

VIA CFTC PORTAL

27 March 2018

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH Limited Self Certification: Rule Changes Related to the Clearing House Prescribed Language and the obligations of LCH to each Clearing Member.

Dear Mr Kirkpatrick

Pursuant to CFTC regulation §40.6(a), LCH Limited (“LCH”), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the “CFTC”), is submitting for self-certification changes to its rules regarding the Clearing House Prescribed Language, related to client clearing, and the obligations of LCH to each Clearing Member.

Part I: Explanation and Analysis

The General Regulations (Regulation 11(f)(i)) provide that a “Clearing Member shall, before providing the relevant Client Clearing Services to any client, ensure that it has entered into a Clearing Agreement with that client which gives the Clearing House enforceable rights against that client in terms of the Clearing House Prescribed Language”. The purpose of the Clearing House Prescribed Language is to seek to protect LCH from claims brought against LCH by clients of LCH Clearing Members.

LCH proposes to remove the existing section titled “Clearing House Prescribed Language” in Schedule 2 of Procedures Section 4 (“Margin and Collateral”) and replace it with an amended version in a new Schedule 1 of the Procedures Section 1 (“Clearing Member, non-Member Market Participant and Dealer Status”). The amended version simplifies the language on the respective obligations of clients and their Clearing Members to LCH. These rule changes do not apply to Clearing Members of LCH which are Futures Commission Members (“FCMs”) and clients of FCMs.

In addition, LCH proposes to make a clarification change in the General Regulations and the FCM Regulations noting that the benefit of the performance by LCH of its obligations under the LCH Rulebook is conferred upon Clearing Members only.

The rule changes will go live on, or after, 12 April 2018.

Part II: Description of Rule Changes

Schedule 2 of the Procedures Section 4 titled "Clearing House Prescribed Language" has been removed and replaced with a new Schedule 1 of the Procedures Section 1. The new section comprises of two clauses. The first clause establishes that the client clearing services provided by LCH to clients of LCH Clearing Members are subject to the LCH Rulebook and clients shall not be in breach of the relevant provisions; and sets out the clients' responsibilities and obligations to LCH and LCH's rights over the clients, including the following:

- a) in the event that their Clearing Member defaults, in the absence of a nomination of a Back-up Clearing Member, LCH would not port the clients positions and, instead, would implement the remainder of its default management process under the Default Rules in relation to such clients' Contracts;
- b) clients must agree that they have read and understood the Client Clearing End-User Notice, provided by LCH; and
- c) clients must obtain their own independent advice, and undertake their own due diligence in respect to the client services offered by LCH.

The second clause requires a Clearing Member and their clients to acknowledge and agree that, subject to and in accordance with the UK Third Parties Act 1999, a person who is not party to the relevant client clearing agreement has no rights over it, except that LCH may enforce any term of the relevant client clearing agreement. The clause also notes that the rights of the Clearing Member and their clients to rescind/vary the client clearing agreement are not subject to the consent of any other person.

The above changes only apply to non-FCMs Clearing Members and their clients.

In addition, the General Regulations now include a new definition of "Third Parties Act" and paragraph g) of Regulation 52 has been removed as it is redundant.

Regulation 2 of the General Regulation and the FCM Regulations, respectively, cover the obligations of the Clearing House to each Clearing Member. Paragraph c) of this Regulation clarifies that the benefit of the performance by LCH of its obligations under the LCH Rulebook is conferred upon Clearing Members only; it also notes that a person who is not a party to the LCH Rulebook (where the parties to the Rulebook are the Clearing House and each Member) has no right to enforce any of its terms, except as expressly provided in the rules.

The texts of the changes are attached hereto as:

- i. **Appendix I**, FCM Regulations
- ii. **Appendix II**, General Regulations
- iii. **Appendix III**, Procedures Section 1
- iv. **Appendix IV**, Procedures Section 4

Part III: Core Principle Compliance

LCH has reviewed the changes against the requirements of the Core Principles and finds that they will continue to comply with all the requirements and standards therein.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at:

<http://www.lch.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

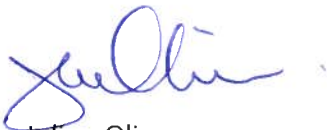
There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants that were not incorporated into the rule.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in the 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 please contact me at julian.oliver@lch.com.

Yours sincerely



Julian Oliver
Chief Compliance Officer
LCH Limited

Appendix I
FCM Regulations



FCM REGULATIONS OF THE CLEARING HOUSE

LCH LIMITED

CHAPTER I - SCOPE

REGULATION 2 OBLIGATIONS OF THE CLEARING HOUSE TO EACH FCM CLEARING MEMBER

- (a) The Clearing House shall perform the obligations referred to in paragraph (b) below so as to ensure the performance of all Open FCM Contracts in accordance with ~~these FCM Rulebook Regulations.~~ ~~Each FCM Clearing Member is fully liable to the Clearing House for the performance of all obligations arising in connection with FCM Contracts registered to it, regardless of whether such FCM Contracts are cleared by such FCM Clearing Member: (i) as principal with respect to FCM Contracts in its Proprietary Account; or (ii) as agent (as such term is used in, and as required by, CFTC Regulation 39.12(b)(6)) with respect to FCM Contracts cleared on behalf of its FCM Clients (as set forth in FCM Regulation 4(b)).~~
- (b) The obligations of the Clearing House to each FCM Clearing Member shall be as a counterpart to an Open FCM Contract registered in the name of an FCM Clearing Member in accordance with ~~the FCM Rulebook~~ ~~these FCM Regulations and the FCM Procedures~~, to perform its obligations under the terms of such Open FCM Contract as principal to such FCM Clearing Member in accordance with the ~~FCM Rulebook~~ ~~provisions of these FCM Regulations and the FCM Procedures~~, but subject to the restrictions on the Clearing House's obligations and liabilities contained in ~~the FCM Rulebook~~ ~~these FCM Regulations~~.
- (c) The performance by the Clearing House of its obligations ~~under the FCM Rulebook~~ ~~referred to in this FCM Regulation 2~~ shall be subject to the provisions of ~~the FCM Rulebook~~. ~~The benefit of the performance by the Clearing House of its obligations under the FCM Rulebook is conferred upon FCM Clearing Members only and a person who is not a party to the FCM Rulebook (where the parties to the FCM Rulebook are the Clearing House and each FCM Clearing Member) has no right to enforce any term of the FCM Rulebook, except as expressly provided in the FCM Rulebook; these FCM Regulations.~~ ~~It is not the intention of the Clearing House or its members to confer any benefit on or give any right to enforce any provisions of this FCM Regulation 2 or any of the other FCM Regulations to any person who is not a member.~~

Appendix II
General Regulations



**GENERAL REGULATIONS OF
LCH LIMITED**

"Terminating SwapClear Contracts"

means, in relation to any Compression Proposal, the SwapClear Contracts which will be terminated and replaced with Post-Multilateral Compression Contracts in accordance with Regulation 56

"Third Parties Act"

means the Contracts (Rights of Third Parties) Act 1999, as amended from time to time

"Total Required Margin Amount"

means the aggregate of the Required Margin Amount for all types of margin relating to (i) in respect of an Individual Segregated Account, the relevant account after deducting any amounts pursuant to a Cross-ISA Client Excess Deduction (if applicable), (ii) in respect of an Indirect Gross Account, a Custodial Segregated Account, an Omnibus Segregated Account (that is not an Omnibus Gross Segregated Account) or a Proprietary Account, the relevant account, or (iii) in respect of an Omnibus Gross Segregated Account, the relevant Omnibus Gross Segregated Clearing Client or Combined Omnibus Gross Segregated Clearing Clients together (as applicable)

"trade correction procedures"

means the procedures established for the purposes of a Link to facilitate the correction of errors contemplated by such procedures

"Trading Platform Particulars"

means the order or trade particulars, in respect of EquityClear Eligible Equities or EquityClear Eligible ccCFD(s), submitted to an ATP in accordance with the relevant ATP Market Rules by, or on behalf of, an EquityClear Clearing Member or a member of a relevant Co-operating Clearing House

"Trading System"

means the Nodal Trading Facility

"Trading Venue"

means: (i) a swap execution facility or designated contract market registered as such with the CFTC; (ii) a regulated market, multilateral trading facility or organised trading facility operated in accordance with MiFID II; or (iii) any other electronic trading facility, in each case which the Clearing House has approved for the purposes of having transactions executed thereon presented to the Clearing House for registration. For the avoidance of doubt, a Trading Venue need not be an Approved Trade Source System

"Trading Venue Transaction"

means, in respect of a Clearing Member, a transaction recorded in the Clearing House's systems (via applicable messaging from the relevant Trading Venue, Approved Trade Source System or otherwise) as a transaction that was executed on a Trading Venue

CHAPTER I – SCOPE

REGULATION 2 OBLIGATIONS OF THE CLEARING HOUSE TO EACH MEMBER

- (a) The Clearing House shall perform the obligations referred to in paragraph (b) below so as to ensure the performance of all open contracts in accordance with ~~these Regulations~~ Rulebook.
- (b) The obligations of the Clearing House to each Member shall be, as a counterparty to an open contract registered in the name of a Member in accordance with ~~the Rulebook~~ ese Regulations and the Procedures, to perform its obligations under the terms of such open contract as principal to such Member in accordance with ~~the Rulebook provisions of these Regulations and the Procedures~~, but subject to the restrictions on the Clearing House's obligations and liabilities contained in the Rulebook ~~ese Regulations~~.
- (c) The performance by the Clearing House of its obligations ~~under the Rulebook referred to in this Regulation 2~~ shall always be subject to the provisions of the Rulebook ~~ese Regulations~~. ~~The benefit of the performance by the Clearing House of its such obligations under the Rulebook is conferred upon Members only, as principal, and a person who is not a party to the Rulebook (where the parties to the Rulebook are the Clearing House and each Member) has no right under the Third Parties Act to enforce any term of the Rulebook, except as expressly provided in the Rulebooks and upon no other persons whatsoever. It is not the intention of the Clearing House or its members to confer any benefit on or give any right to enforce any provisions of this Regulation or any of the other Regulations to any person who is not a member. Rights of third parties to enforce any provision of any of these Regulations pursuant to the Contract (Rights of Third Parties) Act 1999 are expressly excluded.~~

REGULATION 52 EXCLUSION OF LIABILITY

- (a) Without prejudice to the provisions of Regulations 2 and 32 and 52(e) neither the Clearing House, nor any other member of the LCH Group Holdings Limited shall have any liability whatsoever to any Member or to any other person (including, without limitation, any Clearing Client of a Member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of: any suspension, restriction or closure of the market administered by an Exchange, an ATP or a Co-operating Clearing House, whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency; any failure by the Clearing House or an Exchange or a Co-operating Clearing House or an ATP or its operator or the relevant approved agent or the Approved EquityClear Settlement Provider to supply each other with data or information in accordance with arrangements from time to time established between any or all of such persons; the failure of any systems, communication facilities or technology supplied, operated or used by the Clearing House, an Exchange, or a Co-operating Clearing House; any event which is outside the control of the Clearing House; any act or omission of an Exchange, or a Co-operating Clearing House in connection with a Co-operating Clearing House Contract or any contracts made on such terms, including, without limitation, any error in the establishment of a settlement price made by an Exchange; any act or omission of the Clearing House, an Exchange, or a Co-operating Clearing House (as the case may be) in connection with the operation of a Link or the arrangement for the transfer of Contracts under a Link.
- (b) Neither the Clearing House nor any other member of the LCH Group Holdings Limited shall have any liability to a Member or any other person (including without limitation a SwapClear Dealer, or a RepoClear Dealer or a ForexClear Dealer) in respect of any dispute arising from or in relation to any OTC Transaction, Eligible EnClear Trade, or an ATP Match including, but not limited to, any dispute as to the validity or otherwise of such OTC Transaction, Eligible EnClear Trade, the terms of such OTC Transaction, Eligible EnClear Trade, trade or ATP Match, or whether any alleged agreement or arrangement constitutes an OTC Transaction or Eligible EnClear Trade.
- (c) Without prejudice to the provisions of Regulation 2 and Regulation 52(e), neither the Clearing House nor any other member of the LCH Group Holdings Limited shall have any liability whatsoever to any SwapClear Clearing Member, Listed Interest Rates Clearing Member, RepoClear Clearing Member, EquityClear Clearing Member, LCH EnClear Clearing Member, ForexClear Participant or to any other person (including, without limitation, a SwapClear Dealer or a RepoClear Dealer) in contract, tort (including without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred as a result of: any suspension of an OTC Service or the EquityClear Service or the LCH EnClear Services (or any part thereof), whether for a temporary period or otherwise, a step taken by the Clearing House under Regulation 16(i), Regulation 37, Regulation 38, Regulation 55(h), or Regulation 72 or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House or the relevant approved

agent; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the Clearing House of its discretion under the Regulations, or any decision by the Clearing House not to exercise any such discretion.

- (d) Without prejudice to Regulation 52(c) and Regulation 52(e), unless otherwise expressly provided in the Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH Group Holdings Limited shall have any liability under any circumstances (including, without limitation, as a result of any negligence by the Clearing House, or any other member of the LCH Group Holdings Limited, or their respective officers, employees, agents or representatives), to any Member, or a SwapClear Dealer, a RepoClear Dealer, or a ForexClear Dealer for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such Member, SwapClear Dealer, RepoClear Dealer, or a ForexClear Dealer, and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH Group Holdings Limited, or their respective officers, employees, agents or representatives.
- (e) Nothing in this Regulation 52 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or wilful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House, for any fraud or wilful default on the part of the Clearing House, for any gross negligence or wilful misconduct on the part of the Clearing House in connection with the operation of the Portfolio Margining Service, if any, offered to Clearing Members from time to time, and for any actions that it may take on the basis of advice given to it by the Rates Service DMG, and for the accuracy of the information that it distributes to the SwapClear Clearing Members and/or Listed Interest Rates Clearing Members in connection with the Rates Service DMP pursuant to the Rates Service DMP Annex in the Default Rules, and for any actions that it may take on the basis of advice given to it by the ForexClear DMG, and for the accuracy of the information that it distributes to the ForexClear Clearing Members in connection with the ForexClear DMP pursuant to the ForexClear DMP Annex in the Default Rules.
- (f) Without prejudice to the provisions of Regulation 2 and Regulation 32 and Regulation 52(e) neither the Clearing House, nor any other member of the LCH Group Holdings Limited shall have any liability whatsoever to any Member or to any other person (including, without limitation, any Clearing Client of a Member or a member of a Co-operating Clearing House or any Clearing Client of such member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by LSE or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of LSE, in supplying any services to the Clearing House with regard to the LSE Derivatives Markets Services or as a result of or in connection with any inconsistency or conflict between any provision contained in the LSE Derivatives Markets Rules on the one hand and any provision of these

Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.

~~(g) For the purposes of the Contracts (Rights of Third Parties) Act 1999, save as is expressly set out herein, these Regulations, Default Rules and Procedures do not create any rights in any persons who is/are not a Member/s.~~

~~(h)~~(g) Without prejudice to Regulation 2 and Regulation 52(e), neither the Clearing House, nor any other member of the LCH Group Holdings Limited, shall have any liability whatsoever to any Member or to any other person (including, without limitation, any client of a Member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person as the case may be, as a result of any service failure, whether complete or partial, of any payment or securities services provider, including (without limitation) any Securities System Operator, custodian, settlement agent, securities depository, securities settlement system, settlement facility or central bank.

Appendix III
Procedures Section 1



LCH.~~CLEARNET~~ LIMITED

PROCEDURES SECTION 1

**CLEARING MEMBER, NON-MEMBER MARKET
PARTICIPANT AND DEALER STATUS**

SCHEDULE 1
CLEARING HOUSE PRESCRIBED LANGUAGE

1. The Clearing Client acknowledges and agrees that:

- (a) the services provided by the Clearing House with regard to the Client Clearing Services will be subject to, and governed by, the Clearing House's Rulebook and the Clearing Client will not act so as to cause (directly or indirectly) any breach of the Rulebook by any person. The provisions of Regulation 52 (Exclusion of Liability) of the Clearing House's Rulebook (as amended from time to time) shall apply *mutatis mutandis* as though entered into by the Clearing Client directly with the Clearing House;
- (b) if the Clearing Member Defaults and either:
- (i) the Clearing Client and (if applicable) each other relevant Clearing Client has failed to appoint a Backup Clearing Member; or
- (ii) the Clearing House does not receive the written agreement of the Clearing Client and (if applicable) each other relevant Clearing Client, and of a Backup Clearing Member, to the porting of Contracts that the Defaulted Clearing Member has entered into with the Clearing House in respect of such Clearing Client(s) to such Backup Clearing Member,
- in each case, in accordance with, and subject to, the Default Rules, then the Clearing House will not port such Contracts to a Backup Clearing Member and will implement the remainder of its default management process under the Default Rules in relation to such Contracts. For the avoidance of doubt, a Backup Clearing Member can be appointed prior to or after the Default of the Clearing Member, but a Clearing Client who has not appointed a Backup Clearing Member prior to the Default of the Clearing Member may find that porting is less likely to occur;
- (c) it may not instruct the Clearing House to act or to omit to act in any manner at any time prior to the Default of the Clearing Member, but: (i) the Clearing House shall accept instructions from the Clearing Client following the Default of the Clearing Member in accordance with, and subject to, the Clearing House's Rulebook; and (ii) a Clearing Client may appoint a Backup Clearing Member prior to or after the Default of the Clearing Member;
- (d) it is not entitled to any information from the Clearing House as to any assets held by the Clearing House for any person or any Contracts registered to a Client Account or Proprietary Account (although it may request that the Clearing House provide such information following the Default of the Clearing Member);
- (e) where the Clearing Member provides securities to the Clearing House as Collateral ("**Securities**"), the Clearing Client may not assert any equitable or other claim to any such Securities where the assertion of such claim would delay or inhibit the sale, disposal or appropriation by the Clearing House of

such Securities and/or the application of the proceeds of sale or disposal of such Securities in accordance with the Clearing House's Rulebook and any relevant Deed of Charge;

- (f) the Clearing House does not owe any fiduciary duty, duty of care or other duty to the Clearing Client, to the extent permitted by Applicable Law;
- (g) it has read and understood the Client Clearing End-User Notice, which is available on the Clearing House's website, for each Service in which it participates or will participate;
- (h) it is the sole responsibility of the Clearing Client to: (i) determine whether to use the Client Clearing Services and participate in any Client Account; and (ii) obtain its own independent advice, and undertake its own due diligence, in respect of the Client Clearing Services and any Client Account; and
- (i) any information which it obtains from the Clearing House does not constitute advice and it may not rely on it.

2. The Clearing Client and the Clearing Member acknowledge and agree that:

- (a) subject to [clause 2(b) of this schedule], a person who is not a party to the [insert the correct defined term for the client clearing agreement] has no right under the Third Parties Act to enforce any term of this [schedule];
- (b) notwithstanding [clause 2(a) of this schedule], the Clearing House may enforce any term of this [schedule] subject to, and in accordance with, the Third Parties Act; and
- (c) the rights of the Clearing Member and the Clearing Client to rescind and/or vary the [insert the correct defined term for the client clearing agreement] are not subject to the consent of any other person.

3. Capitalised terms which are used, but not defined, in this [schedule] shall have the meaning specified in the rulebook of LCH Limited, which is located at www.lch.com/rules-regulations/rulebooks/ltd, as such rulebook is amended from time to time. The reference to Regulation 52 (Exclusion of Liability) of the Clearing House's Rulebook (as amended from time to time), in [clause 1(a) of this schedule], includes any subsequent renumbering of such regulation.

Note to Clearing Member and Clearing Client:

Clause 2 of this schedule may be amended as necessary:

- 1. to ensure it fits in with any general Third Parties Act provisions within the client clearing agreement; and/or

2. as a result of the client clearing agreement being governed by law other than English law,

provided that, in each case, the substance and effect of clause 2 is preserved (i.e. the Clearing House has the right to enforce the terms of this schedule).]

Appendix IV
Procedures Section 4



LCH LIMITED

PROCEDURES SECTION 4

MARGIN AND COLLATERAL

SCHEDULE 2

~~[INTENTIONALLY LEFT BLANK] CLEARING HOUSE PRESCRIBED LANGUAGE~~

Capitalised terms used in this Schedule shall have the meaning specified in the Rulebook.

~~[Clearing Client] [Indirect Clearing Client] hereby acknowledges and agrees that:~~

- ~~(a) — the services provided by the Clearing House with regard to the Clearing Services will be subject to and governed by the rules in the Clearing House's Rulebook, and the [Clearing Client] [Indirect Clearing Client] will not act so as to cause — whether directly or indirectly — any breach of such rules or agreement by any person. The provisions of the amended text of Regulation 52 (*Exclusion of Liability*) of the Clearing House's Rulebook set out below shall apply *mutatis mutandis* as though entered into by the [Clearing Client] [Indirect Clearing Client] directly with the Clearing House;~~
- ~~(b) — in the event that the [Clearing Client] [Indirect Clearing Client] has failed to appoint a Backup Clearing Member or the Clearing House does not receive the necessary confirmation from the [Clearing Client] [Indirect Clearing Client] of its wish to have its positions transferred (including by way of termination, close out and establishment of new replacement transactions to replicate such positions) or the Backup Clearing Member declines to act as such, on the default of the relevant Clearing Member, the Clearing House will close out and terminate the Contracts entered into by that Clearing Member in respect of the [Clearing Client] [Indirect Clearing Client] and will not transfer or otherwise re-establish such positions. For the avoidance of doubt, a Backup Clearing Member can be appointed prior to or after the default of the relevant Clearing Member, but a [Clearing Client] [Indirect Clearing Client] who has not appointed a Backup Clearing Member prior to the default of the relevant Clearing Member may find that porting may be less likely to occur in those circumstances;~~
- ~~(c) — the [Clearing Client] [Indirect Clearing Client] will not be entitled to instruct the Clearing House to act or to omit to act in any manner at any time prior to the default of the relevant Clearing Member but the Clearing House shall accept instructions from the [Clearing Client] [Indirect Clearing Client] following a default of the relevant Clearing Member, **provided that** such instructions are in accordance with the rules of the Clearing House's Rulebook;~~
- ~~(d) — the [Clearing Client] [Indirect Clearing Client] will not be entitled to any information from the Clearing House as to any balance held by the Clearing House for any person at any time prior to the default of the relevant Clearing Member but the Clearing House shall provide such information to the [Clearing Client] [Indirect Clearing Client] following a default of the relevant Clearing Member;~~
- ~~(e) — the Clearing House will not hold any assets transferred to it on trust for any person; and~~
- ~~(f) — where the Clearing Member provides securities to the Clearing House as Collateral (the "**Securities**"), the [Clearing Client] [Indirect Clearing Client] will not be entitled to assert any equitable or other claim to any such Securities in circumstances where the assertion of such a claim would delay or inhibit the disposal by the Clearing~~

~~House of such Securities and/or the application of the proceeds of sale of such Securities in accordance with the rules of the Clearing House's Rulebook.~~

Regulation 52: Exclusion of Liability

~~(This has been extracted from the Clearing House's Rulebook)~~

- ~~(a) Without prejudice to the provisions of Regulations 2 and 32 and 52(e) neither the Clearing House, nor any other member of the LCH Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any Clearing Client of a Member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of: any suspension, restriction or closure of the market administered by an Exchange, an ATP or a Co-operating Clearing House, whether for a temporary period or otherwise or as a result of a decision taken on the occurrence of a market emergency; any failure by the Clearing House or an Exchange or a Co-operating Clearing House or an ATP or its operator or the relevant approved agent or the Approved EquityClear Settlement Provider to supply each other with data or information in accordance with arrangements from time to time established between any or all of such persons; the failure of any systems, communication facilities or technology supplied, operated or used by the Clearing House, an Exchange, or a Co-operating Clearing House; any event which is outside the control of the Clearing House; any act or omission of an Exchange, or a Co-operating Clearing House in connection with a Co-operating Clearing House Contract or any contracts made on such terms, including, without limitation, any error in the establishment of a settlement price made by an Exchange; any act or omission of the Clearing House, an Exchange, or a Co-operating Clearing House (as the case may be) in connection with the operation of a Link or the arrangement for the transfer of Contracts under a Link.~~
- ~~(b) Neither the Clearing House nor any other member of the LCH Group shall have any liability to a Member or any other person (including without limitation a SwapClear Dealer, or a RepoClear Dealer or a ForexClear Dealer) in respect of any dispute arising from or in relation to any OTC Transaction, Eligible OTC Trade, or an ATP Match including, but not limited to, any dispute as to the validity or otherwise of such OTC Transaction, Eligible OTC Trade, the terms of such OTC Transaction, Eligible OTC Trade, trade or ATP Match, or whether any alleged agreement or arrangement constitutes an OTC Transaction or Eligible OTC Trade.~~
- ~~(c) Without prejudice to the provisions of Regulation 2 and Regulation 52(e), neither the Clearing House nor any other member of the LCH Group shall have any liability whatsoever to any SwapClear Clearing Member, RepoClear Clearing Member, EquityClear Clearing Member, LCH EnClear Clearing Member, ForexClear Participant or to any other person (including, without limitation, a SwapClear Dealer or a RepoClear Dealer) in contract, tort (including without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred as a result of: any suspension of an OTC Service or the EquityClear Service or the LCH EnClear Services (or any part thereof), whether for a temporary period or otherwise, a step taken by the Clearing House under Regulation 16(i), Regulation 37, Regulation 38,~~

- ~~Regulation 55(g), or Regulation 72 or any failure or malfunction of any systems, communication lines or facilities, software or technology supplied, operated or used by the Clearing House or the relevant approved agent; the occurrence of any event which is outside the control of the Clearing House; or any exercise by the Clearing House of its discretion under the Regulations, or any decision by the Clearing House not to exercise any such discretion.~~
- ~~(d) Without prejudice to Regulation 52(e) and Regulation 52(e), unless otherwise expressly provided in the Regulations or in any other agreement to which the Clearing House is party, neither the Clearing House nor any other member of the LCH Group shall have any liability under any circumstances (including, without limitation, as a result of any negligence by the Clearing House, or any other member of the LCH Group Limited, or their respective officers, employees, agents or representatives), to any Member, or a SwapClear Dealer, a RepoClear Dealer, or a ForexClear Dealer for any indirect or consequential loss or damage, or loss of anticipated profit (whether direct or indirect) or loss of bargain, suffered or incurred by any such Member, SwapClear Dealer, RepoClear Dealer, or a ForexClear Dealer, and shall not in any circumstances be liable for any loss, cost, damage or expense suffered or incurred by any person as a result of any negligence on the part of the Clearing House, or any other member of the LCH Group Limited, or their respective officers, employees, agents or representatives.~~
- ~~(e) Nothing in this Regulation 52 shall be construed as an attempt by the Clearing House to exclude any liability for any fraud, fraudulent misrepresentation or wilful default on the part of the Clearing House. The Clearing House accepts liability for any personal injury or death caused by the negligence of the Clearing House and for any fraud or wilful default on the part of the Clearing House and for any actions that it may take on the basis of advice given to it by the SwapClear DMG, and for the accuracy of the information that it distributes to the SwapClear Clearing Members in connection with the SwapClear DMP pursuant to the SwapClear DMP Annex in the Default Rules, and for any actions that it may take on the basis of advice given to it by the ForexClear DMG, and for the accuracy of the information that it distributes to the ForexClear Clearing Members in connection with the ForexClear DMP pursuant to the ForexClear DMP Annex in the Default Rules.~~
- ~~(f) Without prejudice to the provisions of Regulation 2 and Regulation 32 and Regulation 52(e) neither the Clearing House, nor any other member of the LCH Group shall have any liability whatsoever to any Member or to any other person (including, without limitation, any Clearing Client of a Member or a member of a Co-operating Clearing House or any Clearing Client of such member) in contract, tort (including, without limitation, negligence), trust, as a fiduciary or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by a Member or any other person, as the case may be, as a result of the failure of any systems, communication facilities or technology supplied, operated or used by TGHL or as a result of any negligence, wrongdoing, or other act, error, failure or omission on the part of TGHL, in supplying any services to the Clearing House with regard to the Turquoise Derivatives Services or as a result of or in connection with any inconsistency or conflict between any provision contained in the Turquoise Derivatives Rules on the one hand and any provision of these Regulations, Default Rules and Procedures and any other Clearing House documentation on the other hand.~~

~~(g) For the purposes of the Contracts (Rights of Third Parties) Act 1999, save as is expressly set out herein, these Regulations, Default Rules and Procedures do not create any rights in any persons who is/are not a Member/s.~~