (Reference Data) of the FCM Procedures.

4.2 ***Withholding Tax Provisions***

4.2.1 All payments due under an FCM ForexClear Contract shall be made by the FCM ForexClear Clearing Member free and clear and without deduction or withholding for or on account of any tax. Payments in respect of which such deduction or withholding is required to be made, by the FCM ForexClear Clearing Member, shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Clearing House receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.