

VIA CFTC PORTAL SUBMISSION

01 March 2017

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

Dear Mr. Kirkpatrick:

LCH Limited ("LCH"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), is submitting for self-certification, pursuant to CFTC regulation §40.6(a), Rulebook changes to implement changes to how LCH prices securities received as member collateral. LCH intends these changes to take effect on or after March 27, 2017.

Part I: Explanation and Analysis

LCH proposes to switch from using clean pricing¹ to dirty pricing² to value securities held as member collateral. This initiative harmonizes the pricing currently used to value securities received bilaterally by LCH with securities delivered to the CCP via tri-party arrangements. To implement this change all clearing members providing non-cash collateral must have signed a revised Deed of Charge. In the event of a clearing member default, the revised Deed of Charge gives LCH the right to retain the dirty price of securities that have been a) appropriated by LCH, or b) liquidated as part of the default management process.

Implementation of the use of dirty prices to value member securities collateral is beneficial to clearing members since it increases the total cover value attributed by LCH.

Part II: Description of Rule Changes

Consequently LCH is making changes to the sections of its Rulebook. Black-line versions of the applicable sections reflecting the changes are shown below and attached as appendices:

- Appendix A - General Regulations
- Appendix B - Procedures Section 2E (EnClear Service)
- Appendix C - Procedures Section 2J (Listed Rates Service)
- Appendix D - Procedures Section 3 (Financial Transactions)
- Appendix E - Procedures Section 4 (Collateral)
- Appendix F - FCM Regulations
- Appendix G - FCM Procedures

In addition to the Rulebook modifications to provide for the implementation of this proposal, there are also some non-material clarifying and administrative amendments made to the FCM Procedures.

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 D.

¹ Excludes any interest accrued.

² Clean price and accrued interest.

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>

Part V: Opposing Views

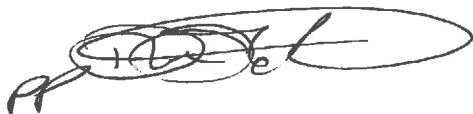
There were no opposing views expressed to LCH.Clearnet by governing board or committee members, members of LCH.Clearnet or market participants that were not incorporated into this change.

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@lch.com

yours sincerely,



Julian Oliver, Chief Compliance Officer

LCH Rule Submission

Appendix A

General Regulations



**GENERAL REGULATIONS OF
LCH.CLEARNET LIMITED**

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"business day"	means in respect of a Cleared Exchange Contract, an OTC Contract (except where specified otherwise in the relevant OTC Contract Terms), an LCH EnClear Contract (except where specified otherwise in the LCH EnClear Contract Terms), an EquityClear Contract, and a Listed Interest Rates Contract (except where specified otherwise in the Listed Interest Rates Contract Terms) a day on which the Clearing House is open for business
"buyer"	means a Member (or the Clearing House where the context so requires) who is a buyer under the terms of an exchange contract, a Cleared Exchange Contract, a LSE Derivatives Markets Cleared Exchange Contract, a RepoClear Transaction, a RepoClear Contract, a RepoClear GC Transaction, a RepoClear GC Contract, an EquityClear ATP Match, an EquityClear Novation Transaction, a Rates Exchange Match, a Listed Interest Rates Novation Transaction or an Eligible EnClear Trade, as the case may be
"Capped Amount"	has the meaning as described in Default Rule 15(c)
"Carrying Clearing Member"	means (a) a SwapClear Clearing Member that carries a Transfer Account from which Transferring SwapClear Contracts and the relevant Associated Collateral Balance(s) may be transferred to the Transfer Account of a Receiving Clearing Member pursuant to Regulation 60 of these Regulations and in accordance with the Procedures and (where applicable) any relevant Collateral Management Agreement or (b) in respect of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", an FCM Clearing Member (and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing Member, and vice versa)
"CEA"	has the meaning assigned to it in the Default Rules
"CFTC"	has the meaning assigned to it in the Default Rules
"CFTC Regulations"	has the meaning assigned to it in the FCM Regulations
<u>"Charged Cash Collateral"</u>	<u>has the meaning assigned to it in Regulation 20(s)(iii)</u>
"Cleared Exchange Contract"	means a Contract entered into by the Clearing House on the terms of an exchange contract

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"Clearing Member Applied Collateral"

means, in respect of an account of a Clearing Member: (i) any cash Collateral in respect of which the Clearing House's obligation to return such Collateral has been discharged pursuant to the Rulebook by means of that return obligation having been set-off against an obligation owed by that Clearing Member to the Clearing House, as contemplated by ~~Regulation 20(v)~~Regulation 20(u); (ii) any cash Collateral in respect of which the Clearing House's obligation to return such Collateral to a Custodial Segregated Client has been discharged by means of that return obligation having been set-off against an obligation owed by that Custodial Segregated Client to the Clearing House under the relevant Collateral Management Agreement and/or Client Charge; (iii) any cash Collateral that the Clearing House has applied in or towards discharge of the relevant obligations of the Clearing Member or a Custodial Segregated Client to the Clearing House pursuant to its powers under the relevant Client Charge; (iv) any cash Collateral that the Clearing House has applied in or towards discharge of the relevant obligations of the Clearing Member to the Clearing House pursuant to its powers under the relevant Deed of Charge; (v) any non-cash Collateral (including in the form of securities or gold) that has been appropriated and retained by the Clearing House pursuant to an exercise of its powers under a Deed of Charge or a Client Charge and applied in or towards discharge of the relevant obligations to the Clearing House; and (vi) any non-cash Collateral that has been sold or otherwise disposed of by the Clearing House pursuant to an exercise of its powers under a Deed of Charge or Client Charge

Clearing Member Current Collateral Balance"

means, in respect of an account of a Clearing Member: (A) the sum of (i) all Collateral which has been transferred by that Clearing Member and/or a Custodial Segregated Client to the Clearing House (or which would, but for the application of Regulation 57(d) or another comparable payment netting provision applying in the ordinary course of business, have been transferred by that Clearing Member or Custodial Segregated Client to the Clearing House) on account of any type of that Clearing Member's margin obligations relating to the relevant account pursuant to the Rulebook; (ii) the cash proceeds of any non-cash Collateral relating to the relevant account which has been sold or otherwise disposed of by the Clearing House pursuant to an exercise of its powers under a Deed of Charge, a Client Charge, the Default Rules or otherwise, to the extent that those proceeds have not been applied in or towards discharge of an obligation owed by the Clearing Member ~~or a to the Clearing House or, in the case of a Custodial Segregated Account, by the relevant~~ Custodial Segregated Client to the Clearing House; and (iii) any Applied Collateral Excess Proceeds credited to the relevant account; less (B) any Clearing Member Applied Collateral and any Clearing Member Returned Collateral in relation to that account; **provided that** any amounts transferred by the Clearing Member or a Custodial Segregated Client to the Clearing House for the purpose of settling an obligation in respect of daily settlement amounts pursuant to Regulation 23(c) or an obligation arising pursuant to a SwapClear STM Contract which is due and payable do not form part of the Clearing Member Current Collateral Balance; **provided further that:** (x) any Collateral standing to the credit of a Client Buffer Account shall, except where the relevant Clearing Member is a Defaulter or where a Termination Date specified by the relevant Clearing Member has occurred under Regulation 45, not form part of the Clearing Member Current Collateral Balance in respect of the relevant Proprietary Account; and (y) any Collateral transferred from a Client Buffer Account to a Client Account shall form part of the Clearing Member Current Collateral Balance in respect of the relevant Client Account unless and until it is transferred back to the Client Buffer Account (whereupon it shall cease to form part of the Clearing Member Current Collateral Balance in respect of the relevant Client Account)

"Contribution" means the contribution of a Clearing Member to a default fund of the Clearing House and includes, in each case in relation to the relevant Service, a Commodities Contribution, an Equities Contribution, a ForexClear Contribution, a RepoClear Contribution and, in relation to the Rates Service, a Listed Interest Rates Contribution and a SwapClear Contribution

"Converting SwapClear Clearing Member" has the meaning assigned to it in Regulation 57A

"Co-operating Clearing House" means a clearing house party to an agreement with the Clearing House in respect of the co-clearing of an Exchange pursuant to which such organisation co-clears specific types of Contract and agrees to be bound by these Regulations as a Member to the extent and subject to any variations agreed in such agreement

"Co-operating Clearing House Contract" means, in respect of a Co-operating Clearing House, a class of contract, which is cleared by the Co-operating Clearing House from time to time, permitted to be made by members of the Co-operating Clearing House under Co-operating Clearing House Rules and which is the subject of a Link

"Co-operating Clearing House Rules" means the provisions of a Co-operating Clearing House's Memorandum or Articles of Association or other constitutional documents, by-laws, rules, regulations, procedures, customs, practices, notices and resolutions in whatever form adopted by such Co-operating Clearing House that regulate Co-operating Clearing House Contracts and the members and markets cleared by the Co-operating Clearing House and any amendment, variation or addition thereto

"Co-operating Exchange" means an exchange (which may also act as a central counterparty) which is party to a co-operation agreement with LSE

"Corrupted Data" has the meaning assigned to it in Section 2C1.27 of the Procedures

"Coupons" [has the meaning assigned to it in section 1.1.7 of Section 4 of the Procedures](#)

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"Cover" means an amount of cash or (with the approval of the Clearing House) non-cash Collateral, determined by the Clearing House, and in a form and currency acceptable to the Clearing House as prescribed in the Procedures

"daily settlement amounts"	means amounts due to the Clearing House from a Member or to a Member from the Clearing House, as the case may be, arising out of settlement of open contracts pursuant to Regulation 23, Regulation 75 or Regulation 99 and the Procedures
"Dealer"	means a ForexClear Dealer, RepoClear Dealer and/or SwapClear Dealer, as the context may require
"Dealer Clearing Agreement"	means a ForexClear Dealer Clearing Agreement, RepoClear Dealer Clearing Agreement, and/or SwapClear Dealer Clearing Agreement, as the context may require
"Dealer Register"	means one or more of the Register of ForexClear Dealers, the Register of RepoClear Dealers and/or the Register of SwapClear Dealers, as the context may require
"Deed of Charge"	means a deed of charge entered into between a Clearing Member and the Clearing House in respect of <i>(inter alia)</i> an non-cash Collateral transferred to the Clearing House by that Clearing Member
"Default"	means the issue, in respect of a Clearing Member, of a Default Notice as provided for by Default Rule 3 or the occurrence, in respect of a Clearing Member, of an Automatic Early Termination Event
"Defaulter"	has the meaning assigned to it in Default Rule 4
"Defaulting Clearing Member"	means a Clearing Member who is a Defaulter
"Defaulting FXCCM"	means a FXCCM who is a Defaulter
"Defaulting Listed Interest Rates Clearing Member"	means a Listed Interest Rates Clearing Member who has defaulted
"Defaulting Rates Service Clearing Member"	means a Rates Service Clearing Member who is a Defaulter
"Defaulting RCM"	means a RCM who is a Defaulter
"Defaulting SCM "	means a SCM who is a Defaulter
"Default Loss"	has the meaning assigned to it in Default Rule 16(b)
"Default Management Process Agreement Amendment Agreement"	has the meaning assigned to it in <u>Regulation 11(s)</u> Regulation 11(r)
"Default Notice"	has the meaning assigned to it in Default Rule 3

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"Default Rules"	means the Clearing House's Default Rules including the Supplements from time to time in force pursuant to Part IV of The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 which, for the avoidance of doubt, form a part of these General Regulations
"delivery contract"	means a Cleared Exchange Contract, LSE Derivatives Markets Cleared Exchange Contract or Listed Interest Rates Contract between the Clearing House and a Member: <ul style="list-style-type: none"> (a) for the immediate sale and purchase of a reference asset or commodity arising on the exercise of an option pursuant to these Regulations; or (b) for the sale and purchase of a reference asset or commodity for delivery on the date specified in the contract or on the date agreed between the parties, in either case being an open contract under which tender is not required to be given
"delivery month"	means in respect of an exchange contract, the meaning ascribed to it in the Exchange Rules governing such contract or, in respect of an LCH EnClear Contract, the meaning ascribed to it in the LCH EnClear Procedures, or in respect of an LSE Derivatives Markets Cleared Exchange Contract, an expiration month as defined in the LSE Derivatives Markets Rules, or in respect of a Listed Interest Rates Contract, the meaning ascribed to such Contract in the Listed Interest Rates Contract Terms
<u>"Depository"</u>	<u>means a collateral agent, custodian, central securities depository, securities settlement system or other similar entity</u>
"Derived Data"	has the meaning assigned to it in Chapter XIV(g)(i)
"Designated Group Member"	has the meaning assigned to it in Chapter XIV(k)
"Designated Rates Exchange"	has the meaning assigned to it in Regulation 100(a)
"Designated Listed Interest Rates Contract "	has the meaning assigned to it in Regulation 100(b)

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"Repo Trade"	means a trading activity in which a RepoClear Participant (" the First Participant ") offers to sell (or buy) RepoClear Eligible Securities, and another RepoClear Participant (" the Second Participant ") offers to buy (or sell, as the case may be) those securities, on condition that, at the end of a specified period of time, the Second Participant sells (or buys, as the case may be) equivalent securities and the First Participant buys (or sells, as the case may be) those equivalent securities, and a trade subsequently ensues
"Reporting Threshold Amount"	has the meaning assigned to it in Chapter XIV(e)
"Required Margin Amount"	means: (i) in respect of any type of margin and any account other than an Omnibus Gross Segregated Account; and (ii) in respect of any type of margin and (a) each individual Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client) comprising an Omnibus Gross Segregated Account; or (b) in respect of Combined Omnibus Gross Segregated Clearing Clients, those Combined Omnibus Gross Segregated Clearing Clients together, the most recent amount of each type of margin which the Clearing House requires in respect of the relevant account or client(s) (as the case may be) as determined by the most recent Collateral balances and valuations shown on the Collateral Management System and notified to the relevant Clearing Member by the Clearing House <u>and as recorded on its books and records</u>
"Resignation Effective Date"	means the date on which the termination of a Resigning Member's Clearing Member status in respect of a specific Service becomes effective, as specified in Regulation 5(a)
"Resigning Member"	means at any time any Clearing Member: (i) who has given notice to the Clearing House for the purposes of resigning from a particular Service; or (ii) in respect of whom the Clearing House has given notice for the purposes of requiring such Clearing Member to resign from a particular Service
"Resulting Forexclear Contract"	means a ForexClear Contract that will exist at the time the Clearing House undertakes compression, in respect of such ForexClear Contract, in accordance with the Rulebook, but that did not exist at the time at which the applicable ForexClear Clearing Member requested such compression

conditions or the Member's performance of its obligations under the terms of such contracts or under the terms of any original or confirmed contract to which the Member is party.

- (i) The Clearing House shall be entitled to make an accommodation charge at a rate determined by the Clearing House and published on the Clearing House's website, in respect of any non-cash Collateral (other than Clearing Member Returned Collateral or Clearing Member Applied Collateral) transferred to the Clearing House. Any alteration in the basis of calculating the rates of accommodation charge shall become effective in respect of all current and future business by the time as published on the Clearing House's website.
- (j) Without prejudice to the requirements of paragraph (e) or (f) above, the Clearing House may at its absolute discretion accept Collateral to an agreed amount in a form other than those specified in the Procedures, subject always to the Clearing House's prior assessment as to the appropriateness of such form of Collateral in accordance with its standard risk management procedures and to any special arrangements which the Clearing House may prescribe in each case (including as to valuation and haircut). The Clearing House may at its discretion make an accommodation charge at a special rate.
- (k) If, in the opinion of the Clearing House, any asset which has been transferred to it by a Member as Collateral pursuant to these Regulations and/or the Procedures is no longer either of sufficient value or otherwise acceptable to the Clearing House, the Clearing House shall be entitled to demand further Collateral from such Member. Such Collateral shall be transferred by such Member to the Clearing House on demand in a form prescribed by the Procedures, **provided that** at any time the Clearing House shall be entitled to require the Member to transfer Collateral to the Clearing House in a specified form and to demand that the Member replace the whole or part of any asset transferred to the Clearing House by that Member pursuant to these Regulations with Collateral in the form of cash.
- (l) Any request by a Clearing Member (including, for the avoidance of doubt, a Resigning Member or a Retiring Member) for the release or return of excess Collateral shall be dealt with in accordance with the Procedures.
- (m) If the Clearing House takes any step or steps under the Default Rules in relation to a Member, any sum (including without limitation the price due to be paid by the Clearing House in respect of the delivery of any property or currency by or on behalf of the Member) standing to the credit of any of the Member's accounts shall be treated as Collateral.
- (n) ~~Unless the Clearing House otherwise agrees in writing or as expressly contemplated by the Rulebook, n~~ No Member may assign, transfer, charge or encumber (in each case, whether by way of security or otherwise) or otherwise transfer its right to the return of any cash Collateral or Contributions it has transferred to the Clearing House, except: (i) as provided in any relevant Deed of Charge; (ii) as expressly contemplated by the Rulebook; and/or (iii) with the prior written approval of the Clearing House. ~~in the form of cash.~~ Any such purported assignment, ~~or transfer, charge or encumbrance by a Member (whether by way of security or otherwise)~~ shall be void.

~~A Member shall not otherwise encumber (or seek to encumber) its right to the return of any cash Collateral or Contributions transferred to the Clearing House.~~

(o) The Clearing House and each Member agree that the Clearing Membership Agreement to which they are a party is amended by the deletion of clause 2.16 of such agreement.

~~(p)~~ Where the Clearing House is party to a Link Agreement with a Co-operating Clearing House:

- (i) the Clearing House may request collateral from that Co-operating Clearing House in whatever form may be stipulated in the terms of that Link Agreement; and
- (ii) if collateral is transferred to the Clearing House by such Co-operating Clearing House pursuant to such Link Agreement, that collateral shall be deemed to be Collateral for the purposes of these Regulations and the Default Rules.

~~(q)~~ Any references in the Rulebook to (i) Collateral deposited or held by or with the Clearing House or a Clearing Member or in an account maintained by the Clearing House or a Clearing Member; (ii) balances of Collateral with the Clearing House or a Clearing Member or in an account maintained by the Clearing House or a Clearing Member; and (iii) Collateral credited to an account maintained by the Clearing House or a Clearing Member (and any phrases describing similar concepts), shall be construed as including all Collateral transferred to the Clearing House by the relevant Clearing Member or Custodial Segregated Client, or to the relevant Clearing Member by the Clearing House (as applicable) and any Applied Collateral Excess Proceeds credited to the relevant Clearing Member's account by the Clearing House, but as excluding any relevant Clearing Member Returned Collateral, Clearing Member Applied Collateral, Clearing House Returned Collateral and/or Clearing House Applied Collateral (as applicable).

~~(r)~~ Expressions in the Rulebook such as “furnish”, “provide”, “deposit” and “post” (and similar expressions) are used to describe the act of transferring Collateral to or, as the case may be, from, the Clearing House and, when used in conjunction with such expressions, expressions in the Rulebook such as “margin”, “cover for margin” and “collateral” (and similar expressions) are used to describe the collateral which is transferred to or, as the case may be, from, the Clearing House. Where the context so permits, references in the Rulebook to Collateral being held in an account means that the Collateral is recorded in the books and records of the Clearing House as being attributable to a particular Clearing Member or Clearing Client. References in the Rulebook to Collateral being “transferred”, “provided” or “delivered” by:

- (i) a Clearing Member to the Clearing House includes Collateral that the Clearing House has recorded in its books and records as attributable to that Clearing Member and an account of that Clearing Member with the Clearing House;
- (ii) a Custodial Segregated Client to the Clearing House includes Collateral that the Clearing House has recorded in its books and records as attributable to that

Custodial Segregated Client and the relevant Custodial Segregated Account which a Clearing Member has opened with the Clearing House in respect of such Custodial Segregated Client.

~~(s)~~ The Rulebook shall be construed such that:

(i) save as stated in sub-paragraphs (ii) and (iii), all transfers of Collateral by a Clearing Member to the Clearing House or, as the case may be, by the Clearing House to a Clearing Member are effected on an outright title-transfer basis (with there being no intention to create any form of *in rem* security interest in such collateral, and despite any references to such collateral being held by the Clearing House or a Clearing Member or in an account maintained by the Clearing House or a Clearing Member or to such collateral being credited to an account maintained by the Clearing House or a Clearing Member (or to similar concepts));

(ii) wherever non-cash Collateral is transferred by a Clearing Member to the Clearing House, it is held by the Clearing House ~~as custodian~~ for the Clearing Member ~~which transferred it~~, on and subject to the terms of the relevant Deed of Charge between the Clearing House and that Clearing Member;

(iii) wherever cash Collateral is transferred by a Clearing Member to the Clearing House, and the Clearing Member's interest in such cash Collateral (or any other cash) constitutes "Charged Property" as defined in the relevant Deed of Charge between such Clearing Member and the Clearing House, such cash ("Charged Cash Collateral") is held by the Clearing House for such Clearing Member on and subject to the terms of such Deed of Charge

~~(iii)~~(iv) wherever the Clearing House is required to return cash Collateral or Applied Collateral Excess Proceeds to a Clearing Member or a Clearing Member is required to return cash Collateral to the Clearing House, that requirement is to pay an amount of cash equal to the amount expressed to be so required to be returned; and

~~(iv)~~(v) wherever the Clearing House is required to return non-cash Collateral to a Clearing Member, that requirement is to return (unless otherwise provided in the Procedures) the same non-cash Collateral (or equivalent non-cash Collateral) as was transferred to the Clearing House by that Clearing Member and to release the same from the security created by the relevant Deed of Charge.

~~(s)~~(t) In determining the amount of Collateral which the Clearing House requires to be transferred to or from the Clearing House pursuant to the Rulebook, the Clearing House shall take into account the amount of any Collateral which has previously been determined as being required to be transferred to or from the Clearing House but which, at the time of that determination, has not been so transferred.

REGULATION 57 COLLATERALISATION OF SWAPCLEAR CTM CONTRACTS

- (a) The net present value of each SwapClear CTM Contract shall be calculated by the Clearing House for the purposes of determining required variation margin in such manner and at such times as may be provided in the Procedures. Except as prescribed in the Procedures, the net present value calculated by the Clearing House may in no circumstances be called in question.
- (b) The Clearing House shall, at least daily:
- (i) where the net present value of an outstanding SwapClear CTM Contract has moved in favour of the Clearing House since the last valuation, call on the SwapClear Clearing Member to transfer to the Clearing House cash in an amount equal to (A) the net present value to the Clearing House of the relevant SwapClear Contract minus (B) the current balance of cash Collateral provided to the Clearing House by such SwapClear Clearing Member in respect of its variation margin obligations in respect of that SwapClear CTM Contract; and
 - (ii) where the net present value of an outstanding SwapClear CTM Contract has moved in favour of the SwapClear Clearing Member since the last valuation, transfer to the SwapClear Clearing Member cash in an amount equal to (A) the net present value to the SwapClear Clearing Member of the relevant SwapClear CTM Contract minus (B) the current balance of cash Collateral provided to such SwapClear Clearing Member by the Clearing House in respect of its variation margin obligations in respect of that SwapClear CTM Contract,
- provided that:
- (iii) (A) and/or (B), as used in sub-paragraphs (i) and (ii) above, may be negative numbers where the net present value of a SwapClear Contract has moved in favour of the party that was "out of the money" at the time of the preceding valuation;
 - (iv) any time the calculation provided for in this Regulation 57(b) is performed for the first time in respect of any particular SwapClear CTM Contract that SwapClear CTM Contract shall for the purpose of sub-paragraphs (i) and (ii) above be deemed to have had a net present value of zero at the time of the preceding valuation; and
 - (v) the calculations under this Regulation 57(b) shall disregard any amount previously determined to be payable by one party to the other pursuant to Regulation 57(d) but which has not yet been so transferred.
- (c) Cash provided by the Clearing House or a SwapClear Clearing Member under Regulation 57(b) is provided by way of title transfer and, other than where the provision of cash reduces a party's current balance of cash Collateral, for the purpose of collateralising the relevant party's obligations under the relevant SwapClear CTM Contract(s).

(d) In respect of all SwapClear CTM Contracts, on every Business Day, the Clearing House shall aggregate:

(i) the sums which would otherwise have been payable by the SwapClear Clearing Member to the Clearing House as cash Collateral (in respect of variation margin obligations) on such date, any coupon payments which would otherwise have been due on that date from the SwapClear Clearing Member to the Clearing House and any other sums which would otherwise have been payable by the SwapClear Clearing Member to the Clearing House on such date (including, ~~for the avoidance of doubt,~~ any amounts due in respect of an obligation to return cash Collateral and any settlement amounts payable under a SwapClear CTM Contract or a Portfolio Margined Contract and excluding any amounts which are to be Charged Cash Collateral); and

(ii) the sums which would otherwise have been payable by the Clearing House to the SwapClear Clearing Member as cash Collateral (in respect of variation margin obligations) on such date, any coupon payments which would otherwise have been due on that date from the Clearing House to the SwapClear Clearing Member and any other sums which would otherwise have been payable by the Clearing House to the SwapClear Clearing Member on such date (including, ~~for the avoidance of doubt,~~ any amounts due in respect of an obligation to return cash Collateral which is not Charged Cash Collateral and any settlement amounts payable under a SwapClear CTM Contract or a Portfolio Margined Contract),

(in each case which are payable in the same currency and which are payable in respect of the same Client Account or the same Proprietary Account), and all such sums shall be automatically satisfied and discharged and only the excess of the larger aggregate amount over the smaller aggregate amount shall be payable by the party by whom the larger aggregate amount would otherwise have been payable.

(e) The parties acknowledge that the effect of Regulation 57(d) is that any settlement payment obligation of a Clearing Member (or of the Clearing House) under a SwapClear CTM Contract and any obligation of the Clearing House's (or of the Clearing Member) on the date of such settlement to return same-currency cash Collateral provided to it by way of variation margin in respect of that SwapClear CTM Contract will be netted against each other, with only the balance being payable in accordance with Regulation 57(d).

existence immediately following such conversion shall be the Trade Date of the SwapClear CTM Contract that was so converted.

- (i) The payment of each of the amounts due and payable under the SwapClear STM Terms applicable to a SwapClear STM Contract shall be made in such manner and at such times as may be provided in the Procedures.
- (j) In respect of all SwapClear STM Contracts the Clearing House shall:
 - (i) on each Business Day (as such term is defined in the SwapClear STM Terms relating to that SwapClear STM Contract), and to the extent that the following amounts are payable in the same currency and in respect of the same Client Account or the same Proprietary Account (as applicable), aggregate:
 - (A) the amounts (if any) payable by the SwapClear Clearing Member to the Clearing House on such Business Day in accordance with Regulation 57A(c);
 - (B) the Price Alignment Amount (if any) payable by the SwapClear Clearing Member to the Clearing House on such Business Day in accordance with Regulation 57A(f);
 - (C) the amounts (if any) of the coupon payment payable by the SwapClear Clearing Member to the Clearing House on such Business Day in accordance with the Procedures; and
 - (D) any other amounts which are payable by the SwapClear Clearing Member to the Clearing House on such Business Day (excluding any amounts which are to be Charged Cash Collateral),
 - (ii) on each Business Day (as such term is defined in the SwapClear STM Terms relating to that SwapClear STM Contract), and to the extent that the following amounts are payable in the same currency and in respect of the same Client Account or the same Proprietary Account (as applicable), aggregate:
 - (A) the amounts (if any) payable by the Clearing House to the SwapClear Clearing Member on such Business Day in accordance with Regulation 57A(c);
 - (B) the Price Alignment Amount (if any) payable by the Clearing House to the SwapClear Clearing Member on such Business Day in accordance with Regulation 57A(f);
 - (C) the amounts (if any) of the coupon payment payable by the Clearing House to the SwapClear Clearing Member on such Business Day in accordance with the Procedures (excluding any amounts which are Charged Cash Collateral); and

- (D) any other amounts which are payable by the Clearing House to the SwapClear Clearing Member on such Business Day (excluding any amounts which are Charged Cash Collateral),

and the amount payable on a Business Day to one party (the **Payee**) by the other party (the **Payer**) under Regulation 57A(j)(i) or (ii) (as applicable) shall be reduced by setting-off such amount against the amount (the **Other Amount**) payable by the Payee to the Payer under Regulation 57A(j)(i) or (ii) (as applicable). To the extent the Other Amount is so applied, the Other Amount will be discharged promptly and in all respects.

- (k) On each Business Day the Clearing House shall, to the extent that the following amounts are payable in the same currency and in respect of the same Client Account or the same Proprietary Account (as applicable) aggregate the amount that is payable by either the SwapClear Clearing Member or the Clearing House following the operation of the payment netting provision under Regulation 57(d) and the amount that is payable by either the SwapClear Clearing Member or the Clearing House following the operation of the payment netting provision under Regulation 57A(j), and only the excess of the larger amount over the smaller amount shall be payable by the party by whom the larger amount would otherwise have been payable. To the extent the smaller amount is so applied, the smaller amount will be discharged promptly and in all respects.
- (l) The Clearing House and the SwapClear Clearing Member agree that satisfaction of the payment obligation arising under the SwapClear STM Terms by either party shall discharge such obligation for the purpose of settling the then outstanding exposure under a SwapClear STM Contract.
- (m) A SwapClear Clearing Member (a **Converting SwapClear Clearing Member**) may, from time to time, submit a request, in such form as permitted by the Clearing House from time to time in its sole discretion, or in the case of a compression of the type described in Regulation 56(c)(iii) or Regulation 56(e)(iv)(A) a SwapClear Clearing Member shall be deemed to have submitted a written request (each such request, an **STM Conversion Request**) to the Clearing House requesting that the Clearing House converts one or more of its open SwapClear CTM Contracts to SwapClear STM Contracts. Such request shall identify those SwapClear CTM Contracts (the **STM Conversion Contracts**) which the SwapClear Clearing Member wishes to be converted to SwapClear STM Contracts. No open SwapClear CTM Contract shall be converted into a SwapClear STM Contract except as provided in this Regulation 57A or the Procedures.
- (n) Following its receipt of an STM Conversion Request made (or deemed to have been made) by a Converting SwapClear Clearing Member pursuant to (m) above, the Clearing House may, in its sole and absolute discretion, nominate a Business Day (the **STM Conversion Date**) from, and including which, some or all of the STM Conversion Contracts shall, subject to the satisfaction of the conditions specified in (o) below, cease to be registered as SwapClear CTM Contracts and shall immediately and automatically become registered as SwapClear STM Contracts which are subject to this Regulation 57A and the SwapClear STM Terms. For the avoidance of doubt, if

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Appendix B

Procedures Section 2E (EnClear Service)

LCH The Markets'
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LCH.CLEARNET LIMITED

PROCEDURES SECTION 2E

LCH ENCLEAR CLEARING SERVICES

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Where appropriate, LCH EnClear Clearing Members' collateral accounts are identified by a single character code: "C" for LCH EnClear Client Clearing Business collateral accounts and "H" for LCH EnClear Clearing House Business collateral accounts.

Position accounts will map to either a LCH EnClear Clearing Member's "C" account or "H" account, as specified by that Member.

Each client "C" position-keeping account and the client "C" collateral account of a Clearing Member may hold any number of segregated sub-accounts. Each Individual Segregated Account of the Clearing Member will map onto one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account and each Omnibus Segregated Account will map onto one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account.

~~At the Clearing House's discretion, further accounts may be opened as follows:~~

	Code
Buffer account (House), used for holding House Excess	B
Buffer account (Client), used for holding Client Excess	E

1.2.4 Other Accounts

~~The Clearing House may, at its discretion, open further accounts.~~

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~~1.2.4.1.2.5~~ Default Fund (DF) Account

Each Clearing Member's Default Fund Contribution is held in a separate account. In accordance with the Default Rules this account attracts a higher rate of interest at 3 month LIBOR + 1%. The Default Fund account code is "F".

1.3 Margin and Collateral

1.3.1 Initial Margin

Separate initial margin calculations are performed for a Clearing Member's Proprietary Account and for each Client Account which is a sub-account of a Clearing Member's client "C" account. No offset between the "C" and the "H" accounts is allowed and, except pursuant to a Cross-ISA Client Excess Deduction, no offset is allowed between any Client Accounts.

Margin obligations for each account are calculated net, meaning that if long and short positions are held in the same delivery month, the initial margin requirement is calculated by reference to the net position.

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Appendix C

Procedures Section 2J (Listed Rates Service)



LCH.CLEARNET LIMITED

PROCEDURES SECTION 2J

LISTED INTEREST RATES CLEARING SERVICE

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message format and manner acceptable to the Clearing House. Trades that exceed pre-set trade limits are held within the Clearing System, pending confirmation of acceptance by the Clearing House.

Each Listed Interest Rates Clearing Member authorised to participate in the Listed Interest Rates Clearing Service must be familiar with the operating procedures and deadlines of each Rates Exchange in respect of which it has been approved by the Clearing House.

1.3.2 *Intra-Day Registration*

The Clearing House registers all Listed Interest Rates Contracts on an intra-day basis.

1.3.3 *Risk Pending Trades*

Except as otherwise required by applicable law and regulation, trades presented to the Clearing House for registration can be validated against a number of risk parameters, including quantity, price, premium, strike price, trade value or mark-to-market profit/loss parameters – (“**Risk Parameters**”). Any trades that fall outside of the validation parameters will enter a pending state (the “**Risk Pending Queue**”) and require validation by Risk Management before being accepted or rejected by the Clearing House.

The Risk Parameter ranges are set by Risk Management and can be amended during periods of low or high volatility to capture or avoid suspension of trades which are within the day’s trading range.

1.3.4 *Conditions for Acceptance of Risk Pending Trades*

Except as otherwise required by applicable law and regulation, registration of trades held in the Risk Pending Queue is conditional on the transfer of sufficient Collateral to the Clearing House. ~~The Clearing House will first consider any surplus Collateral held, any surplus Collateral in respect of credit variation margin, and any net credit Collateral in respect of variation margin for new business, before requesting additional Collateral from a Clearing Member. Margin in this case is net debit variation margin in respect of the pending trades, calculated automatically by the system with reference to the previous day's closing price or premium.~~

If the Clearing House decides that additional Collateral is required it will advise the Listed Interest Rates Clearing Member as soon as possible. The currency and method of funds transfer, or type of Collateral to be provided, will be agreed between the Clearing House and the Listed Interest Rates Clearing Member. Only when the Clearing House has received the Collateral or has received confirmation from the transferring bank that the cash Collateral has been, or is, in the process of being transferred will it accept the pending trade.

The Clearing House will carry out the process of accepting pending trades on an hourly basis throughout the day, or more frequently where possible. The acceptance process will apply to both sides of a trade at the same time.

It is the responsibility of each Listed Interest Rates Clearing Member to ensure that any trades likely to require acceptance are input as early as possible in the day; and that either sufficient surplus Collateral is maintained with the Clearing House ~~(to meet debit variation margin obligations arising from pending trades)~~ or arrangements are in place to meet additional calls for Collateral. Trades not accepted by the Clearing House will not be registered. In order to achieve registration the trade must be re-submitted (in accordance with the relevant Rates Exchange Rules) the next business day, when the same process will apply.

1.3.5 *Rejected Listed Interest Rates Novation Transactions*

Except as otherwise required by applicable law and regulation, Listed Interest Rates Novation Transactions submitted for registration which:

- (a) do not meet the relevant eligibility criteria for Listed Interest Rates Eligible Products or other registration criteria where applicable; or
- (b) contain invalid or incomplete message data; or
- (c) for any other reason are not eligible for registration,

will be held pending clarification by the Clearing House.

The Clearing House will then contact the Listed Interest Rates Clearing Members concerned and/or the operator of the relevant Rates Exchange in order to seek to rectify the problem. It may be the case that the problem can be resolved and the trade re-submitted for registration. If, however, the trade still falls within any of paragraphs (a) to (c) above, and the Clearing House does not register that trade, the submitting Listed Interest Rates Clearing Members will be contacted and notified of the reason for rejection.

Listed Interest Rates Novation Transactions must be executed, matched and submitted for registration prior to the relevant Rates Exchange deadline for registration. Any Listed Interest Novation Transactions submitted after that time will be rejected.

Listed Interest Rates Clearing Members should note that when a trade is rejected by the Clearing House, no Listed Interest Rates Contracts arise between the Clearing House and the Listed Interest Rates Clearing Members concerned. Subject to Regulation 52(e), the Clearing House has no liability in respect of such rejection.

1.3.6 *Novation / Open Offer*

Novation replaces each Listed Interest Rates Novation Transaction executed between Listed Interest Rates Clearing Members with two separate contracts, one between the Listed Interest Rates Clearing Member-seller and the Clearing

House and the other between the Listed Interest Rates Clearing Member-buyer and the Clearing House.

The Clearing House may also provide an open offer in respect of Listed Interest Rates Eligible Products listed for trading on one or more Rates Exchanges. Pursuant to this “open offer”, once particulars in respect of any such Product are matched on the Rates Exchange and submitted to the Clearing House, then, subject to the requirements for acceptance set out in the Listed Interest Rates Regulations, a Listed Interest Rates Contract will be registered between the Listed Interest Rates Clearing Member-seller and the Clearing House as buyer and a second Listed Interest Rates Contract will be registered between the Listed Interest Rates Clearing Member-buyer and the Clearing House as seller.

Novation is described in Regulation 12 (*Novation*) and Regulation 98; the Clearing House’s open offer arrangements are described in Regulation 97.

1.3.7 *Notification*

All registered contracts are listed on the Clearing Member Statement available via the Member Reporting website. Listed Interest Rates Clearing Members participating in the Portfolio Margining Service will also be notified via the Member Reporting website of transfers of Identified Off-Setting Listed Interest Rates Contracts as described more fully in Section 2C (SwapClear) of the Procedures.

1.4 **Proprietary Accounts and Client Accounts**

1.4.1 *Proprietary Accounts*

A Listed Interest Rates Service Clearing Member may request that the Clearing House opens one or more Proprietary Accounts in respect of its House Clearing Business.

Each Proprietary Account will map to two sub-accounts

- (i) a position account; and
- (ii) a collateral account.

1.4.2 *Client Accounts*

(i) *Types of Client Account*

Subject to Regulation 11 (*Client Clearing Business*) of the General Regulations and Section ~~1.141.10~~ (~~Listed Interest Rates Client Clearing~~*Listed Interest Rates Client Clearing*) below, a Listed Interest Rates Clearing Member may request that the Clearing House opens, in respect of its Client Clearing Business, one or more:

- (A) Individual Segregated Accounts;
- (B) Non-Identified Client Omnibus Net Segregated Account;

one such segregated sub-account in the client "C" position-keeping account and one such segregated sub-account in the client "C" collateral account.

1.4.5 Other Accounts

The Clearing House may, at its discretion, open further accounts.

~~In some cases at the Clearing House's discretion, further accounts may be opened as follows:~~

	<u>Code</u>
Additional Margin accounts, used for holding House Excess	B
Additional Margin accounts, used for holding Client Excess	E

1.4.6 Default Fund (DF) Account

Each Listed Interest Rates Clearing Member's Default Fund Contribution is held on a separate account. The Default Fund account code is 'F'.

1.5 Margin and Collateral

1.5.1 *Initial Margin*

Separate initial margin calculations are performed for a Listed Interest Rates Clearing Member's Proprietary Account and for each Client Account. No offset between the Proprietary Accounts and the Client Accounts is allowed (except pursuant to Rule 8(d) of the Default Rules or any Insufficient Resources Determination Rule) and no offset between any Client Accounts is allowed (except pursuant to Rule 15(a)(ii) of the Default Rules, a Cross-ISA Client Excess Deduction or any Insufficient Resources Determination Rule).

Margin requirements in respect of each Listed Interest Rates Contract are calculated net per account, meaning that if long and short positions are held in the same account in the same delivery month for futures, or the same series for options, the initial margin requirement is calculated by reference to the net position in the Listed Interest Rates Eligible Product. The Clearing House will calculate an account's net position in respect of any Designated Listed Interest Rates Contract by reference to all trading in such Contract on Designated Rates Exchanges.

(a) *Initial Margin Parameters*

Initial margin parameters are set by the Clearing House after consultation with the relevant Rates Exchange(s). However, in accordance with the Regulations, the Clearing House retains the right at its discretion to vary the rates for the whole market or for a Clearing Member's accounts.

Clearing Members will be notified by the Clearing House of alterations to initial margin parameters no later than the day before PPS Calls are made based on the new rates.

the appointed Backup Client all of the open Related Listed Interest Rates Contracts and the balance of the Collateral recorded by the Clearing House as being credited to the relevant Indirect Omnibus Segregated Account (a "**Client to Client Porting**"); or

- (b) transfer the relevant Related Listed Interest Rates Contracts from the relevant Indirect Omnibus Segregated Account to a new Omnibus Segregated Account opened within the Clearing House by the relevant Listed Interest Rates Clearing Member directly on behalf of the relevant clients (a "**Direct Account Opening**").

The Clearing House will determine whether a Client to Client Porting or a Direct Account Opening is possible within the period of time considered by the Clearing House (in its sole discretion) to be appropriate in the relevant circumstances and published on its website in relation to the relevant Listed Interest Rates Clearing Client. In the event of a determination by the Clearing House that the relevant step is impossible (an "**Impossibility Determination**"), the Clearing House will arrange a transfer of the Related Listed Interest Rates Contracts to the Listed Interest Rates Clearing Member's Proprietary Account (a "**Fallback Transfer**").

1.15.2 Each of the steps referred to in paragraphs ~~1.15.1(a)~~ and ~~1.15.1(b)~~ above and any Fallback Transfer will be subject to receipt by the Clearing House of the following:

- (a) a copy of the notice from the relevant Listed Interest Rates Clearing Member to the relevant Listed Interest Rates Clearing Client or from the relevant Listed Interest Rates Clearing Client to the relevant Listed Interest Rates Clearing Member, copied to each of the relevant Indirect Clearing Clients, designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event;
- (b) a copy of a notice served by the relevant Listed Interest Rates Clearing Member on the relevant Listed Interest Rates Clearing Client and copied to each of the relevant Indirect Clearing Clients, alerting that Listed Interest Rates Clearing Client and those Indirect Clearing Clients (i) of its intention to request a Client to Client Porting or a Direct Account Opening (as applicable) in respect of the relevant Related Listed Interest Rates Contracts; and (ii) that, in the event of an Impossibility Determination in respect of a request for Porting or a Direct Account Opening, a Fallback Transfer is likely to occur; and
- (c) an indemnity from the relevant Listed Interest Rates Clearing Member in a form suitable to the Clearing House.

Unless contested by the relevant Listed Interest Rates Clearing Client, the Clearing House will usually arrange a transfer of Related Listed Interest Rates Contracts in the case of a Fallback Transfer, within 24 hours of the relevant Impossibility Determination.

For the purposes of this Section ~~1.151-11~~, a "**Related Listed Interest Rates Contract**" means in respect of a transaction between a Listed Interest Rates Clearing Member and a Listed Interest Rates Clearing Client which has been terminated on an early termination date, the open position represented by the Listed Interest Rates Contract entered into with the Clearing House by such Listed Interest Rates Clearing Member on behalf of the relevant Listed Interest Rates Clearing Client on equal and opposite terms to such transaction, save that, in this Section ~~1.151-11~~, the Listed Interest Rates Clearing Client is acting on behalf of Indirect Clearing Clients comprising an Indirect Omnibus Segregated Account.

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Appendix D

Procedures Section 3 (Financial Transactions)



LCH.CLEARNET LIMITED
PROCEDURES SECTION 3
FINANCIAL TRANSACTIONS

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Details of Collateral balances, valuations and instructions are available using the ~~CMS on-line Collateral Management System ("CMS")~~.

1.1.4 **Ledgers**

Each collateral account may comprise one or more ledgers including:

~~(a) —~~

~~(a) —~~ non-cover ledger (~~which is used to record (i) for eCoupons received~~ on securities held as Collateral, and ~~(ii) NPV and coupon payments~~ relating to SwapClear ~~Contracts which are forward rate agreements~~ ~~FRA cash flows~~, ~~(iii) fees, charges, levies and rebates~~, and ~~(iv) interest on cash balances~~); and

~~(b) —~~

~~(e)(b) —~~ cover ledger (~~which is used to record for~~ all other items).

Liabilities arising from trading activity are recorded against the relevant collateral account only. ~~Ledgers are used to record cash movements between the Clearing House and the Clearing Member. Postings may be applied to collateral, tender and other ledger accounts.~~

1.1.5 **Default Fund Account**

Each Clearing Member will be provided with a Default Fund ("DF") account for each Service in which it participates.

1.2 **Financial Transaction Reporting**

Banking reports are generated each day and provide ~~Clearing M~~members with data relating ~~(to but not limited) to:~~ liabilities by market, cash balances, non-cash balances, cash posting and interest rates.

All reports are available via the ~~Clearing Member R~~eporting ~~W~~web ~~S~~ite (~~Member Live site~~) and can be downloaded via the user interface or directly to ~~a Clearing Member's~~ back office systems via an SFTP connection.

Details of valuations, Collateral instructions and cash and non-cash balances are available through CMS.

A "Banking Reports Reference Pack" can be requested from the Clearing House. This contains definitions and examples of each of the available reports.

1.3 **Protected Payments System (PPS)**

The Clearing House operates a direct debit system, known as the ~~P~~rotected ~~P~~ayments ~~S~~ystem ("PPS"), for the transfer of funds to and from Clearing Members.

PPS is operated in London ("UK PPS"), the United States ("US PPS") and Australia ("Australian PPS").

Clearing Members should note that the PPS (in each location mentioned above) is a system for facilitating payment to the Clearing House of moneys due from Clearing Members to the Clearing House and vice versa. The giving of a commitment by a participating bank through PPS to make any payment, and the receipt of that commitment by the Clearing House, is not to be regarded as satisfaction of any payment due to the Clearing House.

Each Clearing Member remains fully responsible for the payment to the Clearing House of all moneys due to the Clearing House as required, *inter alia*, by the Clearing Membership Agreement, clearing extension documentation and the Regulations, Default Rules and Procedures. Payment will only be recognised for this purpose if the relevant PPS Bank (i) has performed its concentration function (being the transfer of net funds from the PPS bank to a central account in the name of the Clearing House), and (ii) any time permitted by the relevant payment system for the recall of any such payment has expired; or funds received have been paid out to another Clearing Member using the same PPS bank.

Where payments are due to a Clearing Member, payments will be recognised by the Clearing House ~~has~~ having been made as soon as payment instructions in respect of that payment have been given to a PPS bank. For this purpose, a payment instruction will only be recognised to the extent that the Clearing House has taken steps to transfer to the PPS bank any such sums as may be necessary to enable that payment instruction to be performed by the PPS bank.

1.3.1 *PPS Mandates*

(a) *Introduction*

A Clearing Member is required to maintain a PPS bank account(s) in the currency or currencies in which it makes Contributions, and for each currency in which it incurs settlements, at one or more of the bank branches participating in the PPS system in London. As an exception, an Australian PPS bank may be used for all AUD settlement and margin payments. All PPS calls and payments in AUD will be settled using Australian PPS where the Clearing Member has opted to use Australian PPS.

Clearing Members may use different banks for different currencies.

Each Clearing Member is also required to maintain at least one US dollar PPS account with at least one of the US PPS banks.

Please refer to the following link for details: <http://www.lch.com/risk-collateral-management/collateral-management/protected-payments-system>.

Clearing Members are responsible at all times for ensuring that their PPS bank accounts have sufficient funds or credit lines to be able to meet margin calls from the Clearing House.

alia, by the Clearing Membership Agreement, clearing extension documentation and the Regulations, Default Rules and Procedures. Payments will only be recognised for this purpose if the relevant bank (i) has performed its concentration function (being the transfer of net funds from the bank to a central account in the name of the Clearing House), and (ii) any time permitted by the relevant payment system for the recall of any such payment has expired; or funds received have been paid out to another member using the same PPS bank.

(d) *Operating Days and Bank Holidays*

USD payments are supported during Hong Kong public holidays when the US is open.

Members may be required to transfer additional cash Collateral on any day that the markets and the Clearing House are open.

Therefore the Clearing House can instruct a USD payment on a public holiday in Hong Kong and receive good value (except on a US currency holiday when margin will be collected once UK PPS opens in UK business hours or if the Clearing House considers that internal measures of credit tolerance may be breached, additional Collateral can be requested ahead of US bank holidays).

(e) *Value Date*

Clearing Members must meet these margin calls for all USD working days even if it is a Hong Kong holiday, if the markets are open.

Each Clearing Member remains fully responsible for the payment to the Clearing House of all moneys due to the Clearing House as required, *inter alia*, by the Clearing Membership Agreement, clearing extension documentation and the Regulations, Default Rules and Procedures.

Payment is only completed when the funds have been credited for the full value to the Clearing House bank account, at the nominated Hong Kong bank, and at the point in time when the Clearing House is able to verify that the funds are within the account.

1.4 Acceptable Forms of Collateral

The Clearing House accepts certain types of Collateral ~~as determined by~~ ~~in~~ the Clearing House ~~from time to time.~~ ~~'s prescribed form against liabilities.~~ Please refer to the following link for further details: <http://www.lchclearnet.com/risk-collateral-management/collateral-management/acceptable-collateral>

The Clearing House may vary, at its discretion, the standard requirements and valuation procedures set out in this Section 1.4, either generally or in a particular case, without giving prior written notice to Clearing Members. Further, the Clearing House may vary the types of Collateral acceptable to it.

1.4.1 **Cash**

In order not to fall within the scope of deposit-taking regulations applying to banks and similar institutions, the Clearing House can accept cash from Clearing Members only in relation to current or anticipated obligations.

Cash used as Collateral need not be provided in the same currency as that of the liability. In such cases, currencies will be notionally converted with reference to quoted exchange rates determined at approximately 16:45 London time the previous business day.

Clearing Members must give the Clearing House's Treasury Operations no less than two business days' notice of their intention to substitute existing cash Collateral with non-cash Collateral or cash Collateral in a different currency where the amount of cash is GBP 50 million ~~GBP~~ or greater. Where a Clearing Member fails to give such notice, the Clearing House may decline to transfer or release the cash Collateral to be withdrawn until the end of the required notice period.

1.4.2 **Securities**

Please refer to the following pages on our website for both prevailing haircuts and notes on Collateral acceptable to the Clearing House:

http://www.lchclearnet.com/risk_management/ltd/acceptable_collateral.asp

1.4.3 **Value Notification**

Clearing Members may obtain details on the value ascribed to non-cash Collateral recorded to their account via:

- (a) the relevant reports available on the Clearing House website portal;
- (b) the CMS; and/or
- (c) SWIFT message sent from the Clearing House to the relevant Clearing Member.

1.4.4 **Use of Credits as Collateral**

The following credit amounts are not paid in cash, but may (subject to the restrictions described below) be offset against certain specific margin obligations, with the result that the relevant Clearing Member will need to provide less Collateral in respect of those margin obligations:

- (a) EquityClear credit contingent margin may be used to offset EquityClear debit contingent variation margin and initial margin across currencies;
- (b) LSEDM credit contingent variation margin (for forwards) and credit net liquidating value may be used to offset LSEDM debit contingent variation

margin, debit net liquidating value and initial margin across currencies;
and

- (c) EnClear credit net liquidating value may be used to offset EnClear debit net liquidating value and initial margin across currencies; and
- (d) Rates Exchange credit contingent variation margin may be used to offset Rates Exchange debit contingent variation margin and initial margin across currencies.

1.5 Distribution of Collateral

The following ~~p~~**rocedures** are not in any way intended to restrict, vary, or alter the Clearing House's rights to apply **any** Collateral held **by it** ~~(including any described in Clearing House reports/records as "unutilised" or "excess")~~ to meet the Clearing Member's liabilities/ **and** obligations to the Clearing House.

1.5.1 Collateral Application

In the absence of a Clearing Member election, the Clearing House will apply Collateral (in turn) to each liability in the following order:

- (a) non-cash Collateral denominated in the same currency as the liability;
- (b) non-cash Collateral denominated in other currencies, in the following order:
 - (i) GBP;
 - (ii) USD;
 - (iii) CHF;
 - (iv) EUR;
 - (v) JPY;
 - (vi) SEK;
 - (vii) CAD;
 - (viii) NOK
 - (ix) DKK,
 - (x) AUD; then
- (c) cash Collateral in the same currency as the liability; then

1.6 Interest on Cash Balances and Accommodation Charges

1.6.1 *Interest Rates*

The Clearing House applies interest to Clearing Member's cleared cash balances as published on the Clearing House's website. This provision 1.6.1 does not deal with Price Alignment Interest, which is covered by the applicable provisions of Section 2C of the Procedures ~~Section 2C~~ (SwapClear Clearing Service).

1.6.2 *Payment of Interest and Charges*

Interest and accommodation charges are charged monthly, from the last day of the previous month to the penultimate day of the current month. Interest and accommodation charges are calculated on a daily basis and the resultant monthly total is posted to the relevant collateral account(s) of the Clearing Member for value on the third business day following the penultimate day of the month. A VAT invoice is also issued on the third business day of each month detailing the interest and accommodation charges applicable for the previous month. Separate invoices are issued for each currency which can be found on the Member Reporting Website. Accommodation charges are published on the Clearing House's website.

VAT is charged, dependent on contract and accommodation charges, at current rates. On foreign currency amounts VAT is charged in sterling on the converted value of any relevant charges. The sterling collateral account shows separate postings for sterling VAT amounts arising from foreign currency charges.

The net invoice value for each currency is posted to the relevant collateral account for value on the second working day for the relevant currency of the month succeeding the month in which the charges arose.

The invoice provides detail in respect of:

- (a) interest due to be credited or debited; and
- (b) accommodation charges.

VAT on accommodation charges is subject to the standard rate; some markets may be excluded.

1.6.3 Cash Balance Interest Rate

The Clearing House applies interest to a Clearing Member's cleared cash balances. The following rates are applied:

- (a) LDR – London Deposit Rate – the rate at which the Clearing House will pay or charge interest on credit cash balances (excluding Contributions). The LDR calculation methodology utilises published market rates minus a spread. The current spread rates are published on the Clearing House's website at the following link:
http://www.lch.com/fees/ltd/custody_services.asp; and

LCH Rule Submission

Appendix E

Procedures Section 4 (Collateral)



LCH.CLEARNET LIMITED
PROCEDURES SECTION 4
MARGIN AND COLLATERAL

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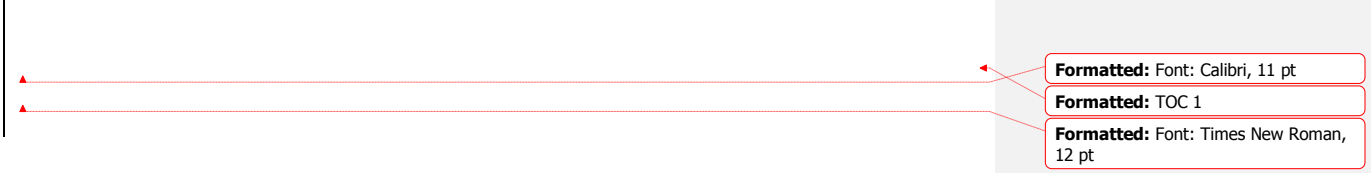
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1. Collateral

1.1 GENERAL INFORMATION

The Clearing House is, at its sole discretion, entitled to determine what will be acceptable to it as Collateral and to determine when collateral will cease to be acceptable as Collateral.

If any cash, instrument or security, lodged in accordance with any of the following Procedures, is in any way found to be unacceptable, it will immediately be given a zero value for the purposes of calculating the value of the Clearing Member Current Collateral Balance (the "**Current Collateral Value**").

1.1.1 Instructions

The Clearing House accepts instructions to lodge, release and transfer cash, securities and triparty Collateral via ~~the online Collateral Management System ("CMS"). Instructions for other types of Collateral must be sent via fax using the appropriate form in the Schedules. The lodgement/release forms must be sent in by fax and email to its online CMS and/or any other operational process the Clearing House determines.~~

If there is an outage of the CMS, a Clearing Member may send certain instructions using the appropriate form in the Schedules of these Procedures, by fax and email to:

Email to: collateral.ops.uk@lchclearnetlch.com
Fax: +44 (0)20 7375 3518

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Collateral Operations can be contacted on +44 (0)20 7426 7593.

The Clearing House is entitled to act upon ~~CMS instructions and faxed~~ instructions or communications appearing to have been issued by, or on behalf of, or to have come from, a Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:

- (a) to be inaccurate, whether in whole or in part; or
- (b) not to have been given by the Clearing Member or ~~a client or~~ with the authority of the Clearing Member ~~or client~~.

The Clearing House will only accept delivery of non-cash Collateral from a Clearing Member in accordance with these Procedures, and will not sell or purchase ~~or~~ cash or non-cash Collateral for Clearing Members, except in so far as it is acting under its Default Rules and related Regulations or in relation to Exchange Rules.

The Clearing House reserves the right to require a Clearing Member to execute revised versions of the Deed of Charge and Client Consent documentation whenever the Clearing House, at its sole discretion, considers that it would be appropriate to do so.

The Clearing House reserves the right to change the information required on instructions received via the CMS; whenever the Clearing House, at its sole discretion, considers that it would be appropriate to do so.

1.1.2 Excess Collateral

The Clearing House shall, at least once on each business day, notify each Clearing Member of the Required Margin Amount and the Total Required Margin Amount.

If a Clearing Member's Current Collateral Value exceeds the sum of that Clearing Member's Total Required Margin Amount and any other amounts which the Clearing Member is required to transfer to the Clearing House under Applicable Law (such excess being referred to in this Section 1.1.2 as the "excess collateral value"), then that Clearing Member may, in accordance with Sections 1.3 and 1.4 of the Procedures and/or any other operational process the Clearing House determines, request that some or all of the Collateral comprising its Clearing Member Current Collateral Balance (other than any Client Collateral) having a value not exceeding the excess collateral value (such Collateral being referred to in ~~this Section 1.1.2~~ these Procedures as "excess collateral") be returned or repaid by the Clearing House to, or to the order of, that Clearing Member. For the avoidance of doubt, for the purposes of determining whether there is an excess collateral value (for the purposes of this Section 1.1.2) at the time of the Clearing Member's request, the Clearing Member's Total Required Margin Amount shall not include the amounts of any margin requirements from the Clearing Member to the Clearing House (whether or not demanded of the Clearing Member) in respect of which the time for performance has not occurred at the time of such request.

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In the event that the Clearing House expressly notifies the Clearing Member of a positive excess collateral value and that the Clearing House intends to levy a charge in respect of the excess collateral with effect from a date notified in that notification, and the Clearing Member does not take all reasonable steps to eliminate the positive excess collateral value before the date so notified, the Clearing House may, in its discretion, but only from the date so notified, charge the Clearing Member in respect of the excess collateral at the rate of 1 basis point per day until the excess collateral is eliminated. Payment of this charge shall be collected on a monthly basis through that Clearing Member's PPS sterling account.

If the Clearing House has received a request to return excess collateral, the Clearing House shall promptly take such steps as are necessary ~~in accordance with Section 1.4 of the Procedures~~ to transfer the amount of excess collateral

specified in that request to or to the order of the relevant Clearing Member in respect of each account held by the Clearing Member with the Clearing House, provided that:

- (a) ~~(a)~~—the Clearing House shall only be obliged to take such steps with respect to any Collateral pursuant to this Section 1.1.2 ~~to the extent that it constitutes excess collateral;~~
- (i) ~~to the extent that it constitutes excess collateral;~~
- (ii) ~~if the Clearing Member is not a Defaulter;~~
- (iii) ~~to the extent the Clearing House is permitted to take such steps and make such transfer under Applicable Law and the contractual provisions of any relevant Depository;~~
- (iv) ~~if the Clearing House considers it is not necessary or desirable to retain such Collateral in order to effect (or seek to effect) a transfer of Contracts and Collateral from an account of a Clearing Member to another account of a Clearing Member or FCM Clearing Member in accordance with the Rulebook, the FCM Regulations, the FCM Procedures and/or any relevant Collateral Management Agreement; and~~
- (v) ~~if there is no overnight margin and/or cash call (including an EOD Margin Run call) in respect of the relevant Clearing Member which remains outstanding.~~
- (b) where the Clearing Member has requested that non-cash Collateral of a particular type in respect of an account be transferred, the Clearing House shall transfer such non-cash Collateral unless it determines, acting in a commercially reasonable manner, that transferring such non-cash Collateral would result in the Clearing House being unable to satisfy its policies on concentration limits in respect of the various types of non-cash Collateral held by it from time to time ("**Concentration Limits**"), ~~in which case it shall (to the extent that alternative excess collateral is held in, or attributed to, such account and subject to the satisfaction of the Concentration Limits and any Cash Requirement (as defined in Section 1.1.2(c) below) in respect of the account) transfer Collateral of a different type which has the same value as the requested Collateral and which, in the case of non cash Collateral, has been transferred to the Clearing House by that Clearing Member in respect of that particular account"), in which case the Clearing House shall notify the Clearing Member thereof and shall not be obliged to transfer the requested non-cash Collateral; and~~
- (c) where the Clearing Member has requested that cash Collateral of a particular currency in respect of an account be transferred, the Clearing House shall transfer such cash Collateral unless it determines, acting in

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a commercially reasonable manner, that transferring such cash Collateral would result in the account not satisfying the Clearing House's requirement for a minimum amount of cash Collateral in a particular currency to be held in, or attributed to, such account ("**Cash Requirement**"), in which case the Clearing House shall notify the Clearing Member thereof and shall not be obliged to transfer the requested cash Collateral.

~~Whether or not an excess collateral value exists in respect of an account of a Clearing Member, a Clearing Member may request that any cash amounts that are subject to the relevant Deed of Charge (such as, for example, interest payments received in connection with non-cash Collateral) be released from such charge and transferred to the Clearing House to be held as cash Collateral in respect of an account of that Clearing Member (a "**Cash Transfer Request**").~~

~~If the Clearing House has received a Cash Transfer Request, the Clearing House may, in its sole discretion, release the cash amount to which that Cash Transfer Request relates from the Deed of Charge and treat that cash as having been transferred to the Clearing House by the relevant Clearing Member as cash Collateral in respect of the relevant account.~~

1.1.3 *Substitution of non-cash Collateral*

At any time, a Clearing Member may notify the Clearing House in accordance with Sections 1.3 and 1.4 of ~~these~~ Procedures that it wishes to substitute any non-cash Collateral in respect of an account which is subject to ~~the charge referred to in Section 1.2.1 of the Procedures~~ a Deed of Charge (the "**Original Collateral**") with replacement Collateral in respect of such account having a value not less than the Original Collateral (the "**New Collateral**") (such request being a "**Substitution Request**").

If the Clearing House has received a Substitution Request, it shall, promptly following the Clearing House being satisfied that the New Collateral has been transferred to the Clearing House in accordance with Section 1.3 and 1.4, take such steps as are necessary to transfer such Original Collateral to or to the order of the Clearing Member in respect of that particular account, provided that, if the Clearing House determines, acting in a commercially reasonable manner, that following such substitution the Clearing House would be unable to satisfy its Concentration Limits, it shall notify the Clearing Member thereof and shall not be obliged to transfer the Original Collateral. ~~If a Substitution Request is rejected, any New Collateral already transferred to the Clearing House in connection with that request shall be returned to the relevant Clearing Member as soon as reasonably practicable and in any case no later than two business days from the rejection of the relevant Substitution Request.~~

1.1.4 *Lodgement of non-cash Collateral as replacement for cash Collateral*

Clearing Members must give the Clearing House's ~~Treasury Collateral~~ Operations no less than two business days' notice of their intention to transfer to the Clearing House non-cash Collateral with a value of £50 million sterling

or more, and which is reasonably likely to have the effect that cash Collateral of a similar value is repayable by the Clearing House to that Clearing Member as a result of such transfer. ~~Treasury-Collateral~~ Operations must be advised no later than 15:30 two business days prior to the transfer. In the event that a Clearing Member requests the return of such cash Collateral without giving such notice, the Clearing House will decline to release such cash Collateral until the end of the required notice period. The Clearing House may extend the required notice period or vary the minimum Collateral value by written notice to Clearing Members.

1.1.5 *Force Majeure*

The Clearing House will not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to Clearing Members with regard to ~~non-cash~~ Collateral where such failure, hindrance or delay arises from causes beyond the control of the Clearing House, such as (but not limited to) the failure (whether partial or total), interruption or suspension of any ~~Collateral Agent, depository or custodian or other service ("depository")~~ Depository that the Clearing House is using; the termination or suspension of the Clearing House's membership or use of ~~any the~~ Depository or any variation of ~~the a~~ Depository's operational timetable, whether or not occasioned by action of the ~~depository~~ operator or any other party; ~~or~~ any embargo, unavailability or restriction of bank transfer systems or wires; ~~or~~ malfunction or overload of ~~any the~~ Depository; ~~or~~ any other emergency. This provision is without prejudice to the *force majeure* provisions of Clearing Members' agreements with the Clearing House.

1.1.6 *Regulatory and Supervisory Information*

In every case, the Clearing House will be entitled to supply a ~~depository or Collateral Agent~~ with all the information it requires for any purposes relating to a Clearing Member or a Clearing Client, or relating to ~~non-cash~~ Collateral received by the Clearing House from a Clearing Member or a Custodial Segregated Client which is, or may at any time have been, held by the ~~depository or Collateral Agent. Non-cash~~ Collateral that a Clearing Member or a Custodial Segregated Client provides to the Clearing House and that is subject to a Deed of Charge or Client Charge will be lodged and held with such ~~depository or other systems~~ as the Clearing House may select or allow, subject to the conditions of such ~~Depository systems~~, to any Applicable Law and subordinate rules relating thereto, as well as to the terms of the relevant Deed of Charge, Client Charge, Collateral Management Agreement, charge documentation and these Procedures.

~~1.1.7 Interest Payments (coupons)~~

1.1.7 Coupons

The Clearing House will ~~remit interest amounts~~ record coupons that arise in respect of non-cash Collateral of a Clearing Member, taking into account any withheld tax, ("Coupons") to such Clearing ~~Members'~~ Member's relevant ~~PPS bank~~ Client Account or Proprietary Account and to the non-cover ledger within

~~such account (see Section 1.1.4(a)(i) of Section 3 of the Procedures (Financial Transactions)) on the appropriate valuepayment date, except where such and such Coupons will be cash Collateral forming part of the Clearing Member is a Defaulter~~ Current Collateral Balance of such Client Account or Proprietary Account.

~~Any payment made under this Section 1.1.7 is processed using "Tender" ledgers designated "I" for Proprietary Accounts or "L" for Client Accounts.~~

~~Other~~ The Clearing House will promptly on or after the appropriate payment date take such steps as are necessary to transfer Coupons to the relevant Clearing Member (except Coupons which are automatically transferred to such Clearing Member by operation of a triparty transaction), provided that the Clearing House shall only be obliged to take such steps pursuant to this Section 1.1.7:

- (a) to the extent that they constitute excess collateral;
- (b) if the Clearing Member is not a Defaulter;
- (c) to the extent the Clearing House is permitted to take such steps and make such transfer under Applicable Law and the contractual provisions of any relevant Depository;
- (d) if the Clearing House considers it is not necessary or desirable to retain such Coupons in order to effect (or seek to effect) a transfer of Contracts and Collateral from an account of a Clearing Member to another account of a Clearing Member or FCM Clearing Member in accordance with the Rulebook, the FCM Regulations, the FCM Procedures and/or any relevant Collateral Management Agreement; and
- (e) if there is no overnight margin and/or cash call (including an EOD Margin Run call) in respect of the relevant Clearing Member which remains outstanding.

1.1.8 Charges

The Clearing House will collect any ~~other~~ charges incurred as deemed necessary using PPS. Examples of such charges may include a ~~Collateral Agent's~~ collateral agent's overnight custody charge, transfer charges or any charges relating to the movement of non-cash Collateral. For a list of the Clearing House's ~~Custody~~ custody services fees, please refer to: <http://www.lchclearnet.com/members-clients/members/fees-ltd/custody-services> ~~http://www.lch.com/members-clients/members/fees-ltd/custody-services~~

1.2 DOCUMENTATION

1.2.1 *Deed of Charge*

Clearing Members wishing to transfer non-cash Collateral to the Clearing House must complete and maintain a Deed of Charge ~~for the relevant type of Collateral (e.g. securities).~~ This document establishes a fixed charge over the Clearing Member's interests pursuant to the custody relationship which arises upon specified non-cash Collateral being transferred into an account with the Clearing House by the Clearing Member. The document is required to be executed in accordance with the instructions which accompany it. The Deed of Charge covers inter alia, non-cash Collateral that is transferred to the Clearing House via bilateral settlement or via triparty arrangements. ~~For triparty arrangements using US domiciled custodians an equivalent to the Deed of Charge is incorporated within the relevant triparty agreement documentation.~~ To operate triparty arrangements with the Clearing House ~~an~~ additional Collateral Services Agreement (or equivalent) documentation must also be executed with the relevant triparty provider.

~~The Deed of Charge documentation~~ is available from the Clearing House ~~Risk Department and should be returned on completion to that department.~~ Where a Clearing Member transfers non-cash Collateral to the Clearing House ~~to cover both in respect of~~ a Proprietary Account and a Client Account, it must execute two separate Deeds of Charge.

1.2.2 *Segregation Rules*

Instructions relating to transfers and requests for the return of Collateral must indicate the particular account to which they relate. Any Collateral transferred to the Clearing House in respect of an account will be applied against the Clearing Member's ~~(proprietary or client)~~ margin liabilities as per the relevant documentation on such account.

Collateral transferred to the Clearing House in respect of a Clearing Member's Client Account will not be applied by the Clearing House to the Clearing Member's liabilities on a Proprietary Account (see Regulation 10(d) (*Accounts*)) or on another Client Account, except in the case of a Cross-ISA Client Excess Deduction or pursuant to Rule 15(a)(ii) of the Default Rules or any Insufficient Resources Determination Rule.

Collateral transferred to the Clearing House in respect of a Clearing Member's Proprietary Account may be applied by the Clearing House towards the payment of any sum whatsoever due by the Clearing Member to the Clearing House, save that, subject to Rule 8(d) of the Default Rules and any Insufficient Resources Determination Rule, no Collateral (other than House Excess and, to the extent not already included in the relevant Clearing Member Current Collateral Balance, Client Buffer) transferred in respect of a Clearing Member's Proprietary Account shall be applied on or towards payment or satisfaction of any of the Clearing Member's liabilities to the Clearing House on any of the Clearing Member's Client Accounts.

1.2.3 Clearing Client Collateral

Where a Clearing Member wishes to transfer a Clearing Client's Collateral to the Clearing House, the Clearing Member must, *inter alia*, ensure that at all times it remains expressly agreed with the Clearing Client that the Clearing Member may charge the Collateral to the Clearing House, on the Clearing House's terms and free of the Clearing Client's or another owner's interest, to secure the Clearing Member's obligations to the Clearing House.

Where a Clearing Client's Collateral is to be transferred to the Clearing House, the Clearing Member must ensure that a *Client Consent Form* is completed by the beneficial owner (see Schedule 1).

The Clearing House gives no undertaking that, on the ~~default~~Default of a Clearing Member, it will not utilise Clearing Clients' Collateral which has been transferred to it by a Clearing Member, before utilising any other form of Collateral the Clearing House may hold.

~~Section 7 of the Deed of Charge prohibits the existence of any other charge or security interest, whether created before or after the Clearing House's interest, without the Clearing House's prior written consent (except a deferred charge in favour of the Clearing Member himself). The Clearing House consents to certain such other charges as follows:~~

~~Where a Clearing Member accepts business from a non-clearing broker and transfers to the Clearing House as Collateral securities belonging to a client of that broker with the client's express agreement, Section 7(2) of the Deed of Charge will allow the Clearing Member to have a security interest in the securities deferred to that of the Clearing House. In addition, by the notification issued under Section 7(1) of the Deed of Charge, the Clearing House consents to the non-clearing broker also obtaining or retaining a security interest in the same securities, **provided always that:**~~

- ~~(i) ————— the broker's interest is expressly deferred to that of the Clearing House; and~~
- ~~(ii) ————— the broker is an authorised person within the meaning of the Financial Services and Markets Act 2000.~~

~~The consent given above allows a security interest only in favour of a broker from whom a Clearing Member accepts business. Where there is a chain of transactions involving other brokers, those other brokers may not hold security interests in reliance on this notification. If such brokers wish to hold security interests in Collateral transferred to the Clearing House, the Clearing Member should apply to the Clearing House under Section 7(1) (ii) of the Deed of Charge for written consent in the particular case.~~

Clearing Members are warned that the ~~taking~~transfer of Collateral ~~is and the grant of a security interest are complex legal matter. These Procedures, matters. The Rulebook~~ and any communication with the Clearing House, ~~(whether of an oral or written nature),~~ are not to be

taken as ~~containing legal or other~~ advice. A Clearing Member ~~or broker who contemplates taking an interest in securities belonging to a client~~ should seek its own independent professional advice ~~on the matter~~.

1.3 INSTRUCTIONS VIA CMS

~~Instructions for cash, securities and triparty Collateral may be entered using the CMS.~~ The Clearing House will action instructions relating to Collateral that have been input and authorised via the CMS. The details input on the CMS will form the basis of the matching instruction sent to the relevant CSD/custodian/Depository. Clearing Members must ensure that the details are input correctly in order to avoid unmatched transactions.

It is the responsibility of the Clearing Member to input a cancellation request of any incorrectly input instruction and to subsequently input the correct details in a new instruction. Please note that it may not be possible to cancel an instruction; (please refer to Section 1.4.7 below for further details).

The Clearing House will update the status of ~~the~~ instruction in the CMS in relation to reflect the status of the corresponding instruction at the CSD/Custodian-relevant Depository. On settlement of the relevant transaction at the relevant Depository, the Clearing House will reflect the balance of the securities on the relevant account of the Clearing Member and take them into account for the purposes of calculating the Clearing Member's Current Collateral Value.

~~The Clearing House will notify Clearing Members of the relevant account details for matching. Clearing Members should refer to Schedule 9 to establish the correct place(s) of settlement for a particular security.~~

The relevant account details that a Clearing Member should use for matching transactions at a Depository are located at www.lch.com/documents/731485/762486/lch-custodian-settlement-accounts-for-margin-collateral-ltd-2809.pdf/6857526e-1d18-4b86-9e4a-bc1b7e2a4234.

The Clearing House will not be liable for any losses to Clearing Members or third parties caused by non-settlement or by a delay in settlement as a result of the actions or omissions of a CSD/custodian/Depository or the Clearing Member (save for any liability which may not be excluded by law/Applicable Law).

1.4 SETTLEMENT PROCEDURES – SECURITIES PROVIDED BY A CLEARING MEMBER TO THE CLEARING HOUSE ON A BILATERAL BASIS

All transactions to transfer non-cash Collateral from a Clearing Member to the Clearing House or from the Clearing House to a Clearing Member will be executed free of payment.

1.4.1 *Instruction Deadlines*

Clearing Members may input security instructions via the CMS at any time. Instructions will only be actioned by the Clearing House during operational hours.

The Collateral ~~Team Operations~~' operational hours are: Monday to Friday ~~0807:00~~ – 21:00 (UK time-).

For settlement in Austraclear, the Collateral Team in Sydney are available ~~from Monday to Friday~~ 09:00 – 16:30 (AEST).

Instruction deadlines for same day settlement:

<u>CSD/Custodian Depository</u>	Deadline for instructions
Euroclear UK/IE (CREST)	14:00 (UK time)
Euroclear internal	17:00 (UK time)
Fedwire - Citi and BNY Mellon	19:00 (UK time)
Austraclear	15:30 (AEST)

The Clearing House will input matching instructions to the relevant ~~CSD/custodian Depository~~ for same day settlement when the instructions are received prior to the deadlines above.

1.4.2 *Deliveries to and from Local Markets*

The Clearing House is bound by the settlement deadlines of the relevant ~~CSD/custodian Depository~~. Clearing Members should refer to the relevant ~~CSD/custodian Depository~~ for these deadlines. Note that for transactions from local markets the settlement deadline may be earlier than the Clearing House hours of operation and should therefore be instructed the day before the settlement date (i.e. on S-1). Instructions to the Clearing House must be provided at least one hour before the market deadline for same day settlement.

For example:

Deliveries from Local Market	Custodian Depository Deadline	Instruction Deadline to Clearing House (UK time)
Japan	07.55	17.00 on S-1
Belgium	14.50	13.50 on S
Italy	15.00	14.00 on S

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1.4.3 *Transfer of Securities from a Clearing Member to the Clearing House*

Instructions for the transfer of securities from a Clearing Member to the Clearing House must be input via the CMS prior to the deadlines above for same day settlement. Settled transactions will be taken into account for the purposes of calculating the Clearing Member's Current Collateral Value following settlement.

Transfer instructions for future settlement dates will be instructed same day if received prior to the deadlines. Instructions received after the deadlines will be instructed the following day.

1.4.4 *Transfer of Securities from the Clearing House to a Clearing Member*

(a) *Release where Sufficient Collateral is Available*

Instructions to release existing securities Collateral of a Clearing Member that are input via the CMS prior to the deadlines above for same day settlement will be actioned and the Collateral specified in those instructions will no longer be included when calculating the Clearing Member's Current Collateral Value (in each case subject to Section 1.1.2) on confirmation of those instructions by the Clearing House.

(b) *Release where Sufficient Collateral is Unavailable*

Instructions to release existing securities Collateral of a Clearing Member must be input via the CMS before 09:30 UK time. The Clearing Member will then be requested to transfer additional cash Collateral. Following confirmation of the transfer of such cash Collateral~~the cash call~~, the settlement instruction will, subject to Section 1.1.2, be sent to the CSD/ Custodian Depository by the Clearing House and the Collateral specified in those instructions will, subject to Section 1.1.2, no longer be included when calculating the Clearing Member's Current Collateral Value.

1.4.5 *Substitutions*

Substitution instructions may be input via the CMS, and will, subject to Section 0 and to confirmation of those instructions by the Clearing House, be actioned on the same day if input prior to the deadlines above.

Clearing Members must first input the relevant lodge instruction(s) and then link the associated release instruction(s) to the lodge instruction(s).

1.4.6 *Transfers*

Transfer instructions may be input via the CMS and will be actioned on the same day during operational hours.

Note: transfers are only permitted between mnemonics of the same Clearing Member and are subject to client segregation rules.

1.4.7 *Settlement Cancellations*

Clearing Members may request the cancellation of an instruction via the CMS. The Clearing House will cancel any instruction that has not yet been processed. The Clearing House will seek, using its best endeavours, to cancel any settlement instructions already sent to the CSD/ Custodian relevant Depository, but cannot guarantee that the transaction will not settle.

1.4.8 *Instruction Status*

The status of an instruction can be monitored via the CMS. Statuses reflect the status of the instruction at the Clearing House and not at the ~~CSD/custodian-relevant Depository~~. Please refer to the CMS ~~User Guide~~user guide for status definitions.

1.5 **TAX ARRANGEMENTS**

1.5.1 *US Securities*

For tax reasons, the Clearing House is required to segregate foreign (i.e. non-US) owners' securities from US owners' securities. Clearing Members must deliver securities to the correct account. The Clearing House operates accounts with Citibank N.A. and Bank of New York Mellon.

In order to reduce or to eliminate US withholding tax, the correct tax documentation must have been provided in respect of each owner. To this end, Clearing Members will be expected to provide one of the forms noted below to the Clearing House. A current form will be required for each owner (i.e. the Clearing Member or the person named in the Client Consent Form).

The relevant forms will normally be one of:

- (a) 'W-9 (Request for Taxpayer Identification Number and Certification)'; which applies to a US corporation including a foreign branch of a US corporation and is valid indefinitely; or
- (b) 'W-8BEN (Certificate of Foreign Status)'; which applies to non-resident alien individuals, foreign corporations, partnerships and estates; and
- (c) valid for three calendar years.

Clearing Members may obtain originals of forms W-8BEN and W-9 from ~~Treasury-Collateral~~ Operations.

Note: The Clearing House's arrangements with its ~~custodians-Depositories~~ only allow for securities holdings of US corporations or foreign (i.e. non-US) entities or individuals. Clearing Members who wish to discuss the possibility of lodging securities belonging to owners excluded from this arrangement should contact ~~Treasury-Collateral~~ Operations.

Unless the Clearing House has already received the appropriate tax form, transfers into A/c #090401 or #735136 must be accompanied by form W-9 and transfers into A/c #090372 or #735137 normally by form W-8BEN.

The Clearing House's acceptance of US securities does not indicate any responsibility for the adequacy or otherwise of tax documentation. Any queries in relation to these tax forms should be referred to your company accountant or professional advisers.

Completed tax forms should be returned to Collateral Treasury Operations for onward transmission to the Custodians relevant Depository.

1.5.2 Italian Securities

For tax purposes the Clearing House operates an account with Euroclear Bank specifically for deliveries of Italian securities from a Clearing Member – account 91737.

This account is operated by the Clearing House in accordance with "Euroclear Procedures to Obtain Exemption from Italian Withholding Tax on Italian Domestic Debt Securities".

Beneficial owners are entitled to exemption at source from Italian Withholding Tax on Italian securities if they are:

- (a) resident in a country that has entered into a double taxation agreement with Italy (except black list countries/countries that do not have a tax treaty with Italy); or
- (b) a corporation resident in Italy; or
- (c) a supranational organisation recognised by Italian law.

Beneficial owners are required to supply duly completed and executed official forms as proof of eligibility to the exemption and where applicable supply additional documentation, before a delivery can be made into this account.

Official forms are available on request from the Collateral Treasury Operations Department.

Original forms are to be received by the Clearing House before Italian securities can be accepted within the gross account 91737.

The effective date depends on the type and terms of the security:

- Coupon debt securities (BTPs, CCTs and CTOs)

The new regime applies to the interest-Coupons that arise on these securities ~~that starts to run~~ on or after 1 January 1997, regardless of the issue date.

- Zero coupon debt securities with a maturity of less than one year (BOTs)

The regime applies to all securities issued on or after 1 January 1997.

Clearing Members should consult their own tax advisers before lodging Collateral to the Clearing House or submitting any tax documentation.

1.5.3 ~~Withholding tax – CSDs/Custodians~~ Depositories

~~CSDs/custodians~~ A Depository may offer a recovery service for overseas taxes on government bonds. The Clearing House will assist in the recovery process and remit to Clearing Members any relevant recovery in withholding tax credited to the Clearing House's account by ~~CSDs/custodians~~ the relevant Depository.

In certain cases, the ~~CSDs/Custodian and~~ Clearing House or the relevant Depository will withhold tax on a Ceoupon if the correct documentation is not lodged with the ~~CSDs/Custodian and the~~ Clearing House at the time when a coupon is due or such Depository.

1.6 REFERENCES

These ~~P~~rocedures should be read in conjunction with the relevant contractual provisions, user guides and/or manuals of the relevant CSD/custodian/Depository. Please also refer to each CSD/Custodian/relevant Depository for the relevant settlement deadlines in particular those for deliveries from local markets to Clearing House accounts.

1.7 CONTINGENCY ARRANGEMENTS

In the event of an outage of the CMS, ~~Clearing Members will be able to send instructions by fax to~~ the Clearing House:

~~will notify Clearing Members via member circular and Clearing Members will be notified of a CMS outage via~~ may send certain instructions, using the Member Circular that will notify Clearing Members of the switch to contingency arrangements. Clearing Members should then revert appropriate form in the Schedules of these Procedures, to the ~~fax forms for securities found in the Schedule~~.

Clearing House by fax and email (see Section 1.1.1 of these Procedures). Normal service hours and deadlines will apply to ~~faxed~~ such instructions.

The Clearing House will notify Clearing Members ~~will be notified~~ via ~~the Member Circular~~ a member circular when ~~normal service resumes~~ the CMS is available again.

~~1.8~~ TRIPARTY SERVICE WITHOF EUROCLEAR, AND CLEARSTREAM AND BNY MELLON

~~1.8~~

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1.8.1 *General Information*

In order for a Clearing Member to transfer securities to the Clearing House using a triparty arrangement, such Clearing Member, the relevant triparty agent and the Clearing House must have completed and signed the relevant documentation. Please contact ~~Treasury Operations~~ the Clearing House on +44 (0)207 426 7237 for more information.

Clearing Members may execute a ~~"Triparty" trade denominated in Euro, Sterling or United States dollar~~ triparty transaction to cover initial margin requirements at the Clearing House. Triparty instructions must be provided to the Clearing House via the CMS. Instructions may be input for future settlement dates.

~~Instructions for Euroclear Bank and Clearstream may be input for future settlement dates. Instructions with BNY Mellon must be for same day settlement.~~

~~The Clearing House supports triparty arrangements at BNY Mellon using their US domestic platform and only for US eligible securities.~~

~~Under the triparty arrangement, beneficial ownership for all securities must belong to the~~ If a Clearing Member.

~~In the event that Clearing Members are is~~ unable to make triparty instructions via the ~~Collateral Management System (CMS)~~, it will be possible to instruct using the relevant triparty contingency forms found in the ~~appendices~~ Schedules of this section ~~these Procedures.~~

Triparty transactions must be a minimum of one million GBP, EUR or USD.

Note: In these procedures, "S" refers to the settlement day, and "S-1" to the working day before the settlement day.

1.8.2 Lodgement and Increase Procedure

Last instruction deadline to the Clearing House for (UK Time):				
	Euroclear Bank	Clearstream	BNY Mellon	
Same day settlement	17.00	18.00	22.30	
Next day settlement	17.00 (S-1)	18.00 (S-1)	N/A	

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1.8.3 Decrease and Closing Procedure

Last instruction deadline to the Clearing House for (UK Time):				
	Euroclear Bank	Clearstream	BNY Mellon	#
Same day settlement	17.00	18.00	22.30	
Next day settlement	17.00 (S-1)	18.00 (S-1)	N/A	

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Sufficient Collateral:

Where the Clearing Member has sufficient Collateral available, the ~~release or~~ closure of ~~the a triparty transaction or the decrease of the transaction amount of~~ a triparty transaction will be processed on the same day and the resulting reduction of Collateral will be taken into account for the purpose of calculating the Clearing Member's Current Collateral Value.

Insufficient Collateral:

Where the Clearing Member has insufficient Collateral to ~~release the~~ close a triparty transaction or to decrease the transaction amount of a triparty transaction, the Clearing Member's Current Collateral Value will be deemed to be decreased overnight. ~~The and, the~~ following morning, the Clearing House will only ~~release~~ close the triparty transaction or decrease the transaction amount of the triparty transaction after 09.00 (UK time) when any PPS cash calls have been confirmed.

Triparty deficits:

In the event that the Clearing House determines that a shortfall exists under a triparty arrangement, whether because of a decrease in the value of securities provided or otherwise, and such shortfall has not been made good by the inclusion of additional securities, the Clearing House shall be entitled to make one or more PPS cash calls in respect of such shortfall. Cash calls in relation to shortfalls will be called in accordance with ~~paragraph~~ Section 1.3 (Protected Payments System (PPS)) of Section 3 of the Procedures (*Financial Transactions*). Such cash shall either be credited to the Clearing Member upon the Clearing Member or the relevant Custodial Segregated Client making good the deficit pursuant to the triparty arrangement or retained as Collateral if the Clearing Member or a relevant Custodial Segregated Client does not make good the deficit.

Schedule 3
CLEARED TRADE REMOVAL AGREEMENT

Removal of registered Contracts

Requested Removal Date: DD/MM/YYYY

BETWEEN:

(1) ~~LCH.CLEARNET LIMITED~~ (the "**Clearing House**") whose registered office is Aldgate House, 33 Aldgate High Street, London EC3N 1EA;

and

(2) ~~[CLEARING MEMBER]~~ ("**CM**");

each a "**Party**" and jointly the "**Parties**".

WHEREAS:

(A) ~~The Clearing House, a Recognised Clearing House under the Financial Services and Markets Act 2000 provides clearing services.~~

(B) ~~CM is a member of the Clearing House authorised by the Clearing House to participate in the service as a Clearing Member.~~

(C) ~~CM wishes to withdraw certain Contracts from the Service which were previously registered by the Clearing House.~~

(D) ~~The Clearing House agrees to remove from the service certain Contracts subject to and in accordance with the terms and conditions of this Agreement.~~

(E) ~~The Parties acknowledge that the removal of a trade from clearing pursuant to this Agreement (and the Clearing House Rulebook) is primarily for the removal of trades that were originally submitted from SWIFT and in respect of which automated trade deletion and termination is no longer available.~~

THE PARTIES agree as follows:

1. Definitions

Words and phrases not otherwise defined in this Agreement shall have the same meaning as in the Regulations, Default Rules and Procedures of the Clearing House (the "**Clearing House Rulebook**").

2. Contracts for Removal from Service

CM requests that the Contract(s), particulars of which are set out in Schedule A hereto, registered by the Clearing House on the date(s) set out in that Schedule, and to which CM and the Clearing House are party (the "**Registered Contract(s)**"), be removed from service by mutual consent in accordance with the provisions of this Agreement and the Clearing House Rulebook.

~~3. Contingent Event~~

~~The removal from service of the Registered Contract(s) requested herein is contingent, *inter alia*, upon the simultaneous removal (such time being the time set by the Clearing House in its absolute discretion) of each of the Contract(s) which relate to the same transaction which was submitted to the Clearing House for clearing as two Contracts (the "Offsetting Contract(s)") to which the Clearing House is party together with the corresponding Clearing Members (the "Counterparty CMs").~~

~~4. Administrative and Other Arrangements~~

~~4.1 In order to facilitate the requested removal from service of the Registered Contract(s) and the Offsetting Contract(s) the Clearing House may:~~

~~4.1.1 make whatever changes, adjustments and alterations to information and records relating to the CM and the Counterparty CM(s) held by the Clearing House on its internal systems (other than data constituting the economic terms of any such Registered Contract relating to SwapClear or Offsetting Contract) and to the Clearing House's normal processes and procedures as the Clearing House in its sole discretion considers necessary; and~~

~~4.1.2 take whatever other steps and actions as the Clearing House in its sole discretion determines as necessary and appropriate.~~

~~5. Margin~~

~~5.1 In accordance with the Clearing House Rulebook, the Clearing House may, for so long as the Clearing House deems appropriate, retain all Collateral or other sums that the Clearing House may hold in connection with the Registered Contract(s) or Offsetting Contract(s). Any cash or non cash Collateral provided to the Clearing House by or on behalf of CM in respect of that CM's margin obligations to the Clearing House in connection with the Registered Contract(s) shall be available to the Clearing House to meet any obligations or liabilities whatsoever which are or which may become due to the Clearing House, notwithstanding any administrative change(s) that may have been made or any administrative action that may have been taken by the Clearing House.~~

~~5.2 CM agrees to advise its relevant PPS bank of any additional margin requirements, in line with the Clearing House Rulebook, which may arise as a result of the requested termination and deletion and shall ensure that the Clearing House is sufficiently funded in order to meet any additional margin requirements.~~

~~6. Costs and Expenses~~

~~Unless otherwise agreed by the Clearing House, the CM shall be responsible for and agrees to pay all costs and expenses associated with the requested removal from service.~~

~~7. Provision of Particulars~~

~~If so requested by the Clearing House, CM shall promptly provide to the Clearing House such reasonable particulars in respect of any or all of the Registered Contracts~~

as the Clearing House may request, in such electronic form as the Clearing House may require.

~~8. — Time and Date of Termination~~

~~8.1 — Unless otherwise specified by the Clearing House, the date of termination of each Registered Contract shall be the date set out at the head of this Agreement as the "Requested Removal Date" ("**Removal Date**"), unless the Parties otherwise agree, **provided always that** the Clearing House may amend the Removal Date by notice to the CM.~~

~~8.2 — CM acknowledges and accepts that the time of removal on the Removal Date of the Registered Contract(s) shall not in any circumstances be the time when the Clearing House effects any administrative change(s) or administrative action(s) but shall instead be the time which the Clearing House notifies CM as being the time when removal has taken place.~~

~~8.3 — The termination of any Registered Contract shall have no effect upon accrued rights and obligations of the CM in respect of that Registered Contract, which rights and obligations shall survive termination.~~

~~8.4 — The Clearing House may, by notice to the CM given at any time up to the Removal Date, revoke its agreement to the removal of service of any Registered Contract in the event that:~~

~~8.4.1 — the Counterparty CM has not consented or has withdrawn its consent to the removal of the Offsetting Contract; or~~

~~8.4.2 — the Clearing House takes the view that to terminate that Registered Contract(s) would adversely and materially adversely affect its risk or the risk of the market as a whole.~~

~~8.5 — CM or any Counterparty CM may, at any time up to the start of the day which is one clear London business day prior to the Removal Date, by notice in writing to the Clearing House and the Counterparty CM, withdraw its agreement for the trade removal of any of the Registered Contracts or Offsetting Contract (as the case may be) and the Clearing House shall use its reasonable endeavours to ensure that the Registered Contract(s) and/or the Offsetting Contract is not removed from service.~~

~~9. — Moneys Due to the Clearing House~~

~~CM acknowledges and agrees that the Clearing House may in its sole discretion debit the relevant PPS account in respect of any moneys due from CM to the Clearing House in connection with the requested removal.~~

~~10. — Agreement to Prevail~~

~~In the event of any inconsistency between the provisions of this Agreement and the Clearing House Rulebook, the provisions of the Clearing House Rulebook shall prevail.~~

~~11. Confirmation of Consents etc.~~

~~CM confirms that all requisite consents and approvals, regulatory or otherwise, have been obtained in connection with the removal from service requested herein.~~

~~12. Law and Jurisdiction~~

~~This Agreement shall be governed by English law and the Parties irrevocably submit to the exclusive jurisdiction of the English courts.~~

~~13. Liability~~

~~All matters of liability arising in connection with this Agreement shall be determined in accordance with the provisions of the Clearing House Rulebook as if the terms of this Agreement formed part of the Clearing House Rulebook.~~

For and on behalf of CM

.....
Authorised Signatory

.....
Authorised Signatory

.....
Name

.....
Name

For and on behalf of the
CLEARING HOUSE

.....
Signatory

.....
Name

Schedule A
THE REGISTERED CONTRACTS

~~Contract parties: (Clearing Member) and LCH.Clearnet Limited (the "Clearing House").~~

<u>Contract LCH Reference</u>	<u>Contract CM Reference</u>	<u>Date of Registration</u>
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Schedule 10
CONTINGENCY MEMBER TRIPARTY LODGEMENT FORM



MEMBER TRIPARTY LODGEMENT FORM
BNY Mellon US domestic platform (GSCX)

Version 1: Mar 2014

To LCH.Clearnet Limited ("the Clearing House")

LCH.Clearnet Limited Ref No:

From Clearing Member (full name)

House/Client* Mnemonic *Please delete as appropriate

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator.

Table with 5 columns: Execution Date, Currency (USD only), Amount, Collateral Giver Account Number, Collateral Taker Account Number

Signatories for and on behalf of The Clearing Member

1. (Signature) (Print Name) (Position)

2. (Signature) (Print Name) (Position)

Date:

Schedule 11
CONTINGENCY MEMBER TRIPARTY AMENDMENT FORM



MEMBER TRIPARTY AMENDMENT FORM
BNY Mellon US domestic platform (GSCX)

Version 1: Mar 2014

To LCH.Clearnet Limited ("the Clearing House")

From Clearing Member (full name)

House/Client* Mnemonic *Please delete as appropriate

We are entitled to the entire beneficial interest in these securities.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator.

Table with 7 columns: Execution Date, CMS Reference, Increase/Decrease, Currency, New Amount, Collateral Giver Account Number, Collateral Taker Account Number

Signatories for and on behalf of The Clearing Member

1. (Signature) (Print Name) (Position)

2. (Signature) (Print Name) (Position)

Date:

Schedule 12
CONTINGENCY MEMBER TRIPARTY CLOSING FORM



~~MEMBER TRIPARTY CLOSING FORM~~
~~BNY Mellon US domestic platform (GSCX)~~

Version 1: Mar 2014

To LCH.Clearnet Limited ("the Clearing House")

From Clearing Member (full name)

House/Client* Mnemonic * Please delete as appropriate

CMS Reference	Closing Date & Execution Date	Currency	Amount	Collateral Giver Account Number	Collateral Taker Account Number

Signatories for and on behalf of
The Clearing Member

1.
(Signature) (Print Name) (Position)

2.
(Signature) (Print Name) (Position)

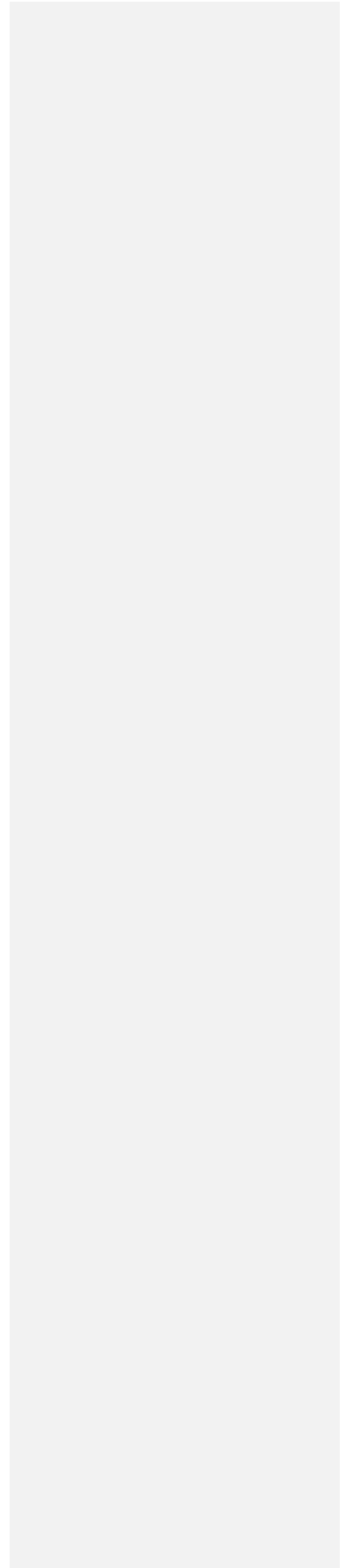
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LCH Rule Submission

Appendix F

FCM Regulations

**FCM REGULATIONS OF
THE CLEARING HOUSE
LCH.CLEARNET LIMITED**



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“CEA”	means the U.S. Commodity Exchange Act.
“CFTC”	means the U.S. Commodity Futures Trading Commission.
“CFTC Regulations”	means the rules and regulations promulgated by the CFTC.
“Cleared Swap”	means “Cleared Swap” as such term is defined in CFTC Regulation 22.1, which term includes but is not limited to Swap Products.
“Cleared Swaps Account Class”	means the account class for cleared swaps accounts (as defined in CFTC Regulations 190.01(a)(i)) for purposes of Part 190 of the CFTC Regulations and Section 4d(f) of the CEA.
“Cleared Swaps Customer Account”	means “Cleared Swaps Customer Account” as such term is defined in CFTC Regulation 22.1.
“Clearing House”	means LCH.Clearnet Limited whose registered office is located at Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.
“Client Account”	has the meaning assigned to it in the General Regulations.
“Closing-out Contract”	means, for the purposes of these FCM Regulations, an FCM Contract effected by or on behalf of the Clearing House and registered in an FCM Clearing Member's name, being an FCM Contract on the same terms (except as to price) as an Open FCM Contract in the FCM Clearing Member's name, save that where the Clearing House has position “X” under the terms of such open FCM Contract (where such FCM Contract consists of positions “X” and “Y”), the Clearing House shall have position “Y” under the terms of such closing-out FCM Contract, and vice-versa.
“CMS”	<u>means the Clearing House’s collateral management system</u>
“Collateral”	means the cash, securities or other collateral or assets deposited with or to be deposited with (as the context may require) the Clearing House by an FCM Clearing Member or otherwise furnished to (including any proceeds therefrom) an FCM Clearing Member’s Proprietary Account or its FCM Omnibus Client Accounts with LCH for the purpose of margining, guaranteeing and/or securing (as Margin) FCM Contracts for such accounts. The Clearing House will only credit deposited securities or other non-cash collateral or assets as Collateral to the extent such securities or other noncash collateral or assets are acceptable forms of collateral as set forth in the FCM Procedures or as otherwise explicitly permitted by the Clearing House. For the avoidance of doubt, Collateral will not include, and will not

Clearing House effects a Multilateral Compression by terminating the Terminating FCM SwapClear Contracts and simultaneously registering the Post-Multilateral Compression Contracts in the names of the Compression Clearing Members participating in that Multilateral Compression Cycle in accordance with the Compression Proposal.

“Coupons”

has the meaning assigned to such term in the FCM Procedures

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“cover”

means either Collateral, Margin or both, as the context may require as used in the FCM Rulebook.

“CVR” or “Collateral Value Report”

has the meaning assigned to it in FCM Regulation 15(d)(ii)~~Regulation 15(d)(ii)~~.

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“Defaulter”

has the meaning assigned to it in rule 4 of the Default Rules.

“Default Notice”

has the meaning assigned to it in rule 3 of the Default Rules.

“Default Rules”

means the Clearing House's Default Rules from time to time in force pursuant to part II of schedule 21 to the UK Companies Act 1989.

“Delivery Month”

has the meaning ascribed to it in: (i) the relevant Exchange Rules in respect of an FCM Exchange Contract; and (ii) the relevant provisions of the FCM Product Specific Terms and Eligibility Criteria Manual in respect of an FCM Listed Interest Rates Contract.

“Delivery Notice”

means a notice in writing, given by or on behalf of a Seller (or Buyer where required pursuant to, as applicable, Exchange Rules, these FCM Regulations and/or the FCM Procedures), of the Seller's (or Buyer's) intention to make (or take) delivery of a commodity in connection with a Physically-Settled FCM Contract.

“Depository”

means a collateral agent, custodian, central securities depository, securities settlement system or other similar entity

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“designated contract market”

means a board of trade designated as such by the CFTC pursuant to Section 5 and 6(a) of the CEA.

“Designated FCM Listed Interest Rates Contract”

has the meaning ascribed to it in FCM Regulation 63(b).

“Designated Rates Exchange”

has the meaning ascribed to it in FCM Regulation 63(a).

Clearing Member (where the Receiving Clearing Member is an FCM Clearing Member) or otherwise to the relevant Individual Segregated Account, Omnibus Segregated Account or Custodial Segregated Account of the Receiving Clearing Member as the case may be (where the Receiving Clearing Member is not an FCM Clearing Member). In respect of a transfer pursuant to FCM Regulation 13(a) where the Receiving Clearing Member is not an FCM Clearing Member, all of the FCM Contracts to be transferred (which are subject to the FCM Rulebook) shall, upon transfer, be converted to Contracts subject to the Rulebook (as defined in the UK General Regulations) but shall otherwise remain on the same contract terms.. The transfer of the Porting Contracts shall occur by novation of all of the Carrying Clearing Member's rights and obligations in respect of such Porting Contracts to the Receiving Clearing Member.

- (ii) In the case where a transfer pursuant to FCM Regulation 13(a)~~Regulation 13(a)~~ will include the transfer of Porting Collateral in addition to the transfer of Porting Contracts:

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- (A) Upon completion of the transfer, (x) the Clearing House shall have satisfied and discharged all of its obligations under the FCM Clearing Membership Agreement and the FCM Rulebook to repay or return to the Carrying Clearing Member any amounts in respect of such Porting Collateral; and (y) the Porting Collateral furnished to the Clearing House by the Carrying Clearing Member and held by the Clearing House in respect of the Porting Contracts shall be deemed to have been delivered by the Receiving Clearing Member to the Clearing House (aa) where the Receiving Clearing Member is not an FCM Clearing Member, in the case of cash Collateral, by way of title transfer and~~or~~, in the case of non-cash Collateral, shall be held by the Clearing House on behalf of the Receiving Clearing Member and such Receiving Clearing Member's rights in such non-cash Collateral shall become subject to the ~~a pledge pursuant to the~~ relevant Deed of Charge between the Receiving Clearing Member, or (bb) where the Receiving Clearing Member is an FCM Clearing Member, by way of a first-priority security interest granted by the Receiving Clearing Member to the Clearing House under the FCM Clearing Membership Agreement and the FCM Rulebook. Furthermore, and for the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Porting Collateral transferred.
- (B) Where all or a portion of the Porting Collateral has been accepted by the Receiving FCM Clearing Member, the transfer of the Porting Contracts and the accepted Porting Collateral shall be deemed to occur simultaneously, and the transfer of the Porting Contracts shall be conditioned on the transfer of the accepted Porting Collateral, and vice versa.
- (C) If the transfer of all Porting Contracts and (if applicable) all accepted Porting Collateral is not completed for any reason, then any actual transfer of Porting Collateral or Porting Contracts that has occurred, as

any time the Clearing House shall be entitled to require the FCM Clearing Member to furnish it with Collateral in a specified form and to demand that the FCM Clearing Member replace the whole or part of any Collateral furnished by an FCM Clearing Member pursuant to these FCM Regulations with Collateral in the form of cash.

- (i) Without prejudice to the requirements of paragraph (c) above or any other applicable requirements contained in the FCM Rulebook, and subject to FCM ~~Regulation 15~~ Regulation 15 and paragraph ~~(h)(h) above~~ and the settlement of any other obligations of an FCM Clearing Member to the Clearing House, upon the close-out or termination of an FCM Contract in accordance with the FCM Rulebook, the Clearing House shall return all (or the applicable portion of) Initial Margin attributable to such FCM Contract to the respective FCM Clearing Member to the extent that such Initial Margin has become Excess Margin following the close-out or termination of the relevant FCM Contract, **provided, that** such FCM Clearing Member is not a Defaulter.
- (j) If the Clearing House takes any step under the Default Rules in relation to an FCM Clearing Member, any sum (including the price due to be paid by the Clearing House in respect of the delivery of any property or currency by or on behalf of the FCM Clearing Member) standing to the credit of any of the FCM Clearing Member's accounts shall be treated as Margin to the extent permitted by Applicable Law; **provided, that** notwithstanding any provision to the contrary in these FCM Regulations, under no circumstances will any Margin maintained in any FCM Omnibus Client Account with LCH be applied to satisfy proprietary obligations of the FCM Clearing Member or, except as may be required to comply with Applicable Law or any order or instruction of a Regulatory Body or court, any other obligations not related to such FCM Clearing Member's FCM Client Business in such Business Category of FCM Contract; **provided, however, that** where an FCM Client is in default with respect to the Margin required by the Clearing House in respect of its FCM Contracts, any Excess Margin attributable to such FCM Client in respect of any Business Category of FCM Contract may be applied to offset such FCM Client's Margin shortfall in respect of any other Business Category of FCM Contract).
- (k) Each FCM Clearing Member and, to the extent applicable, such FCM Clearing Member's guarantor in accordance with FCM ~~Regulation 4~~ Regulation 4, shall be obligated to perform all of its respective obligations (including to pay or deliver all amounts due) as required pursuant to the FCM Regulations and the Default Rules, as applicable. Each FCM Clearing Member and, to the extent applicable, such FCM Clearing Member's guarantor in accordance FCM ~~Regulation 4~~ Regulation 4, shall be entitled to the return of any amounts due to them (after all obligations to the Clearing House have been satisfied) pursuant to the FCM Regulations and the Default Rules, as applicable.
- (l) Unless the Clearing House otherwise agrees in writing, Collateral furnished to the Clearing House in the form of cash shall not be capable of assignment by any person. Any such purported assignment by an FCM Clearing Member (whether by way of security or otherwise) of Collateral in the form of cash shall be void. An FCM Clearing Member shall not otherwise encumber (or seek to encumber) any Collateral in the form of cash, except as provided under this FCM Regulation 14.
- (m) **Creation of Security Interest.** Each FCM Clearing Member hereby grants the

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Appendix G

FCM Procedures

LCH The Markets'
Partner

**FCM PROCEDURES OF
THE CLEARING HOUSE**

LCH.CLEARNET LIMITED

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2.1.6 **Financial Accounts**

FCM Clearing Member accounts have financial accounts associated with them. These are, *inter alia*, used to record cash balances and securities/documentary credits. Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

(a) *Relationship with Position-Keeping Accounts*

Position-keeping Account	Financial Account		
H	House	H	Proprietary Account
C	Client	C	LCH SwapClear Client Segregated Depository Account used for Initial Margin Flows
	Client	L	LCH SwapClear Client Segregated Depository Account used for Variation Margin Flows

The C account is a Cleared Swaps Customer Account as defined in Part 22 of the CFTC Regulations.

(b) *Other Financial Accounts*

~~The Clearing House may, at its discretion, open further financial accounts. At the Clearing House's discretion, further financial accounts, used only to record financial balances, may be opened as follows:~~

Code
B
E

~~Additional Margin accounts (House), used for holding additional cash in relation to Proprietary business~~
~~Additional Margin account (Client), used for holding additional cash in relation to FCM Client Business~~
~~The E account is a Cleared Swaps Customer Account as defined in Part 22 of the CFTC Regulations.~~

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(c) *Default Fund (DF) Account*

Each FCM Clearing Member's Contribution is held in a separate financial account. The DF account code is "F".

(b) *Position-Keeping Accounts*

FCM Clearing Member Accounts:

The account types are: H for house business (Proprietary Account); and C for segregated client business (FCM Omnibus ForexClear Client Account with LCH). An FCM Clearing Member's FCM ForexClear Contract positions are also recorded within the FCM ForexClear Clearing System in ForexClear accounts.

All registered FCM ForexClear Contracts will be identifiable to FCM Clearing Members via ForexClear Reporting (see Section ~~2.2.222-2.24~~). All registered FCM ForexClear Contracts will be maintained only in ForexClear accounts (identified as such by a unique three letter mnemonic) and separate from all accounts containing FCM Contracts attributable to other Business Categories of FCM Contracts (**provided that** FCM Contracts attributable to any Business Categories of FCM Contracts and related Collateral may be physically commingled in the same depository accounts, subject to the requirements of the Rulebook to properly segregate all FCM Client assets). Each FCM ForexClear Contract will also be assigned a unique trade identifier. The FCM Clearing Member Reporting functionality also allows each FCM Clearing Member to identify all FCM ForexClear Contracts registered in its name.

Sub-accounts within the FX FCM's Proprietary Account may be set up (e.g., for branches). Each such sub-account will carry the unique Bank Identifier Code (“**BIC**”) (or equivalent unique identifier) of the relevant branch.

Sub-accounts within the FX FCM's Proprietary Account will be associated with the House financial account of the FX FCM and information contained across the Proprietary Account sub-accounts is consolidated into the House financial account of each FX FCM.

(c) *Clients*

Where an FX FCM enters into an agreement with an FCM Client in accordance with FCM Regulation 7(a) (*FCM Client Business and Proprietary Account Trading*), the FX FCM must submit an “**FCM Client Static Data**” form to the Clearing House's membership department. Positions of an FCM Client will be identifiable in ForexClear Reporting through that FCM Client's BIC/unique identifier.

2.2.6 *Financial Accounts*

FCM Clearing Member accounts have financial accounts associated with them. These are, *inter alia*, used to record cash balances and securities/documentary credits. Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

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(a) *Relationship with Position-Keeping Accounts*

Position-keeping Account	Financial Account				
C	Client	C	LCH Segregated Account	ForexClear used for	Client Depository Initial Margin Flows
	Client	L	LCH Segregated Account	ForexClear used for	Client Depository Variation Margin Flows
H	House	H	Proprietary Account		

The C account is a Cleared Swaps Customer Account as defined in Part 22 of the CFTC Regulations.

(b) *Other Financial Accounts*

~~The Clearing House may, at its discretion, open further financial accounts. At the Clearing House's discretion, further financial accounts, used only to record financial balances, may be opened as follows:~~

~~Additional Margin accounts (House), used for holding additional cash in relation to Proprietary business~~
~~Additional Margin account (Client), used for holding additional cash in relation to FCM Client Business~~
~~Unallocated Excess account (Client), used for holding excess cash and non-cash Collateral in relation to FCM Client Business~~

Code
B
E
U

~~The E and U accounts are Cleared Swaps Customer Accounts as defined in Part 22 of the CFTC Regulations.~~

(c) *Default Fund (DF) Account*

Each FCM Clearing Member's Contribution is held in a separate financial account. The Default Fund account code is "F". Each FCM Clearing Member's ForexClear Contribution is held in an account that is separate from any financial account containing such FCM Clearing Member's Contribution relating to any other Business Categories of FCM Contracts.

2.2.7 *Novation and Registration*

An NDF is an FCM ForexClear Transaction (i.e., eligible for registration as an FCM ForexClear Contract) if it satisfies the FCM ForexClear Eligibility Criteria (set out in Part B of Schedule 2 to the FCM Product Specific Contract

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Terms and Eligibility Criteria Manual) at the Registration Time. The Clearing House will register (or reject) an FCM ForexClear Contract in respect of an FCM ForexClear Transaction presented for registration as quickly as would be technologically practicable if fully automated systems were used (i.e. the standard required in Part 39 of the CFTC Regulations).

Where an FX FCM accepts registration of the FCM ForexClear Transaction and notifies the Clearing House of such acceptance, the FX FCM shall, pursuant to FCM Regulation 48(b) (*Registration of FCM ForexClear Contracts; ForexClear Accounts*), (i) be deemed to have presented the FCM ForexClear Transaction for clearing and (ii) become obliged to furnish all Margin required by the Clearing House in connection with the registration of the FCM ForexClear Transaction upon request of the Clearing House. It is a condition for registration of an FCM ForexClear Transaction that, where both Executing Parties intend to register the FCM ForexClear Transaction through an FX FCM, both FX FCMs accept the FCM Notification (or where such Executing Parties nominate the same FX FCM, such FX FCM accepts both acceptances) and therefore submit the FCM ForexClear Transaction to the Clearing House.

Prior to registering an FCM ForexClear Contract, the Clearing House will require the FX FCM in whose name such FCM ForexClear Contract is to be registered to provide and maintain sufficient Margin for its Liabilities (as defined in Section [2.2.172-2.17](#)) (or its estimated Liabilities) (taking into account any MER Buffer (as defined in Section [2.2.12\(b\)-2.2.12\(b\)](#)) and any MCE (as defined in Section [2.2.12\(c\)-2.2.12\(e\)](#)) made available by the Clearing House, if any) as a precondition to registration. This Margin check process is referred to as the “**Incremental Risk Check**” (as defined in Section [2.2.8\(b\)-2.2.8\(b\)](#)).

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 submitted and unregistered FCM ForexClear Transaction to which it is a party and that is subject to such Incremental Risk Check will be rejected.

Once the FCM ForexClear Transaction has passed the Validation Checks (as defined in Section [2.2.8\(a\)-2.2.8\(a\)](#)), the Clearing House will send, via the FCM Approved Trade Source System, a message confirming the registration of the FCM ForexClear Transaction as two FCM ForexClear Contracts (or one FCM ForexClear Contract and one Non-FCM ForexClear Contract, as applicable) and including a date stamp of the relevant registration time. For the purpose of the Part III of the FCM Regulations, the time of dispatch of such message shall be the “**Registration Time**” of such FCM ForexClear Contract(s).

The definitive report of a registered FCM ForexClear Contract will be shown on the “**All Open Contracts**” report issued by ForexClear Reporting (as defined in Section [2.2.222-2.24](#)).

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Section ~~2.2.10(b)~~~~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 ~~2.2.222-2.21~~ 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.

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(1) *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.

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.

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)~~~~2.2.9(b)~~) 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 Section ~~2.2.9(e)~~~~2.2.9(e)~~ below) (“**Interest Rate Curves**”);
- (e) USD LIBOR Curve;
- (f) PAI rates (“**PAI Rates**”); and
- (g) Country credit spreads (see Section ~~2.2.9(f)~~~~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)~~~~2.2.4(b)~~).

(b) *Market Data Sources and Frequencies*

The Clearing House receives the following updated raw prices:

FX Spot Rates:

- (a) Source – FXCCMs (including FX FCMs).
- (b) 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.

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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 (as referenced in the Relevant ETMA).

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) *[Not Used]*

(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 ~~2.2.222-2.21~~).

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For the avoidance of doubt, MCE is provided in the form of intraday Initial Margin forbearance and an FX FCM's utilization of MCE does not give rise to any payment or transfer of Collateral by the Clearing House nor does it result in any use of the ForexClear Fund Amount (except in events of default).

All MCE credit extended on any given day shall be revoked at the close of business on such day (unless revoked earlier in accordance with the following paragraph). As part of each EOD Margin Run, the Clearing House will call IM from each FX FCM to replace any utilized MCE and that FX FCM's MCE will be reset for the following day (assuming such FX FCM has satisfied any margin calls). Any failure of an FCM Clearing Member to satisfy an IM call relating to the replacement of MCE constitutes a default by such FCM Clearing Member—just as any failure by an FCM Clearing Member to satisfy any other type of IM call constitutes a default.

The MCE is made available at the Clearing House's sole discretion. In particular (but without limitation), the Clearing House may refuse to extend MCE to any or all FX FCMs on risk management grounds, and may at any time require an FXCCM to provide IM in place of any utilized MCE.

(d) *Intra-day Margin Calls*

In accordance with the Clearing House's FCM Regulations, the Clearing House is entitled to make additional margin calls for furnishing of Margin on the same day (intra-day margin calls) where it is considered necessary. Intra-day margin calls can be called at any time throughout the business day (08:30 to 21:00 hours, London time). Intra-day margin calls will usually be made via the Protected Payments System (PPS) (see Section [2.2.23\(c\)](#)~~2.2.22(e)~~).

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In certain circumstances the Clearing House may wish to make a call for additional Margin after the closure of UK PPS facilities at 16:00 hours, London time. In this event the Clearing House will require payment of additional funds through PPS facilities in the USA (see Section [3.23-2](#)). Members must ensure, in these circumstances, that they are in a position to fund such calls through their nominated US PPS account within one hour of the call.

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2.2.13 *Initial Margin Management Events Service (“IMMES”)*

IMMES aims to find risk and IM reducing FCM ForexClear Contracts and ForexClear Contracts among participating FXCCMs. IMMES can be run on all Currency Pairs that are cleared through the FCM ForexClear Service, although the primary focus will be on those Currency Pairs that contribute to the largest IM requirement. IMMES is available in respect of an FX FCM's house account only.

Margin runs will be carried out for each FCM ForexClear Contract and FCM ForexClear Transaction (as the case maybe) until (and including) the later of:

- (a) EOD Margin Run on the Settlement Date; or
- (b) EOD Margin Run after the Settlement Rate is published.

During every Margin Run the Clearing House calculates the Initial Margin required and (where applicable) the Variation Margin and PAI required to cover each FX FCM's relevant open FCM ForexClear Contracts and FCM ForexClear Transactions (each a "**Liability**" and together the "**Liabilities**").

Each FX FCM's Liability is offset against that FX FCM's non-cash Collateral account (being a sub-account of the FX FCM's financial account) (for IM only) or funds in that FX FCM's cash account (being a sub-account of the FX FCM's financial account) (for VM/PAI/IM). Initial Margin will always be a Liability (payable to the Clearing House) and Variation Margin, NSA and PAI may be a cash posting or a Liability (payable by, or to, the Clearing House, respectively).

FX FCMs are informed via email of their Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash Collateral account(s)) and are directed to the ForexClear Services portal (being a secure website made available to FXCCMs) (the "**ForexClear Service Portal**") which provides reports (at the times specified in Section ~~2.2.222.2.21~~) informing FX FCMs of their (i) total Liabilities under the FCM ForexClear Service; (ii) current total cover posted with the Clearing House for the FCM ForexClear Service (including any MCE, if any); and (iii) Liabilities as a percentage of their current total cover (such percentage being shown as a percentage of the aggregate cover in their cash and non-cash Collateral account(s)).

If following a Margin Run an FX FCM is required to provide additional Collateral, this is also indicated by email and via the ForexClear Service Portal. In the case of ITD/Ad-hoc Margin Runs, where an FX FCM's Liabilities exceed its available cover and any MCE then the Clearing House will issue a margin call for the amount of the shortfall plus 50 per cent. of the FX FCM's MER Buffer amount.

2.2.18 **Compression**

- (a) Pursuant to FCM Regulation 49(1) (*Registration of FCM ForexClear Contracts; Compression; ForexClear Accounts*), an FCM Clearing Member may compress existing FCM ForexClear Contracts in accordance with that FCM Regulation. There are two options available to an FCM Clearing Member that wishes to compress FCM ForexClear Contracts:
 - (a) an FCM Clearing Member can request that all FCM ForexClear Contracts entered into (i) on behalf of a designated FCM Client and in respect of a particular FCM Client Sub-Account, or (ii)

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Regulations by the FCM Listed Interest Rates Clearing Member in whose name the data is presented. However, the Clearing House will only accept for registration as FCM Listed Interest Rates Contracts those particulars submitted from a Rates Exchange in a message format and manner acceptable to the Clearing House.

Each FCM Listed Interest Rates Clearing Member authorised to participate in the FCM Listed Interest Rates Clearing Service must be familiar with the operating procedures and deadlines of each Rates Exchange in respect of which it has been approved by the Clearing House.

(b) *Intra-Day Registration*

The Clearing House registers all FCM Listed Interest Rates Contracts on an intra-day basis.

(c) *Risk Pending Trades*

Except as otherwise required by applicable law and regulation, trades presented to the Clearing House for registration can be validated against a number of risk parameters, including: quantity, price, premium, strike price, trade value or mark-to-market profit/loss parameters (“**Risk Parameters**”). Any trades that fall outside of the validation parameters will enter a pending state (the “**Risk Pending Queue**”) and require validation by Risk Management before being accepted or rejected by the Clearing House.

The Risk Parameter ranges are set by Risk Management and can be amended during periods of low or high volatility to capture or avoid suspension of trades which are within the day’s trading range.

(d) *Conditions for Acceptance of Risk Pending Trades*

Except as otherwise required by applicable law and regulation, registration of trades held in the Risk Pending Queue is conditional on the transfer of sufficient Collateral to the Clearing House. ~~The Clearing House will first consider any surplus Collateral held, any surplus Collateral in respect of credit variation margin, and any net credit Collateral in respect of variation margin for new business, before requesting additional Collateral from an FCM Clearing Member. Margin in this case is net debit variation margin in respect of the pending trades, calculated automatically by the system with reference to the previous day’s closing price or premium.~~

If the Clearing House decides that additional Collateral is required it will advise the FCM Listed Interest Rates Clearing Member as soon as possible. The currency and method of funds transfer, or type of Collateral to be provided, will be agreed between the Clearing House and the FCM Listed Interest Rates Clearing Member. Only when the Clearing House has received the Collateral or has received

confirmation from the transferring bank that the cash Collateral has been, or is, in the process of being transferred will it accept the pending trade.

The Clearing House will carry out the process of accepting pending trades on an hourly basis throughout the day, or more frequently where possible. The acceptance process will apply to both sides of a trade at the same time.

It is the responsibility of each FCM Listed Interest Rates Clearing Member to ensure that any trades likely to require acceptance are input as early as possible in the day; and that either sufficient surplus Collateral is maintained with the Clearing House ~~(to meet debit variation margin obligations arising from pending trades)~~ or arrangements are in place to meet additional calls for Collateral. Trades not accepted by the Clearing House will not be registered. In order to achieve registration the trade must be re-submitted (in accordance with the relevant Rates Exchange Rules) the next business day, when the same process will apply.

(e) *Rejected FCM Listed Interest Rates Novation Transactions*

Except as otherwise required by applicable law and regulation, FCM Listed Interest Rate Novation Transactions submitted for registration which:

- (i) do not meet the relevant eligibility criteria for FCM Listed Interest Rate Eligible Products or other registration criteria where applicable;
- (ii) contain invalid or incomplete message data; or
- (iii) for any other reason are not eligible for registration,

will be held pending clarification by the Clearing House.

The Clearing House will then contact the FCM Listed Interest Rates Clearing Members concerned and/or the operator of the relevant Rates Exchange in order to seek to rectify the problem. It may be the case that the problem can be resolved and the trade re-submitted for registration. If, however, the trade still falls within any of paragraphs (a) to (c) above, and the Clearing House does not register that trade, the submitting FCM Listed Interest Rates Clearing Members will be contacted and notified of the reason for rejection.

FCM Listed Interest Rate Novation Transactions must be executed, matched and submitted for registration prior to the relevant Rates Exchange deadline for registration. Any FCM Listed Interest Novation Transactions submitted after that time will be rejected.

FCM Listed Interest Rates Clearing Members should note that when a trade is rejected by the Clearing House, no FCM Listed Interest Rates

Clearing Member to identify all FCM Listed Interest Rates Contracts registered in its name.

(b) *Financial Accounts*

FCM Listed Interest Rates Clearing Member position-keeping accounts have financial accounts associated with them. These are, among other things, used to record cash balances, securities/documentary credits and unrealized margin.

An FCM Listed Interest Rates Clearing Member’s financial accounts are identified by a single character code: “C” for 30.7 customer business.

Information contained within position-keeping accounts is consolidated into financial accounts, as follows:

(a) Relationship with Position-Keeping Accounts

Position-keeping accounts	Financial account
C 30.7 customer (used for Initial Margin flows)	C

The C Account is a 30.7 customer account which is part of the Foreign Futures Account Class.

By permitting a transaction to be allocated to a position-keeping account, an FCM Listed Interest Rates Clearing Member is also deemed to be designating that transaction for the associated financial account.

(b) Other Financial Accounts. ~~The Clearing House may, at its discretion, open further financial accounts. Subject to approval by the Clearing House, further financial accounts, used only to record financial balances, may be opened as follows:~~

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	Code
Additional Margin account (FCM Client), used for holding additional cash in relation to FCM Client business.	E
LCH 30.7 customer secured account (used for Variation Margin flows)	L

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~~The E account is a 30.7 customer account which is part of the Foreign Futures Account Class.~~

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(c) Default Fund (DF) Account. Each FCM Listed Interest Rates Clearing Member’s Contribution is held on a separate financial account, in accordance with the Default Fund Rules. The Default Fund account code is F.

2.3.5 *Margin and Collateral*

3. FINANCIAL TRANSACTIONS

3.1 Accounts

3.1.1 Overview

FCM Clearing Member accounts have financial accounts associated with them. These are, *inter alia*, used to record cash balances and securities ~~Collateral/ documentary credits. Information contained within position keeping accounts is consolidated into financial accounts. FCM Clearing Members are usually provided with two sub-accounts per financial account:~~

~~(a) Margin account;~~

~~(b) Tender account (not applicable to Default Fund (DF) accounts).~~

~~These accounts are used to record cash movements between the Clearing House and the FCM Clearing Member. Refer to Sections 2.1.62.1.6, 2.2.6 and 2.3.4 of these FCM Procedures for a full description of financial accounts relating to the FCM Swap Clear Service.~~

The Clearing House and FCM Clearing Members are permitted to physically commingle the Collateral ~~of FCM Clients~~ relating to Swap Products and to physically commingle the Collateral ~~of FCM Clients~~ relating to Futures Products. However, Collateral relating to Swap Products and Collateral relating to Futures Products must be segregated (both physically and in bookkeeping accounts) from one another in accordance with the CEA and CFTC Regulations.

3.1.2 Margin Account Postings

Transactions posted to ~~the a~~ Margin account include but are not limited to:

- (a) PPS calls and pays;
- (b) option premiums;
- (c) prompt day delivery amounts;
- (d) interest and accommodation charges;
- (e) Clearing House fees, charges and rebates;
- (f) exchange fees, levies and rebates;
- (g) amounts credited or debited in respect of variation margin, price alignment interest, NPV and coupons;
- (h) cash settlement; and

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- (i) settlement differences.

Details of collateral balances, valuations and instructions are also available using the ~~CMS on-line Collateral Management System (“CMS”)~~.

3.1.3 ~~Ledgers Tender Account Postings~~

~~Each Margin account may comprise one or more ledgers, including:~~

~~(a) non-cover ledger (which is used to record (i) Coupons received on securities held as Collateral, (ii) NPV and coupon payments relating to FCM SwapClear Contracts which are forward rate agreements, (iii) fees, charges, levies and rebates, and (iv) interest on cash balances); and~~

~~(b) cover ledger (which is used to record all other items).~~

~~Liabilities arising from trading activity are recorded against the relevant Margin account only. Transactions posted to the Tender account include but are not limited to:~~

~~(a) PPS calls and pays;~~

~~(b) delivery amounts; and~~

~~(c) Coupon payments relating to FCM Clearing Member Collateral.~~

3.1.4 ~~Financial Transaction Reporting~~

~~Banking reports are generated each day and provide members with data relating to but not limited to: liabilities by market, cash balances, non-cash balances, cash posting and interest rates.~~

~~All reports are available via the Member Reporting Web Site (Member Live site) and can be downloaded via the user interface or directly to Member back-office systems via an SFTP connection.~~

~~Details of valuations, cover instructions and cash and non-cash balances are available through the Clearing Management System.~~

~~A “Banking Reports Reference Pack” can be requested from the LCH.Clearent Client Training Team. This contains definitions and examples of each of the available reports.~~

~~Details of cover balances, valuations and instructions are also available using the on-line Collateral Management System (CMS).~~

3.2 **Protected Payments System (PPS)**

The Clearing House operates a direct debit system, known as the Protected Payments System (PPS), for the transfer of funds to and from FCM Clearing Members. PPS is a recognized interbank payments system overseen by the Bank of England.

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4. COLLATERAL

4.1 General Information

4.1.1 *Non-Cash Collateral*

FCM Clearing Members wishing to lodge securities (of the type permitted by the Clearing House) with the Clearing House as Collateral may do so. Securities lodged will be subject to a security interest and held in an account with the Clearing House by the FCM Clearing Member (in respect of Collateral furnished on behalf of FCM Clients, the Clearing House shall hold such securities in the applicable LCH Client Segregated Depository Account).

Collateral ~~pledged-provided~~ in respect of an FCM Clearing Member's Client account will not be applied by the Clearing House to its liabilities on a house account (see FCM Regulation 14(j) (*Margin and Collateral*)).

FCM Clearing Members are warned that the ~~transfer taking~~ of Collateral and the grant of a security interest are ~~is a~~ complex legal matters. These FCM ~~Procedures~~Rulebook, and any communication with the Clearing House (~~whether of an oral or written nature~~), are not to be taken as ~~containing~~ legal or other advice. An FCM Clearing Member ~~who contemplates taking an interest in securities belonging to a client~~ should seek ~~its own~~ independent professional advice ~~on the matter~~.

4.1.2 *General Information*

LCH.Clearnet Security Arrangements

FCM Clearing Members wishing to lodge securities with the Clearing House may do so under the security arrangements set out in the FCM Clearing Membership Agreement and the FCM Regulations.

Collateral ~~pledged-provided~~ in respect of an FCM Clearing Member's Client account will not be applied by the Clearing House to its liabilities on a House account (see FCM Regulation 14(j) (*Margin and Collateral*)).

Unless stated otherwise in the FCM Rulebook, Collateral ~~provided pledged~~ in respect of an FCM Clearing Member's House account may be applied by the FCM Clearing House towards the payment of any sum whatsoever due by the FCM Clearing Member to the Clearing House, **provided, that** no Collateral furnished in respect of an FCM Clearing Member's Client accounts shall be applied on or towards payment or satisfaction of any of the FCM Clearing Member's liabilities to the Clearing House on any of the FCM Clearing Member's House accounts.

As set out in FCM Regulation 14(c) (*Margin and Collateral*), where an FCM Clearing Member wishes to furnish Collateral on behalf of an FCM Client to the Clearing House, the FCM Clearing Member must, *inter alia*, ensure that at all times it remains expressly agreed with the FCM Client that the FCM Clearing Member may ~~pledge-provide~~ the Collateral to the Clearing House, on the Clearing House's terms and free of the FCM Client's interest to secure the

FCM Clearing Member's obligations to the Clearing House. The Clearing House gives no undertaking that, on the ~~ed~~Default of an FCM Clearing Member, it will not utilize Collateral furnished on behalf of an FCM Client which has been passed to it by an FCM Clearing Member, before utilizing any other form of Collateral the Clearing House may hold.

4.1.3 *Additional General Information*

The Clearing House is, at its sole discretion, entitled to determine what will be acceptable to it as Collateral and to determine when a security will cease to be acceptable as Collateral.

If any ~~cash~~ instrument or security, lodged in accordance with any of the following ~~FCM P~~procedures, is in any way found to be unacceptable, it will immediately be given a zero value in the FCM Clearing Member's ~~cover~~ ~~relevant~~ account with the Clearing House. Replacement Collateral may be required immediately from the FCM Clearing Member.

4.1.4 *Instructions*

The Clearing House accepts instructions to lodge, release and transfer cash and securities via the ~~CMS online Collateral Management System ("CMS") and/or any other operational process the Clearing House determines the triparty arrangements described in Section 4.5 (Triparty Service with Euroclear, Clearstream and BNY Mellon) of these FCM Procedures. If there is an outage of the CMS, an FCM Clearing Member may send certain instructions using the appropriate form in the Schedules of these FCM Procedures. Instructions for other types of collateral must be sent via fax using the appropriate form in the annex. The lodgment/release forms must be sent in~~ by fax and email to:

- (a) Email to: ~~{teamecollateral@lchclearnet.com}~~
~~{collateral.ops.uk@lchclearnet.com}~~
- (b) Fax: + 44 (0)20 7375 3518
- (c) ~~Collateral Treasury~~ Operations can be contacted on +44 (0)207 426-7593.

~~Originals of faxed instructions need to be sent into the Clearing House within fourteen days for contingency purposes.~~

The Clearing House is entitled to act upon CMS instructions ~~and faxed instructions~~ or communications appearing to have been issued by ~~or~~ on behalf of, or to have come from, an FCM Clearing Member. These will be accepted by the Clearing House as genuine, even if, for example, they are later found:

(a) ~~to be inaccurate, whether in whole or in part; or~~

(a) ~~—(b)~~

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- (b) not to have been given by the FCM Clearing Member ~~or an FCM Client~~ or with the authority of the Clearing Member ~~or FCM Client~~.

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The Clearing House will only accept delivery of securities Collateral from an FCM Clearing Member in accordance with these FCM Procedures, and will not sell ~~or~~ purchase ~~cash or or enecash~~ securities Collateral for FCM Clearing Members, except in so far as it is acting under its Default Rules and related provisions of the FCM Rulebook or in relation to Exchange Rules.

~~The Clearing House reserves the right to require an FCM Clearing Member to execute revised versions of the Form of Charge and Client Consent documentation whenever the Clearing House, at its sole discretion, considers that it would be appropriate.~~

The Clearing House reserves the right to change the information required on instructions received via the CMS, whenever the Clearing House, at its sole discretion, considers that it would be appropriate to do so.

4.1.5 **Excess Margin Maintained in Proprietary Accounts**

In accordance with FCM Regulation 14(~~v~~bb) (*Margin and Collateral*), FCM Clearing Members are permitted to maintain Excess Margin in their Proprietary Accounts (regardless of whether any such FCM Clearing Member has elected to have one or more of its FCM Omnibus Swaps Client Accounts with LCH subject to the With Excess Client Model), but subject to the right of the Clearing House, in its sole discretion, to return such Excess Margin to the FCM Clearing Member. Alternatively, the Clearing House may notify that FCM Clearing Member of the intention to levy a charge in respect of Excess Margin with effect from such date as is notified to the FCM Clearing Member. In the event that the FCM Clearing Member does not remove Excess Margin before the date so notified, the Clearing House may, in its discretion, charge the FCM Clearing Member at the rate of 1 basis point per day until Excess Margin is removed by the FCM Clearing Member ~~through use of a release instruction~~. Payment of this charge shall be collected on a monthly basis through that FCM Clearing Member's PPS sterling account. This charge applies only to Margin lodged with respect to FCM Contracts registered to the FCM Clearing Member's Proprietary Account.

The Clearing House shall have absolute discretion to decide whether and to what extent it is holding Excess Margin at any time.

The ability of FCM Clearing Members to maintain Excess Margin in its FCM Omnibus Futures Client Accounts with LCH is governed by the provisions of the FCM Rulebook, including FCM Regulation 14(~~v~~aa)(ii) (*Margin and Collateral*).

The ability of FCM Clearing Members to maintain Excess Margin in its FCM Client Sub-Accounts is governed by the provisions of the FCM Rulebook, including FCM Regulation 15 (*Margining of Swap Product Client Accounts*).

4.1.6 ***Return and Provision of Cash Excess Margin***

Requests for the return of USD cash Excess Margin must be received by the Clearing House before 09:30 hours (New York time) on a U.S. Business Day. In respect of any such request received by the Clearing House after 09:30 hours (New York time) on a U.S. Business Day, the Clearing House shall have sole discretion as to whether or not to return the relevant USD cash Excess Margin to the requesting FCM Clearing Member except with the consent of the Clearing House. Additionally, if the Clearing House does not repay the relevant excess USD cash requested by an FCM Clearing Member after 09:30 hours (New York time) on a U.S. Business Day, such request shall be deemed void.

The Clearing House will not accept deposits of USD cash Collateral as Excess Margin on any date that is not a U.S. Business Day or at any time after 14:00 hours (New York time) on a U.S. Business Day.

4.1.7 ***Lodgment of Collateral as Replacement for Cash Cover for Margin***

This Section ~~4.1.74.1.7~~ applies only to Proprietary Accounts of FCM Clearing Members. FCM Clearing Members should note that they must give ~~Treasury Collateral~~ Operations no less than two (2) Business Days' notice of their intention to lodge Collateral with a value of £50 million sterling or more, and which is reasonably likely to have the effect that cash to a similar value is repayable by the Clearing House to that FCM Clearing Member as a result of such lodgment. In the event that an FCM Clearing Member seeks to withdraw such cash Collateral without giving such notice, the Clearing House will decline to release such cash Collateral until the end of the required notice period. The Clearing House may extend the required notice or vary the minimum Collateral value by written notice to FCM Clearing Members.

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4.1.8 ***Force Majeure***

The Clearing House will not be liable for any failure, hindrance or delay in the performance (in whole or in part) of any of its obligations to FCM Clearing Members with regard to ~~instruments or securities accepted as~~ Collateral where such failure, hindrance or delay arises from causes beyond the control of the Clearing House, such as (but not limited to) the failure (whether partial or total), interruption or suspension of any ~~Depository or custodian or other service ("depository")~~ that the Clearing House is using, the termination or suspension of the Clearing House's membership or use of ~~any D~~ the depository or any variation of ~~the a~~ Depository's operational timetable, whether or not occasioned by action of the ~~d~~ Depository or any other party; ~~or~~ any embargo, unavailability or restriction of bank transfer systems or wires, malfunction or overload of the ~~d~~ Depository; ~~or~~ any other emergency. This provision is without prejudice to the force majeure provisions of FCM Clearing Members' agreements with the Clearing House.

4.1.9 ***Regulatory and Supervisory Information***

In every case, the Clearing House will be entitled to supply a ~~securities~~ ~~d~~Depository with all the information it requires for any purposes relating to an FCM Clearing Member, or relating to Collateral securities received by the Clearing House from an FCM Clearing Member which ~~are-is,~~ or may at any time have been held by the ~~d~~Depository. Securities Collateral will be lodged and held within such ~~d~~Depository ~~or other systems~~ as the Clearing House may select or allow, subject to the conditions of such ~~systems-Depository~~ and to any Applicable Law and subordinate rules relating thereto, as well as to the terms of the FCM Rulebook and these FCM Procedures.

4.1.10 ***Interest PaymentsCoupons***

The Clearing House will record coupons that arise in respect of non-cash Collateral of an FCM Clearing Member, taking into account any withheld tax, ("Coupons") to such FCM Clearing Member's relevant FCM Omnibus Swaps Client Account with LCH, FCM Omnibus Futures Client Account with LCH or Proprietary Account and to the non-cover ledger within such account (see Section 3.1.3(a)(i) of these FCM Procedures) on the appropriate payment date, and such Coupons will be cash Collateral.

The Clearing House will promptly on or after the appropriate payment date take such steps as are necessary to transfer Coupons to the relevant FCM Clearing Member (except Coupons which are automatically transferred to such FCM Clearing Member by operation of a triparty transaction), provided that the Clearing House shall only be obliged to take such steps pursuant to this Section 4.1.10:

- (a) to the extent that they constitute Excess Margin;
- (b) if the FCM Clearing Member is not a Defaulter;
- (c) to the extent the Clearing House is permitted to take such steps and make such transfer under Applicable Law and the contractual provisions of any relevant Depository;
- (d) if the Clearing House considers it is not necessary or desirable to retain such Coupons in order to effect (or seek to effect) a transfer of FCM Contracts and Collateral from an account of an FCM Clearing Member to another account of an FCM Clearing Member or Non-FCM Clearing Member in accordance with the FCM Rulebook, the FCM Procedures, the UK General Regulations and/or UK General Procedures; and
- (e) if there is no overnight margin and/or cash call (including an EOD Margin Run call) in respect of the relevant FCM Clearing Member which remains outstanding. The Clearing House will remit interest amounts, taking into account any withheld tax, to FCM Clearing Members' PPS banks on the appropriate value date, except where such FCM Clearing Member is a Defaulter. These are processed using

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~~“Tender” sub accounts designated “I” for house or “L” for segregated client.~~

4.2 Securities

4.2.1 General Information

Securities must be lodged in the Clearing House's relevant ~~Custodian settlement~~ accounts (see ~~Schedule 4D~~~~Schedule 4D~~).

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4.2.2 Settlement procedures – Securities

All transactions to deposit or withdraw ~~securities Collateral with or~~ from the Clearing House will be executed free of payment.

4.3 Instructions via the CMS

The Clearing House will action instructions ~~relating to Collateral that have been~~ input and authorized via the CMS. The details input on the CMS will form the basis of the matching instruction sent to the relevant ~~Depository~~~~CSD/eustodian~~. FCM Clearing Members must ensure that the details are input correctly in order to avoid unmatched transactions

It is the responsibility of the FCM Clearing Member to input a cancellation request of any incorrectly input instruction and to subsequently input the correct details in a new instruction. Please note that it may not be possible to cancel an instruction (please refer to Section ~~4.4.7~~~~4.4.7~~ below for further details).

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The Clearing House will update the status of the instruction in the CMS ~~to reflect in relation to~~ the status of the ~~corresponding~~ instruction at the ~~relevant Depository~~~~CSD/eustodian~~. On settlement of the transaction ~~at the relevant Depository~~, the Clearing House will reflect the balance of the securities on the ~~relevant account of the FCM Clearing Member's account~~ and ~~take them into account for the purposes of calculating the value of the FCM Clearing Member's provide value for the purposes of~~ Margin.

~~The relevant account details that an FCM Clearing Member should use for matching transactions at a Depository are located at www.lch.com/documents/731485/762486/lch-custodian-settlement-accounts-for-margin-collateral-ltd-2809.pdf/6857526e-1d18-4b86-9e4a-bc1b7e2a4234~~~~The Clearing House will notify FCM Clearing Members of the relevant account details for matching. FCM Clearing Members should refer to Schedule 4D to establish the correct place(s) of settlement for a particular security.~~

The Clearing House will not be liable for any losses to FCM Clearing Members or third parties caused by non-settlement or by a delay in settlement as a result of the actions or omissions of a ~~Depository~~~~CSD/eustodian~~ or the FCM Clearing Member (save for any liability which may not be excluded by ~~Applicable L~~aw).

4.4 Settlement Procedures – Securities

All transactions to transfer securities ~~e~~Collateral to or from the Clearing House will be executed free of payment.

4.4.1 Instruction Deadlines

FCM Clearing Members may input security instructions via the CMS at any time. Instructions will only be auctioned by the Clearing House during operational hours.

~~The~~ Collateral ~~Team Operations'~~ operational hours are:– Monday to Friday, 08:00 to 21:00hrs UK time.

Instruction deadlines for same day settlement:

<u>Depository CSD/eustodian</u>	<u>Deadline for instructions (UK Time)</u>
Euroclear UK/IE (CREST)	14:00 (UK time)
Euroclear internal	17:00 (UK time)
Citi and BNYMellon	19:00 (UK time)
<u>Austraclear</u>	<u>15:30 (AEST)</u>

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The Clearing House will input matching instructions to the relevant ~~Depository CSD/eustodian~~ for same day settlement when the instructions are received prior to the deadlines above.

4.4.2 Deliveries to and from Local Markets

The Clearing House is bound by the settlement deadlines of the relevant ~~Depository CSD/eustodian~~. FCM Clearing Members should refer to the relevant ~~Depository CSD/eustodian~~ for these deadlines. Note that for transactions from local markets the settlement deadline may be earlier than the Clearing House hours of operation and should therefore be instructed the day before the settlement date (*i.e.* on S-1). Instructions to the Clearing House must be provided at least one hour before the market deadline for same day settlement.

For example:

<u>Deliveries from Local Market</u>	<u>Depository Custodian Deadline (UK time)</u>	<u>Instruction Deadline to Clearing House (UK time)</u>
Japan	05:55	17:00 on S-1
Belgium	14:50	13:50 on S

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<u>Deliveries from Local Market</u>	<u>Depository Custodian Deadline (UK time)</u>	<u>Instruction Deadline to Clearing House (UK time)</u>
Italy	15:00	14:00 on S

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4.4.3 Transfer of Securities from an FCM Clearing Member to the Clearing House Lodging securities

~~Lodge~~ Instructions for the transfer of securities from a Clearing Member to the Clearing House must be input via the CMS prior to the deadlines above for same day settlement. Settled transactions will be taken into account for the purposes of calculating the value of the added to FCM Clearing Member's ~~cover balances following settlement~~ Margin.

~~Lodge~~ Transfer instructions for future settlement dates will be instructed same day if received prior to the deadlines. Instructions received after the deadlines will be instructed the following day.

4.4.4 Transfer of Securities from the Clearing House to an FCM Clearing Member Releasing securities

(a) *Release where Sufficient Cover is Available*

Instructions to release existing securities ~~cover~~ Collateral of an FCM Clearing Member that are input via the CMS prior to the deadlines above for same day settlement will be actioned carried out and the securities Collateral specified in those instructions will no longer be included when calculating removed from the value of the FCM Clearing Member's Margin cover balance on confirmation of those instructions by the Clearing House.

(b) *Release where Sufficient Cover is Unavailable*

Instructions to release existing securities ~~cover~~ Collateral of an FCM Clearing Member must be input via the CMS before 09:30 UK time. The FCM Clearing Member will then be requested to transfer called for additional cash Collateral. Following confirmation of the transfer of such cash ~~call~~ Collateral, the settlement instruction will be sent to the Depository CSD/custodian by the Clearing House and the securities Collateral specified in those instructions will no longer be included when calculating the value of the FCM Clearing Member's Margin removed from the FCM Clearing Member's cover balance.

4.4.5 Substitutions

Substitution instructions may be input via the CMS and will, subject to confirmation of those instructions by the Clearing House, be carried out on the same day if input prior to the deadlines above.

FCM Clearing Members must first input the relevant lodge instruction(s) and then link the associated release instruction(s) to the lodge instruction(s).

4.4.6 **Transfers**

Transfer instructions may be input via the CMS and will be carried out same day during operational hours.

Note: transfers are only permitted between mnemonics of the same FCM Clearing Member and are subject to client segregation rules.

4.4.7 **Settlement Cancellations**

FCM Clearing Members may request the cancellation of an instruction via the CMS. The Clearing House will cancel any instruction that has not yet been processed. The Clearing House will seek, using its best efforts, to cancel any settlement instructions already sent to the relevant CSD/eustodian Depository, but cannot guarantee that the transaction will not settle.

4.4.8 **Instruction Status**

The status of an instruction can be monitored via the CMS. Statuses reflect the status of the instruction at the Clearing House and not at the relevant Depository CSD/eustodian. Please refer to the CMS uUser Gguide for status definitions.

4.5 **Triparty Service with Euroclear and, Clearstream and BNY Mellon**

4.5.1 **General Information**

In order for an FCM Clearing Member to transfer securities to at the Clearing House using a Triparty arrangement, such FCM Clearing Members, the relevant triparty agent and the Clearing House must have completed and signed the relevant documentation. Please contact the Clearing House Treasury Operations on +44 (0)207 426 7237 for more information.

~~Under a triparty arrangement, the amount which an FCM Clearing Members may execute a triparty transaction commit to deliver eligible securities for (to cover Initial Margin requirements at the Clearing House.) may be denominated in Euro, Sterling or US Dollars. Triparty instructions must should be provided to the Clearing House via the CMS Collateral Management System. Instructions may be input for future settlement dates. In the event that FCM Clearing Members are unable to make triparty instructions via the Collateral Management System, it will be possible to use the relevant triparty contingency forms found in the appendices to this section.~~

~~If an FCM Clearing Member is unable to make triparty instructions via the CMS, it will be possible to instruct using the relevant triparty contingency forms found in the Schedules of these FCM Procedures. All securities furnished by an FCM Clearing Member to the Clearing House pursuant to a triparty arrangement must be the sole legal and beneficial property of the FCM Clearing Member or furnished for the purposes of the FCM Regulations with~~

~~the legal and beneficial owner's unconditional consent and with the authority granted to the FCM Clearing Member to re-pledge such property to the Clearing House.~~

~~Instructions to Euroclear Bank and Clearstream may be input for future settlement dates. Instructions to BNY Mellon must be for same day settlement.~~

~~FCM Clearing Members may only use BNY Mellon as triparty agent for FCM Client business. The Clearing House supports triparty arrangements at BNY Mellon using their US domestic platform and only for US eligible securities.~~

~~Triparty transactions must be a minimum of Each initial delivery of securities to the Clearing House pursuant to a triparty arrangement must be for value of at least one million GBP, EUR or USD.~~

Note: In these procedures, "S" refers to the settlement day, "S-1" to the working day before settlement day.

4.5.2 Lodgment and Increase Procedure

Last instruction deadline to the Clearing House for (UK Time):		
	Euroclear Bank	Clearstream
Same day settlement	176.300	168.030
Next day settlement	167.300 (S-1)	168.300 (S-1)

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4.5.2 Decrease and Closing Procedure

Last instruction deadline to the Clearing House for (UK Time):		
	Euroclear Bank	Clearstream
Same day settlement	167.300	168.300
Next day settlement	167.300 (S-1)	168.300 (S-1)

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~~The FCM Clearing Member may request that the Clearing House release some or all securities under a triparty arrangement back to the FCM Clearing~~

~~Member, provided that the Clearing House is satisfied that it otherwise has sufficient collateral from the FCM Clearing Member to maintain its required Margin. Such release may be processed as described as below depending on whether the FCM Clearing Member has sufficient collateral, and will be taken into account in determining the FCM Clearing Member's Margin thereafter.~~

Sufficient Collateral

~~Where the Clearing House determines that the FCM Clearing Member has sufficient eCollateral available, the closure of a triparty transaction or the decrease of the transaction amount of a triparty transaction will be processed on the same day and the resulting reduction of Collateral will be taken into account for the purposes of calculating the value of the FCM Clearing Member's Margin. Clearing House will issue instructions on the same day under the triparty arrangement to release the relevant securities back to the FCM Clearing Member.~~

Insufficient Collateral

~~Where the FCM Clearing Member has insufficient Collateral to close a triparty transaction or to decrease the transaction amount of a release the triparty transaction, the Clearing Member's Margin will be deemed to be decreased overnight and, the following morning, the Clearing House will only release ~~close~~ the triparty transaction or decrease the transaction amount of the triparty transaction after 09.00 (UK time) when any PPS cash calls have been confirmed.~~

Triparty ~~d~~Deficits

In the event that the Clearing House determines that a shortfall exists under a triparty arrangement, whether because of a decrease in the value of securities furnished or otherwise, and such shortfall has not been made good by the inclusion of additional securities, the Clearing House shall be entitled to make one or more PPS cash calls in respect of such shortfall. Cash calls in relation to shortfalls will be called in accordance with Section 3.23.2 of these FCM Procedures ~~and held in a separate account~~. Such cash shall either be credited to the FCM Clearing Member upon the FCM Clearing Member making good the deficit pursuant to the triparty arrangement or retained as ~~cover~~ Collateral if the FCM Clearing Member does not make good the deficit.

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4.6 Withholding Taxes

4.6.1 US Withholding Taxes

For tax reasons, the Clearing House is required to segregate foreign (i.e., non-US) owners' securities from US owners' securities. FCM Clearing Members must deliver securities to the correct account. The Clearing House operates accounts with Citibank N.A. and Bank of New York Mellon.

In order to reduce or to eliminate US withholding tax, the correct tax documentation must have been provided in respect of each owner. To this

end, FCM Clearing Members will be expected to provide one of the forms noted below to the Clearing House. A current form will be required for each FCM Clearing Member.

The relevant forms will normally be one of:

- (a) “W-9 (Request for Taxpayer Identification Number and Certification)”, which applies to a US corporation including a foreign branch of a US corporation and is valid indefinitely; or
- (b) “W-8BEN (Certificate of Foreign Status)”, which applies to non-resident alien individuals, foreign corporations, partnerships and estates and is valid for three calendar years.

FCM Clearing Members may obtain originals of forms W-8BEN and W-9 from Collateral Treasury Operations.

Note: The Clearing House's arrangements with its custodians-Depositories only allow for securities holdings of US corporations or foreign (i.e., non-US) entities or individuals. FCM Clearing Members who wish to discuss the possibility of lodging securities belonging to owners excluded from this arrangement should contact Collateral Treasury Operations.

Unless the Clearing House has already received the appropriate tax form, lodgments into A/c numbers 735136, 735138, 206203 and 090401 must be accompanied by form W-9.

Unless the Clearing House has already received the appropriate tax form, lodgments into A/c numbers 735137, 735139, 207887 and 090372 must be accompanied by form W-8.

The Clearing House's acceptance of US securities does not indicate any responsibility for the adequacy or otherwise of tax documentation. Any queries in relation to these tax forms should be referred to your company accountant or professional advisers.

Completed tax forms should be returned to Collateral Treasury Operations for onward transmission to the relevant Depository Custodians.

~~Custodians offer a recovery service for overseas taxes on Government Bonds. The Clearing House will assist in the recovery process and remit to Clearing Members any recovery in withholding tax credited to the Clearing House's account by the Custodian.~~

~~In certain cases the Custodian/the Clearing House will withhold tax on a coupon if the correct documentation is not lodged with either the custodian/the Clearing House at the time when a coupon is due.~~

4.6.2 **Italian Securities**

For tax purposes the Clearing House operates an account with Euroclear Bank specifically for deliveries of Italian securities – account 91737.

This account is operated by the Clearing House in accordance with “Euroclear Procedures to Obtain Exemption from Italian Withholding Tax on Italian Domestic Debt Securities”.

Beneficial owners are entitled to exemption at source from Italian Withholding Tax on Italian securities if they are:

- (a) resident in a country that has entered into a double taxation agreement with Italy (except black list countries/countries that do not have a tax treaty with Italy); or
- (b) a corporation resident in Italy; or
- (c) a supranational organization recognized by Italian Law.

Beneficial owners are required to supply duly completed and executed official forms as proof of eligibility to the exemption and where applicable supply additional documentation, before a delivery can be made into this account.

Official forms are available on request from the Collateral Treasury Operations Department.

Original forms are to be received by the Clearing House before Italian securities can be accepted within the gross account 91737.

The effective date depends on the type and terms of the security:

Coupon Debt securities (BTPs, CCTs and CTOs)

The new regime applies to Coupons that arise the interest that starts to run on or after 1 January 1997, regardless of the issue date.

Zero eCoupon debt securities with a maturity of less than one year (BOTs)

The regime applies to all securities issued on or after 1 January 1997.

Clearing Members should consult their own tax advisers before lodging Collateral with the Clearing House or submitting any tax documentation.

4.6.3 **Withholding tax – CSDs/Custodians Depositories**

A Depository CSDs/eustodians may offer a recovery service for overseas taxes on government bonds. The Clearing House will assist in the recovery process and remit to FCM Clearing Members any relevant recovery in withholding tax credited to the Clearing House's account by the relevant Depository CSDs/eustodians.

In certain cases, the ~~CSDs/eustodian and~~ Clearing House or the relevant Depository will withhold tax on a eCoupon if the correct documentation is not lodged with the ~~CSD/eustodian and the~~ Clearing House or such Depository ~~at the time when a coupon is due.~~

4.7 References

These ~~FCM Procedures procedures~~ should be read in conjunction with the relevant contractual provisions, user guides and/or manuals of the relevant Depository~~CSD/eustodian~~. Please also refer to each relevant Depository ~~CSD/eustodian~~ for the relevant settlement deadlines in particular those for deliveries from local markets to Clearing House accounts.

4.8 Contingency Arrangements

In the event of an outage of the CMS, the Clearing House will notify FCM Clearing Members via member circular and FCM Clearing Members may send certain instructions, using the appropriate form in the Schedules of these FCM Procedures, to the Clearing House by fax and email (see Section 4.1.4 of these FCM Procedures) ~~will be able to lodge and release securities by faxed instruction to the Clearing House.~~

~~FCM Clearing Member will be notified of a CMS outage via a Member Circular that will notify FCM Clearing Members of the switch to contingency arrangements. The FCM Clearing Members should then revert to the fax forms for securities found in the appendices to this Section 4.~~

Normal service hours and deadlines will apply to ~~faxed~~ such instructions.


The Clearing House will notify FCM Clearing Members ~~will be notified~~ via a Member Circular when ~~the CMS is available again~~ normal service resumes.

4.9 Return and Reapplication of Unallocated Excess and Return of FCM Buffer

Upon the request of an FCM Clearing Member, the Clearing House shall return all or a portion of such FCM Clearing Member's available Unallocated Excess or FCM Buffer (as requested) to such FCM Clearing Member; **provided, that** (i) FCM Clearing Members are not entitled to request the return of Encumbered FCM Buffer, and (ii) the Clearing House shall not be required to return FCM Buffer if the FCM Clearing Member is a Defaulter. The FCM Clearing Member's request must contain the specific details of the amount of funds requested and whether such FCM Clearing Member is requesting the return of FCM Buffer or Unallocated Excess, and any other information reasonably requested by the Clearing House. The end of day report delivered to the FCM Clearing Member by the Clearing House shall constitute conclusive evidence of the amount of any FCM Buffer or Unallocated Excess returned to such FCM Clearing Member during that day, unless the Clearing House determines such report contained an error and subsequently delivers an amended report or other notice to the FCM Clearing Member in respect of such amounts.

FCM Regulation 15 (*Margining of Swap Product Client Accounts*) contains additional provisions relating to FCM Buffer, Encumbered FCM Buffer and Unallocated Excess.

**SCHEDULE 4E
CONTINGENCY MEMBER TRIPARTY LODGEMENT FORM**

	<p align="center">FCM HOUSE TRIPARTY LODGEMENT FORM</p> <p align="center">BNY Mellon US domestic platform (GSCX)</p> <p align="right">Version 1: Mar 2014</p>			
<p>To: LCH.Clearnet Limited ("the Clearing House")</p>	<p align="right">LCH.Clearnet Limited Ref No: _____</p>			
<p>From: Clearing Member (full name): _____ House Mnemonic: _____</p>				
<p>We are entitled to the entire beneficial interest in these securities.</p> <p>We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator.</p> <p>We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.</p>				
Execution Date	Currency (USD only)	Amount	Collateral Giver Account Number	Collateral Taker Account Number
<p>Signatories for and on behalf of the Clearing Member:</p> <p align="center">1</p> <p align="center">_____ (Signature) (Print Name) (Position)</p> <p align="center">2</p> <p align="center">_____ (Signature) (Print Name) (Position)</p> <p align="center">Date _____</p>				

**SCHEDULE 4F
CONTINGENCY MEMBER TRIPARTY AMENDMENT FORM**



**FCM HOUSE TRIPARTY
AMENDMENT FORM**

BNY Mellon US domestic platform (GSCX)

Version 1: Mar
2014

To: LCH.Clearnet Limited ("the Clearing House")

From: Clearing Member (full name): _____
House Mnemonic: _____

~~We are entitled to the entire beneficial interest in these securities.~~

~~We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator.~~

~~We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.~~

Execution Date	CMS Reference	Increase/ Decrease	Currency	New Amount	Collateral Giver Account Number	Collateral Taker Account Number


Signatories for and on behalf of the Clearing Member:

1 _____
(Signature) (Print Name) (Position)


2 _____
(Signature) (Print Name) (Position)

Date _____

**SCHEDULE 4G
CONTINGENCY MEMBER TRIPARTY CLOSING FORM**

			FCM HOUSE TRIPARTY CLOSING FORM BNY Mellon US domestic platform (GSCX) Version 1: Mar 2014		
To: LCH.Clearnet Limited ("the Clearing House")					
From: Clearing Member (full name): _____ House Mnemonic: _____					
CMS Reference	Closing Date & Execution Date	Currency	Amount	Collateral Giver Account Number	Collateral Taker Account Number
Signatories for and on behalf of the Clearing Member:					
1		_____	_____	_____	_____
		(Signature)	(Print Name)	(Position)	
2		_____	_____	_____	_____
		(Signature)	(Print Name)	(Position)	
Date		_____			

**SCHEDULE 4H
CONTINGENCY MEMBER TRIPARTY LODGEMENT FORM**

	<p align="center">FCM CLIENT TRIPARTY LODGEMENT FORM</p> <p align="center">BNY Mellon US domestic platform (GSCX)</p> <p align="right">Version 1: Mar 2014</p>			
<p>To: LCH.Clearnet Limited ("the Clearing House")</p>				
<p>From: Clearing Member (full name): _____ Client Mnemonic: _____</p>				
<p>We hereby transfer the securities described below to the Clearing House under the terms of FCM Regulations 14(l) and 14(m) of the FCM Regulations.</p> <p>We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator.</p> <p>We hereby confirm that the securities detailed below are customer funds subject to segregation pursuant to the U.S. Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.</p>				
Execution Date	Currency (USD only)	Amount	Collateral Giver Account Number	Collateral Taker Account Number
<p>Signatories for and on behalf of the Clearing Member:</p>		1	_____	_____
			(Signature)	(Print Name) (Position)
		2	_____	_____
			(Signature)	(Print Name) (Position)
		Date	_____	

**SCHEDULE 4I
CONTINGENCY MEMBER TRIPARTY AMENDMENT FORM**



**FCM CLIENT TRIPARTY
AMENDMENT FORM**

BNY Mellon US domestic platform (GSCX)

Version 1: Mar
2014

To: LCH.Clearnet Limited ("the Clearing House")

From: Clearing Member (full name): _____
 Client Mnemonic: _____

We hereby transfer the securities described below to the Clearing House under the terms of FCM Regulations 14(l) and 14(m) of the FCM Regulations.

We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator.

We hereby confirm that the securities detailed below are customer funds subject to segregation pursuant to the U.S. Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.

Execution Date	CMS Reference	Increase/ Decrease	Currency	New Amount	Collateral Giver Account Number	Collateral Taker Account Number

Signatories for and on behalf of the Clearing Member:

1

 (Signature) (Print Name) (Position)

2

 (Signature) (Print Name) (Position)

Date _____

**SCHEDULE 4J
CONTINGENCY MEMBER TRIPARTY CLOSING FORM**



**FCM CLIENT TRIPARTY
CLOSING FORM**

BNY Mellon US domestic platform (GSCX)

Version 1: Mar
2014

To: LCH.Clearnet Limited ("the Clearing House")

From: Clearing Member (full name): _____

Client Mnemonic: _____

CMS Reference	Closing Date & Execution Date	Currency	Amount	Collateral Giver Account Number	Collateral Taker Account Number

Signatories for and on behalf of the Clearing Member:

1


(Signature) (Print Name) (Position)

2


(Signature) (Print Name) (Position)

Date _____


SCHEDULE 4KE
CONTINGENCY MEMBER TRIPARTY LODGEMENT FORM

	FCM HOUSE TRIPARTY LODGEMENT FORM Euroclear Version 1: Mar 2014				
To: LCH.Clearnet Limited (“the Clearing House”)	LCH.Clearnet Limited Ref No:				
From: Clearing Member (full name): _____ House Mnemonic: _____					
We are entitled to the entire beneficial interest in these securities.					
We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Euroclear clearance system subject to fungibility regime organised by the Belgian Royal Decree No.62 of 10 November 1967 promoting the circulation of securities as amended from time to time.					
We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.					
Execution Date	Currency	Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number	
Signatories for and on behalf of the Clearing Member:		1	_____ (Signature)	_____ (Print Name)	_____ (Position)
		2	_____ (Signature)	_____ (Print Name)	_____ (Position)
		Date	_____		


SCHEDULE 4~~FL~~
CONTINGENCY MEMBER TRIPARTY AMENDMENT FORM

		FCM HOUSE TRIPARTY AMENDMENT FORM					
		Euroclear Version 1: Mar 2014					
To: LCH.Clearnet Limited (“the Clearing House”)							
From: Clearing Member (full name): _____							
House		Mnemonic: _____					
We are entitled to the entire beneficial interest in these securities.							
We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Euroclear clearance system subject to fungibility regime organised by the Belgian Royal Decree No.62 of 10 November 1967 promoting the circulation of securities as amended from time to time.							
We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.							
Execution Date	CMS Reference	Increase/Decrease	Amount of Increase/Decrease	Currency	New Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number
Signatories for and on behalf of the Clearing Member:		1		_____	_____	_____	_____
				(Signature)	(Print Name)	(Position)	
		2		_____	_____	_____	_____
				(Signature)	(Print Name)	(Position)	
				Date	_____		


SCHEDULE 4GM
CONTINGENCY MEMBER TRIPARTY CLOSING FORM

			FCM HOUSE TRIPARTY CLOSING FORM Euroclear Version 1: Mar 2014		
To: LCH.Clearnet Limited ("the Clearing House")					
From: Clearing Member (full name): _____ House Mnemonic: _____					
CMS Reference	Closing Date & Execution Date	Currency	Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number
Signatories for and on behalf of the Clearing Member:					
1		_____	_____	_____	
		(Signature)	(Print Name)	(Position)	
2		_____	_____	_____	
		(Signature)	(Print Name)	(Position)	
Date		_____			


SCHEDULE 4NH
CONTINGENCY MEMBER TRIPARTY LODGEMENT FORM

	FCM HOUSE TRIPARTY LODGEMENT FORM Clearstream Version 1: Mar 2014				
To: LCH.Clearnet Limited (“the Clearing House”)	LCH.Clearnet Limited Ref No:				
From: Clearing Member (full name): _____ House Mnemonic: _____					
We are entitled to the entire beneficial interest in these securities.					
We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Clearstream clearance system subject to the fungibility regime organised by the Luxembourg Law of 1 August 2001 on the circulation of securities and other financial instruments as amended from time to time.					
We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.					
Execution Date	Currency	Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number	
Signatories for and on behalf of the Clearing Member:		1	_____ (Signature)	_____ (Print Name)	_____ (Position)
_____		2	_____ (Signature)	_____ (Print Name)	_____ (Position)
_____		Date	_____		

SCHEDULE 401
CONTINGENCY MEMBER TRIPARTY AMENDMENT FORM

		FCM HOUSE TRIPARTY AMENDMENT FORM					
		Clearstream Version 1: Mar 2014					
To: LCH.Clearnet Limited (“the Clearing House”)							
From: Clearing Member (full name): _____							
House		Mnemonic: _____					
We are entitled to the entire beneficial interest in these securities.							
We acknowledge that these securities may be held by any custodian in any depository, securities clearing or settlement system which may for the time being be customarily used in connection with securities of similar kinds on a fungible basis and subject to the rules of the relative system and the terms and conditions of its operator, and the Clearing House has no responsibility for the performance of any such custodian, system or operator and in particular we consent to the securities being held in the Clearstream clearance system subject to the fungibility regime organised by the Luxembourg Law of 1 August 2001 on the circulation of securities and other financial instruments as amended from time to time.							
We hereby confirm that the securities detailed below are NOT customer funds subject to segregation requirements pursuant to the US Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission promulgated thereunder.							
Execution Date	CMS Reference	Increase/Decrease	Amount of Increase/Decrease	Currency	New Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number
Signatories for and on behalf of the Clearing Member:			1	_____	_____	_____	_____
				(Signature)	(Print Name)	(Position)	
			2	_____	_____	_____	_____
				(Signature)	(Print Name)	(Position)	
			Date	_____			

SCHEDULE 4JP
CONTINGENCY MEMBER TRIPARTY CLOSING FORM

			FCM HOUSE TRIPARTY CLOSING FORM Clearstream Version 1: Mar 2014		
To: LCH.Clearnet Limited ("the Clearing House")					
From: Clearing Member (full name): _____ House Mnemonic: _____					
CMS Reference	Closing Date & Execution Date	Currency	Nominal Amount	Collateral Giver Account Number	Collateral Taker Account Number
Signatories for and on behalf of the Clearing Member:					
1		_____	_____	_____	
		(Signature)	(Print Name)	(Position)	
2		_____	_____	_____	
		(Signature)	(Print Name)	(Position)	
Date		_____			