

VIA EMAIL TO: SECRETARY@CFTC.GOV

15 July 2014

Ms. Melissa Jurgens
Commodity Futures Trading Commission
1155 21st Street NW
Three Lafayette Centre
Washington DC 20581

Dear Ms. Jurgens:

Pursuant to CFTC regulation §40.6(a), LCH.Clearnet Limited ("LCH.Clearnet"), a derivatives clearing organization registered with the Commodity Futures Trading Commission (the "CFTC"), hereby submits changes to its Rulebook with respect to its ForexClear service.

The changes will be implemented with effect from July 29, 2014.

Part I: Explanation and Analysis

The changes to the General Regulations make clear that the ForexClear service is able accept trades from sources other than Matchers, whilst the changes with respect to the ForexClear Service Procedures - Section 2I provide for an additional account type compliant with European Markets Infrastructure Regulation ("EMIR") and amends the ForexClear date roll time. Finally the changes to the FCM Procedures amend the timings in the FCM Client Transfer Timetable and include amendments to text for the purpose of providing better clarity of information.

Part II: Description of Rule changes

The following provisions of the LCH.Clearnet Rulebook have been amended as described below:

- 1) General Regulations (see Appendix II)
 - a. Insertion of "Forexclear Approved Trade Source System" into the Definitions section and ensuing changes throughout.
- 2) ForexClear Service Procedures - Section 2I (see Appendix III)
 - a. Paragraph 1.2.3 (a)(ii)(A) Addition of "Omnibus Gross Segregated Accounts"
 - b. "ForexClear Matcher" replaced by "ForexClear Approved Trade Source System" throughout.
 - c. Paragraph 1.3.3 (a)(ii)(F) ForexClear date roll changed from 22:00 to 00:00.
- 3) FCM Procedures (see Appendix IV)
 - a. Paragraph 2.2.18 (d) Amendments to the timings in the Timetable for FCM Client Transfer and addition of clarifying text.
 - b. Paragraph 2.2.20 Deletion of superfluous text and changes to times in respect of Transfer requests.
 - c. Paragraph 2.2.21 (a) Deletion of superfluous text.



Part III: Public Information

LCH.Clearnet certifies that, upon the submission of this material, in compliance with §39.21 of the Commission's regulations, LCH.Clearnet will post a notice of pending certification with the CFTC and a copy of the submission on LCH.Clearnet's website at http://www.lchclearnet.com/rules_and_regulations/ltd/proposed_rules.asp

Part IV: Compliance with Core Principles

LCH.Clearnet will continue to comply with all Core Principles following the introduction of these proposed changes to the ForexClear service fee structure. LCH.Clearnet has concluded that its compliance with the Core Principles would not be adversely affected by these changes. The changes reflected herein will ensure continued compliance with the Core Principles.

Part V: Opposing Views

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

Certification

LCH.Clearnet Limited hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission regulation §40.6, that this submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions regarding this submission please contact me at julian.oliver@lchclearnet.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Julian Oliver".

Julian Oliver, Director Compliance and Public Affairs
LCH.Clearnet Ltd

Cc: Jay Iyer, LCH.Clearnet
Shawn Durrani, CFTC
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Appendix I

Submission Cover Sheet

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Appendix II

General Regulations



**GENERAL REGULATIONS OF
LCH.CLEARNET LIMITED**

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REGULATION 1 DEFINITIONS

In these Regulations and the Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

"Account Balance"	means, in relation to a Relevant Client Clearing Business of a Defaulter, an Individual Segregated Account Balance or an Omnibus Segregated Account Balance
"ACSP Compression Cycle"	means a Multilateral Compression Cycle established by the Clearing House and facilitated by an ACSP nominated by the Clearing House, which shall be open to participation by SwapClear Clearing Members in accordance with the provisions of Regulation 56 and relevant Compression Documentation
"Account Information Documents"	means the documents called "LCH.Clearnet Account Structures under EMIR" and "Fees for EMIR Segregation Accounts", as published by the Clearing House on its website and made available to Clearing Members and Clearing Clients upon request
"Affiliated Client Omnibus Net Segregated Account"	means, in relation to a Relevant Client Clearing Business, an account opened within the Clearing House by a Clearing Member on behalf of a group of Affiliated Omnibus Segregated Clearing Clients which is designated by the Clearing House as an Affiliated Client Omnibus Net Segregated Account
"Affiliated Client Omnibus Segregated Account"	means, in relation to a Relevant Client Clearing Business, (i) an Affiliated Client Omnibus Net Segregated Account or (ii) an Omnibus Gross Segregated Account opened on behalf of a group of Affiliated Omnibus Segregated Clearing Clients
"Affiliated Omnibus Net Segregated Clearing Clients"	means Affiliated Omnibus Segregated Clearing Clients in respect of whom the relevant Clearing Member clears Contracts with the Clearing House in an Affiliated Client Omnibus Net Segregated Account

"FCM ForexClear Client Clearing Services"	has the meaning assigned to it in the FCM Regulations
"FCM ForexClear Contract"	has the meaning assigned to it in the FCM Regulations
"FCM ForexClear Transaction"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus Clearing Product Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus EnClear Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus ForexClear Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Omnibus SwapClear Client Account with LCH"	has the meaning assigned to it in the FCM Regulations
"FCM Procedures"	has the meaning assigned to it in the FCM Regulations
"FCM Regulations"	means the Clearing House's FCM Regulations
"FCM SwapClear Client Clearing Services"	has the meaning assigned to it in the FCM Regulations
"FCM SwapClear Contract"	has the meaning assigned to it in the FCM Regulations
"FCM SwapClear Transaction"	has the meaning assigned to it in the FCM Regulations
"FCM Transaction"	has the meaning assigned to it in the FCM Regulations
"Fed Funds Rate"	means the Federal Funds Rate as published by the Federal Reserve Bank of New York (or, if such a rate is not available, such Fed Fund-linked rate as may be determined in light of market conditions at such time by the Clearing House and notified by the Clearing House to Clearing Members)
"First Defaulter"	has the meaning as described in Default Rule 22
"Fixed Income Contract"	means a RepoClear Contract or a RepoClear GC Contract
"ForexClear Amendment"	has the meaning assigned to it in Rule F12 of the ForexClear Default Fund Supplement
<u>"ForexClear Approved Trade Source System"</u>	<u>means a system or facility, such as an exchange, a clearing house, a swap execution facility, a designated contract market, trade or affirmation system, a ForexClear Matcher</u>

or other similar venue or system, approved by the Clearing House for submitting ForexClear Transactions to the Clearing House (and excludes, for the avoidance of doubt, the ClearLink API)

"ForexClear Business"	means any transaction, obligation or liability arising out of any ForexClear Contract
"ForexClear Clearing Client"	means, in respect of ForexClear Client Clearing Business, an Individual Segregated Account Clearing Client or an Omnibus Segregated Clearing Client
"ForexClear Clearing House Business"	means ForexClear Contracts entered into by a ForexClear Clearing Member with the Clearing House on a proprietary basis and for its own account
"ForexClear Clearing Member (FXCCM)"	means a Member who is designated by the Clearing House as a ForexClear Clearing Member eligible to clear ForexClear Contracts which includes, in the case of the Default Rules (including the ForexClear DMP Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM Clearing Member
"ForexClear Client Clearing Business"	means the provision of ForexClear Client Clearing Services by a ForexClear Clearing Member
"ForexClear Client Clearing Services"	means the entering into of ForexClear Contracts by a ForexClear Clearing Member in respect of its Individual Segregated Account Clearing Clients and/or its Omnibus Segregated Clearing Clients
"ForexClear Contract"	means a Contract entered into by the Clearing House with a ForexClear Clearing Member on the ForexClear Contract Terms which includes, in the case of the Default Rules (including the ForexClear DMP Annex but excluding, for the avoidance of doubt, the Client Clearing Annex), the FCM Default Fund Agreement and any other document, rule or procedure as specified by the Clearing House from time to time, an FCM ForexClear Contract
"ForexClear Contract Terms"	means the terms applicable to each ForexClear Contract as set out from time to time in the Product Specific Contract Terms and Eligibility Criteria Manual
"ForexClear Contribution"	means the amount of an FXCCM's Contribution determined in accordance with the ForexClear Default Fund Supplement and shall include any ForexClear Unfunded Contributions and any relevant Supplementary Contribution deposited and made by the FXCCM with the Clearing House

REGULATION 91 REGISTRATION OF FOREXCLEAR CONTRACTS

- (a) In order to use the ForexClear Service, a ForexClear Participant must submit the particulars of a ForexClear Transaction for registration as a ForexClear Contract in accordance with these ForexClear Regulations and the Procedures.
- (b) Subject to Regulation 91(d), if at any time falling after the registration of any ForexClear Contract the Clearing House determines that the corresponding transaction of which details were submitted for registration did not, at the Registration Time, meet the ForexClear Eligibility Criteria in existence at the Registration Time (an "**Ineligible Transaction**"), the Clearing House shall, as soon as practicable thereafter, set aside both ForexClear Contracts arising from such Ineligible Transaction in accordance with Regulation 91(c) below.
- (c) Upon a ForexClear Contract (an "**Ineligible ForexClear Contract**") being set aside under Regulation 91(b), the Clearing House will notify the FXCCM party to such Ineligible ForexClear Contract via the ForexClear ~~Matcher-Approved Trade Source System~~ that such Ineligible ForexClear Contract has been set aside. The following shall take effect immediately upon the delivery of such notice: (i) such Ineligible ForexClear Contract shall be deemed to be terminated at the time of the notification and shall thereafter have no force or effect; (ii) all collateral in respect of variation margin obligations (if any) provided by the Clearing House or by an FXCCM in respect of such Ineligible ForexClear Contract shall be retained by the receiving party upon termination; (iii) where there is a difference between the value of the Ineligible ForexClear Contract as at the last margin run and the value (as determined by the Clearing House) of that Ineligible ForexClear Contract at the time of the next official settlement rate for that currency pair, then a payment shall be made between the FXCCMs to the original Ineligible Transaction equal to such difference; and (iv) these payments shall be deemed to satisfy in full the relevant party's obligations under the Ineligible ForexClear Contract and shall be retained by the receiving party upon termination as a termination payment.
- (d) The Clearing House may not determine a transaction to be an Ineligible Transaction after the Valuation Date (as defined in the Procedures) in respect of the ForexClear Contracts arising from the registration of such a transaction has occurred.
- (e) The Clearing House shall provide no less than 10 business days' prior notice (including by email) to ForexClear Clearing Members of an amendment to the ForexClear Eligibility Criteria.
- (f) Where a ForexClear Contract relates to an FCM ForexClear Transaction, it is a condition for registration as a ForexClear Contract that the FCM ForexClear Transaction to which the ForexClear Contract relates be presented for clearing: (i) by an executing party (in its capacity as an FCM Clearing Member or ForexClear Clearing Member or through its designated FCM Clearing Member or ForexClear Clearing Member) as a ForexClear Contract or FCM ForexClear Contract (as the case may be); and (ii) by an FCM Clearing Member on behalf of its FCM Client as an FCM ForexClear Contract. In the event that the Clearing House registers a ForexClear Contract and, for whatever reason, the corresponding FCM ForexClear Contract has not also been registered, the ForexClear Contract shall be deemed not to

Appendix III
Procedures – Section 2I



LCH.CLEARNET LIMITED

PROCEDURES SECTION 2I

FOREXCLEAR CLEARING SERVICE

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1. INTRODUCTION AND INTERPRETATION

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

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

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

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

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

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

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

1.1 Users of ForexClear

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

For identification purposes each FXCCM is assigned a unique three-character mnemonic.

1.1.1 *Termination of FXCCM Status:* Clearing Members should contact the Clearing House Membership Department (+44 (0)207 426 7891/7627/7063; membership@lchclearnet.com) for details of how to resign from the ForexClear Service.

1.1.2 *Termination of FXD Status:* The ForexClear Dealer Agreement and Regulation 8 (*Dealer Status*) set out how the FXD relationship may be terminated.

1.2 Service Scope

1.2.1 *Eligibility:* Non-Deliverable FX Transactions as defined in the Product Specific Contract Terms and Eligibility Criteria Manual ("**NDFs**") may be submitted for clearing through the ForexClear Service. To be eligible to be registered as a ForexClear Contract, a trade must meet the ForexClear Eligibility Criteria (as set out in the Product Specific Contract Terms and Eligibility Criteria Manual as published on the Clearing House's website from time to time).

1.2.2 *Service Operating Hours*

- (a) *Opening Days:* The ForexClear Service will be open each day, except weekends, Christmas Day and New Year's Day.
- (b) *Opening Hours:* The ForexClear Service will be open between 20:00 local London time Sunday night and 01:00 local London time Saturday morning ("**Opening Hours**"). The ForexClear Service will not accept ForexClear Transactions outside of these hours.

1.2.3 *Accounts*

- (a) *Proprietary Accounts and Client Accounts*

- (i) Proprietary Accounts

A FXCCM 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

- (A) a position account; and
- (B) a collateral account

- (ii) Client Accounts

- (A) Types of Client Account

Subject to Regulation 11 (*Client Clearing Business*) of the General Regulations and Section 1.12 (*ForexClear Client Clearing*) below, a FXCCM may request that the Clearing House opens, in respect of its Client Clearing Business, one or more:

- (1) Individual Segregated Accounts;
 - (2) Non-Identified Client Omnibus Net Segregated Account;

- (3) Identified Client Omnibus Net Segregated Accounts; ~~and/or~~
 - (4) Affiliated Client Omnibus Net Segregated Accounts ~~and/or~~
 - ~~(4)~~(5) Omnibus Gross Segregated Accounts.
 - (iii) Each Client Account will map to two or more sub-accounts:
 - (A) one or more position accounts; and
 - (B) a collateral account.
- (b) The ForexClear Service provides for:
 - (i) a single house position-keeping account with the account code "H" in respect of ForexClear Clearing House Business and a collateral account associated with the "H" house position-keeping account;
 - (A) Sub-accounts within the FXCCM's "H" house position-keeping account may be set up (e.g. for branches or FXDs). Each such sub-account will carry the unique Bank Identifier Code ("BIC") of the relevant branch/FXD (please see Section 1.2.4).
 - (B) Sub-accounts within the FXCCM's "H" house position-keeping account will be associated with the single collateral account of the FXCCM and information contained across the house position-keeping sub-accounts is consolidated into the single "H" account of each FXCCM.
 - (ii) a single client position-keeping account with the account code "C" in respect of ForexClear Client Clearing Business and a collateral account associated with the "C" client position-keeping account . Each client "C" position-keeping account and the client "C" collateral account of a FXCCM may hold any number segregated sub-accounts. Each Individual Segregated Account of the FXCCM 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; and

- (d) Once the ForexClear Transaction has passed the Validation Checks (as defined in paragraph (a) of Section 1.3.3 (*Trade Validation and Registration*)), the Clearing House will send, via the ~~ForexClear Matcher~~ ForexClear Approved Trade Source System, a message confirming the registration of the ForexClear Transaction as two ForexClear Contracts and including a datestamp of the relevant registration time. For the purpose of the ForexClear Regulations, the time of dispatch of such message shall be the "**Registration Time**" of such ForexClear Contracts.
- (e) The definitive report of a registered ForexClear Contract will be shown on the "**All Open Contracts**" report issued by ForexClear Reporting.
- (f) If an FXCCM is declared a Defaulter, the Clearing House will not register any ForexClear Transactions to which the Defaulter was a party. ForexClear Transactions between non-defaulting FXCCMs will continue to be registered (assuming sufficient Collateral in respect of their Liabilities or estimated Liabilities has been transferred to the Clearing House).

1.3 Trade Management

- 1.3.1 *Trade Capture:* After the execution of an NDF (a "**trade**"), each FXP who is a party to the trade will submit individual instructions to the ~~ForexClear Approved Trade Source SystemForexClear Matcher~~ for matching and clearing of the trade. FXPs are not required to submit a confirmation of any trade submitted to the Clearing House for registration. Submission of the matched trade terms through the ~~ForexClear Approved Trade Source SystemForexClear Matcher~~ will ensure that the agreed terms of the trade are recorded.

Once the ~~ForexClear Approved Trade Source SystemForexClear Matcher~~ receives the trade instructions from the FXPs who are parties to the trade, the ~~ForexClear Approved Trade Source SystemForexClear Matcher~~ matches both instructions. The ~~ForexClear Approved Trade Source SystemForexClear Matcher~~ validates the trade using the ForexClear Eligibility Criteria and will, if appropriate, submit a single message containing the names of the FXPs who are parties to the trade and the terms of the trade to the Clearing House for registration and clearing, such matched trade being known as a "**ForexClear Transaction**". Once the Clearing House receives the ForexClear Transaction message, it will send a message of acknowledgement back via the ~~ForexClear Approved Trade Source SystemForexClear Matcher~~ to each FXP that the trade has been matched and accepted for clearing. Instructions which show that one or both sides of the trade do not meet the ForexClear Eligibility Criteria (as per Section 1.3.3 (*Trade Validation and Registration*)) are rejected. Rejections are reported back to the counterparties through the ~~ForexClear Approved Trade Source SystemForexClear Matcher~~.

The Clearing House will provide ForexClear Transaction/ForexClear Contract (as applicable) updates as and when these change e.g. for acceptance, rejection and novation.

1.3.2 The ForexClear Approved Trade Source System~~ForexClear Matcher~~:

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

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

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

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

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

1.3.3 Trade Validation and Registration

(a) Process Flow Description

- (i) The Clearing House performs a validation check on each trade submitted by FXPs to ensure that each such trade meets the ForexClear Eligibility Criteria and the Counterparty Technical Validation Check (as defined below) and Incremental Risk Checks (as defined at paragraph (b) of this Section 1.3.3 (*Trade Validation and Registration*)) required for ForexClear Transactions (together the "**Validation Checks**").
- (ii) The fields checked are as follows:
 - (A) *Counterparties*: (a) are both parties submitting trade particulars FXPs and (b) has each FXCCM in whose name the ForexClear Contract is to be registered not been declared a Defaulter by the Clearing House? (together, the "**Counterparty Technical Validation Check**");
 - (B) *Trade type*: is the instrument type an NDF?
 - (C) *Economic Terms*: does the trade include all the Economic Terms?
 - (D) *Currency Pairs*: are the Reference Currency and the Settlement Currency a Currency Pair (as defined in the Product Specific Contract Terms and Eligibility Criteria Manual).
 - (E) *Settlement Currency*: is the Settlement Currency USD?
 - (F) *Trade tenor eligibility*: does the scheduled Settlement Date fall on a date: (a) not earlier than three business days immediately following the date on which the trade is submitted to the Clearing House for registration (the "**Submission Date**") and (b) not later than the date falling two calendar years plus two business days immediately following the Submission Date? If the ForexClear Transaction arrives after the ForexClear date roll (~~2200~~.00 local London time), the Submission Date is defined as the next good business day.
 - (G) *Valuation Date and Settlement Date*: do the Valuation Date and Settlement Date for the ForexClear Transaction fall on a valid Business Day for the Currency Pair to which the ForexClear Transaction relates? Does the Settlement Date fall on a Business Day after the Valuation Date? The table below shows

- (iv) Provided each FXCCM has transferred sufficient Collateral to the Clearing House, the Clearing House will send a message via the ForexClear Approved Trade Source System~~ForexClear Matcher~~ confirming the registration or, where the trade fails a Validation Check, the trade will be rejected and a status message will be sent to the ForexClear Approved Trade Source System~~ForexClear Matcher~~ giving a reason for rejection.
 - (v) As provided in paragraph 1.2.5(d) (*Novation and Registration*), in respect of messages confirming registration, the time of dispatch of such message shall be the Registration Time of that ForexClear Contract.
 - (vi) The internal sub-account (i.e. FXCCM, branch, or FXD) into which each trade record is booked is derived from the BIC code within the message from the ForexClear Approved Trade Source System~~ForexClear Matcher~~. The BIC links to the FXCCM reference data.
 - (vii) Both new trade records arising out of the ForexClear Transaction have the same unique ForexClear ID (the "**ForexClear ID**"). Any further events or actions are applied on the basis of this ForexClear ID, to ensure consistency.
- (b) *Incremental Risk Checks*
- (i) The Clearing House will apply an "**Incremental Risk Check**" to each individual ForexClear Transaction. The Incremental Risk Check uses a suitable approximation methodology to estimate an FXCCM's Liabilities (including the new ForexClear Transaction) against available Collateral (taking into account any MER Buffer and MCE made available by the Clearing House, if any). However, any ForexClear Transaction submitted by that FXCCM that is risk reducing (i.e. results in a reduction of that FXCCM's Liabilities) will always pass the Incremental Risk Check, even if the FXCCM has not transferred sufficient Collateral in respect of its Liabilities to the Clearing House.
 - (ii) Both FXCCMs to the ForexClear Transaction must pass the Incremental Risk Check in order for the Clearing House to register two ForexClear Contracts in those FXCCM's names.
 - (iii) If either (or both) FXCCM(s) to a ForexClear Transaction fail(s) the Incremental Risk Check(s), then the ForexClear Transaction will be rejected immediately, and a rejection message will be issued to the ForexClear Approved Trade Source System~~ForexClear Matcher~~ indicating which (or both) FXCCM(s) has failed the Incremental Risk Check(s).

(c) *Registration*

- (i) Once it is confirmed that the transaction has passed the Validation Checks for the relevant FXCCMs, the Clearing House:
 - (A) registers each ForexClear Transaction as two ForexClear Contracts and changes the status for each ForexClear Transaction to "NOVATED" and informs the ForexClear Approved Trade Source System~~ForexClear Matcher~~; and
 - (B) in respect of relevant ForexClear Contracts being cancelled, cancels the relevant ForexClear Contracts and changes the ForexClear Contract status of each relevant ForexClear Contract to "CANCELLED".
- (ii) The Clearing House acknowledges the ForexClear Contract status and sends a message to the ForexClear Approved Trade Source System~~ForexClear Matcher~~ that the ForexClear Transaction/ForexClear Contract (as the case may be) is either "NOVATED" or "CANCELLED" as appropriate.

1.3.4 *Manual Trade Rejection, Novation and Cancellation (Exceptional Event)*

- (a) From time to time, as an exceptional event, it may be necessary for the Clearing House to: (i) reject a trade submitted for registration; (ii) register a ForexClear Transaction; or (iii) accept or reject a cancellation request for a ForexClear Contract or a ForexClear Transaction, in each case manually prior to a Margin Run, (e.g. in the case of a default event, when a ForexClear Transaction needs to be registered immediately to expedite the hedging and auction process or to reject a ForexClear Transaction received from a defaulted FXCCM).
- (b) The Clearing House acknowledges the action and sends a status message to the ForexClear Approved Trade Source System~~ForexClear Matcher~~ of either "REJECTED" in respect of trades being manually rejected; "NOVATED" in respect of trades being manually registered; and "CANCELLED" in respect of a ForexClear Contract or a ForexClear Transaction being manually cancelled, as appropriate.

1.3.5 *Trade Cancellation*

- (a) The Clearing House accepts cancellation messages from FXPs against both non-novated trades (ForexClear Transactions) and novated trades (ForexClear Contracts).
- (b) With respect to any ForexClear Contract, cancellation messages may be submitted via the ForexClear Approved Trade Source System~~ForexClear Matcher~~ until such ForexClear Contract is "**fixed**" –

i.e. when its Settlement Rate has been determined on the relevant Valuation Date.

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

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

the ForexClear Service, although the primary focus will be on those Currency Pairs that contribute to the largest Collateral requirement.

FXCCMs who wish to obtain further information about, or to participate in, IMMES should contact ForexClear Business Operations on 0207 426 7527. To be eligible to participate in IMMES, an FXCCM must enter into an IMMES agreement with the Clearing House (the "**IMMES Agreement**").

(a) *Step-By-Step Details*

- (i) The Clearing House usually conducts the IMMES at least monthly.
- (ii) A reminder that there is an IMMES run taking place is sent out the week before to each FXCCM which is a party to an IMMES Agreement with LCH and each FXCCM is asked to confirm their participation.
- (iii) On the day of the scheduled IMMES run, the Clearing House analyses all participating FXCCMs' profiles to find ForexClear Contracts with equivalent and opposite delta values by tenor and Currency Pair to compile a list of offsetting suggested trades that are mutually beneficial in terms of initial margin obligation reduction (the "**IMMES Trades**").
- (iv) The Clearing House then analyses the relevant FXCCM ForexClear Contract portfolios with the IMMES Trades and determines the change in NPV, initial margin, delta and zero yield sensitivity from the IMMES Trades.
- (v) The FXCCMs on either side of the trades are advised of the economic details of the IMMES Trades.
- (vi) If the two FXCCMs agree to undertake the IMMES Trades, the Clearing House will then put them in touch with each other. The FXCCMs will enter into the bilateral IMMES Trades and submit them to the Clearing House through the [ForexClear Approved Trade Source System](#) ~~ForexClear Matcher~~ for registration.

1.6 General Margining Process

A "**Margin Run**" is the process by which the Clearing House calculates an FXCCM's initial margin requirement (if any) and, during an EOD Margin Run, its variation margin requirement and PAI adjustment (if required) (together its "**Margin Requirements**") and applies that FXCCM's Collateral to satisfy the Margin Requirements for that FXCCM in respect of the ForexClear Contracts within that FXCCM's portfolio.

1.6.1 *Types of Margin Runs:* There are three types of Margin Run:

- (c) A ForexClear Contract transferred in this manner shall be transferred through novation, from the ForexClear Clearing Client to the FXCCM in the case of a transfer from a Client Account to the Proprietary Account, and from the FXCCM to the ForexClear Clearing Client in the case of a transfer from a Proprietary Account to a Client Account.

1.12.4 *ForexClear Contracts Entered into, or Cancelled, on Behalf of Defaulted Clients*

- (a) An FXCCM may register, in the name of a defaulted ForexClear Clearing Client but without the direction of such ForexClear Clearing Client, ForexClear Contracts (including hedging and/or compression transactions) to such Client Account, or cancel ForexClear Contracts without the direction of such ForexClear Clearing Client under the following conditions (in addition to any other generally applicable provisions of the Rulebook):
- (i) the representations described above in paragraph 1.12.2(b) (*Transactions in respect of ForexClear Clearing Client Default to FXCCM*) are not or would not be breached;
 - (ii) satisfactory evidence of the ForexClear Clearing Client's default in its obligations to the FXCCM is presented to the Clearing House, which evidence may be, to the extent permitted by the Clearing House in its sole discretion, nothing other than the FXCCM's instruction to effect the transfer (provided that the Clearing House shall be entitled to request additional evidence in its discretion);
 - (iii) at all times the FXCCM maintains sufficient Collateral in the applicable Client Account;
 - (iv) a copy of a notice served by the FXCCM on the ForexClear Clearing Client alerting that ForexClear Clearing Client of the FXCCM's intention to register the relevant ForexClear Contract(s) is provided to the Clearing House; and
 - (v) on demand from the Clearing House, an indemnity from the FXCCM in a form suitable to the Clearing House is provided to the Clearing House.
- (b) Such a ForexClear Contract submitted for registration in the name of a defaulted ForexClear Clearing Client must reference the applicable ForexClear Clearing Client and Client Account as would ordinarily occur; however, the transaction may be submitted using either the ForexClear Clearing Client's ForexClear Approved Trade Source System~~ForexClear-Matcher~~ identification number or an alternative ForexClear Approved Trade Source System~~ForexClear-Matcher~~ identification number other than that of the ForexClear Clearing Client (e.g., the FXCCM's ForexClear Approved Trade Source System~~ForexClear-Matcher~~ identification numbers), as applicable.

Appendix IV
FCM Procedures



**FCM PROCEDURES OF
THE CLEARING HOUSE**

LCH.CLEARNET LIMITED

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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 ***Transfer of FCM Clients; Defaulting FCM Clients***

In certain circumstances the Clearing House will transfer FCM ForexClear Contracts from one FCM Clearing Member to another FCM Clearing Member, pursuant to and in accordance with FCM Regulation 13 (*Transfer*) and these FCM Procedures.

(a) *Partial Transfers of FCM Clients*

Where a Receiving Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of a portion of such FCM Client's portfolio of FCM ForexClear Contracts held with a Carrying Clearing Member, it shall provide the Clearing House with an FCM Client Partial Transfer Form (see Schedule 2.2A), signed on behalf of the relevant FCM Client. Such form shall list all of the FCM ForexClear Contracts that are to be transferred pursuant to this procedure. Following receipt of an FCM Client Partial Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer FCM ForexClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Section 2.2.18(d).

In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, and the Carrying Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM ForexClear Contracts.

(b) *Full Transfers of FCM Clients*

Where a Receiving Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of such FCM Client's entire portfolio of FCM ForexClear Contracts held with a Carrying Clearing Member, it shall provide the Clearing House with an FCM Client Full Transfer Form (see Schedule 2.2B), signed on behalf of the relevant FCM Client. Such form shall confirm that all FCM ForexClear Contracts attributable to the applicable FCM Client shall be transferred pursuant to this procedure. Where a Receiving Clearing Member submits an FCM Client Full Transfer Form, it must confirm whether or not the

FCM Client also wishes to transfer the Collateral held by the Clearing House in respect of the transferring FCM ForexClear Contracts. Following receipt of an FCM Client Full Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer FCM ForexClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Section 2.2.18(d).

In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, and the Carrying Clearing Member notifies the Clearing House that they have not been satisfied using the Carrying Member Response Form (see Schedule 2.2C) the Clearing House shall not proceed with the transfer of the FCM ForexClear Contracts or the transfer of Collateral (when applicable).

Following receipt of a Full Transfer Form, the Carrying Clearing Member shall not be permitted to register additional FCM ForexClear Contracts on behalf of the FCM Client whose FCM ForexClear Contracts are subject to transfer, until such transfer (and the transfer of the related Collateral, if applicable) is actually effected or is rejected.

(c) *Collateral Transfers*

Where a Receiving Clearing Member notifies the Clearing House that an FCM Client wishes to transfer Collateral from a Carrying Clearing Member to a Receiving Clearing Member, the Clearing House shall notify the Carrying Clearing Member of such transfer in accordance with the timetable below.

Following such notification and upon request from the Clearing House, the Carrying Clearing Member shall confirm to the Clearing House (using the Carrying Member Response Form at Schedule 2.2C) which Collateral is attributable to the transferring FCM Client and the associated FCM ForexClear Contracts. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, the Clearing House shall transfer sufficient cash or non-cash Collateral attributed to the FCM Clearing Member's FCM Omnibus ForexClear Client Account with LCH (such Collateral as selected in the Clearing House's sole discretion) to enable the transfer. Following the Clearing House's determination of the Collateral that is to be transferred, it shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Collateral that will be transferred in accordance with the timetable below.

In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, and the Carrying Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the related Collateral. In such circumstances, the Clearing House will notify the Receiving FCM Clearing Member that the associated Collateral will not be transferred

and, in order to proceed with the transfer of the associated FCM ForexClear Contracts, the Receiving FCM Clearing Member will have to provide the Clearing House with sufficient Margin in respect of the transferring FCM ForexClear Contracts.

In the event that the Clearing House transfers Collateral pursuant to these FCM Procedures and the FCM Regulations, it will also transfer the aggregate Variation Margin and next day Variation Margin and Net Settlement Amount associated with the transferring FCM ForexClear Contracts.

(d) *Timetable for FCM Client Transfer*

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
Day 0: 15:00	Deadline for receipt from Receiving Clearing Member of FCM Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of FCM Full Transfer Form and confirmation that Collateral is to be transferred.	Deadline for receipt from Receiving Clearing Member of FCM Full Transfer Form.
Day 10 : 09 16:00	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer certain FCM ForexClear Contracts pursuant to a request from the Receiving Clearing Member.	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer FCM ForexClear Contracts pursuant to a request from the Receiving Clearing Member.	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer FCM ForexClear Contracts pursuant to a request from the Receiving Clearing Member.
Day 20 : 09 18:00	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
	insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with FCM Regulation 13 (<i>Transfer</i>)) and that the Carrying Clearing Member is therefore objecting to the transfer.	insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with FCM Regulation 13 (<i>Transfer</i>)) and that the Carrying Clearing Member is therefore objecting to the transfer.	insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with FCM Regulation 13 (<i>Transfer</i>)) and that the Carrying Clearing Member is therefore objecting to the transfer.
	<p>If consent is received by 18:00 on Day 0, transfer is accepted and trades will be transferred before 13:00 Risk Run on Day 1. If consent is not received, carrying member has until 18:00 on the following day, after which trades will be transferred the following day on Day 2, in accordance with Day 1 timings</p>	<p>Deadline for confirmation from Carrying Clearing Member of the collateral which is to be ported to the Receiving Clearing Member.</p> <p>If consent is received by 18:00 on Day 0, transfer is accepted and trades will be transferred before 13:00 Risk Run on Day 1. If consent is not received, carrying member has until 18:00 on the following day, after which trades will be transferred the following day on Day 2, in accordance with Day 1 timings</p> <p>Deadline for confirmation from Carrying Clearing Member of the collateral which is to be</p>	<p>If consent is received by 18:00 on Day 0, transfer is accepted and trades will be transferred before 13:00 Risk Run on Day 1. If consent is not received, carrying member has until 18:00 on the following day, after which trades will be transferred the following day on Day 2, in accordance with Day 1 timings</p>

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
		ported to the Receiving Clearing Member.	
Day 21 : 1406 :00		LCH notifies the Receiving Clearing Member of the Collateral that will be transferred or that Collateral will not be transferred. Where Collateral will not be transferred, transfer is treated as a full transfer (without Collateral).	
Day 2: 17:00	Deadline for receipt by the Clearing House of consent of transfer from the Receiving Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer and associated Collateral from the Receiving Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer from the Receiving Clearing Member.
Day 31 : 0711 :00	Target deadline for notification by Clearing House to the Carrying Clearing Member or the Receiving Clearing Member of whether any additional Collateral is required to enable the transfer.	Target deadline for notification by Clearing House to the Carrying Clearing Member or the Receiving Clearing Member of whether any additional Collateral is required to enable	Target deadline for notification by Clearing House to the Carrying Clearing Member or the Receiving Clearing Member of whether any additional Collateral is required to enable the transfer.

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
		the transfer.	
Day 31 : 08 <u>12</u> :00	Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member or the Receiving Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member or the Receiving Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member or the Receiving Clearing Member required to enable the transfer.
Day 31 : 08 <u>12</u> :15	Clearing House performs the transfer process of certain FCM ForexClear Contract(s) to be included within the 14:00 (London time) Risk Run, providing both FCM are sufficiently collateralized to enable the transfer.	Clearing House performs the transfer process of certain FCM ForexClear Contract(s) to be included within the 14:00 (London time) Risk Run, providing both FCM are sufficiently collateralized to enable the transfer.	Clearing House performs the transfer process of certain FCM ForexClear Contract(s) to be included within the 14:00 (London time) Risk Run, providing both FCM are sufficiently collateralized to enable the transfer.
Day 31 : 09 <u>13</u> :00	Clearing House transfers FCM ForexClear Contracts.	Clearing House transfers FCM ForexClear Contracts and associated Collateral.	Clearing House transfers FCM ForexClear Contracts.

Time (all references below are to New York time, unless stated otherwise)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
Day 31 : 14 :00	Clearing House will publish to the Carrying Clearing Member and the Receiving Clearing Member the relevant transfer reporting in relation to the transferred FCM ForexClear Contracts.	Clearing House will publish to the Carrying Clearing Member and the Receiving Clearing Member the relevant transfer reporting in relation to the transferred FCM ForexClear Contracts.	Clearing House will publish to the Carrying Clearing Member and the Receiving Clearing Member the relevant transfer reporting in relation to the transferred FCM ForexClear Contracts

The timings and processes listed in the table above may be amended from time to time by the Clearing House in its full discretion via member circular.

2.2.19 *Proprietary Account Position Transfers*

The FCM ForexClear Clearing System provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account. Any such transfer may only occur if the Receiving Clearing Member is an affiliate of the Carrying Clearing Member.

Before the completion of a portfolio transfer, the Clearing House will perform a margin impact analysis of the transfer to the source and destination portfolios. The Clearing House will advise the relevant FX FCM regarding any additional collateral that may be required in order to complete the portfolio transfer. An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House's Risk Management Department. Transfers will only be effected once adequate cover has been provided by both parties to the transfer.

2.2.20 *FCM Clearing Member's Client Fund Transfer*

The FCM ForexClear Clearing System provides functionality for the transfer of ~~an individual~~ FCM ForexClear Contract whereby an FCM Client has incorrectly booked the FCM ForexClear Contract to a fund, and wishes to relocate the FCM ForexClear Contract to an alternative fund within the accounts of the same FCM Clearing Member.

Transfers can only occur based upon the below rules:

- (a) A valid request has been received by the Clearing House from the applicable FCM Clearing Member on behalf of the FCM Client, as per Schedule 2.2B.
- (b) The FCM ForexClear Contract is registered by the Clearing House, and sufficient Margin has been furnished to cover the FCM ForexClear Contract.
- (c) Transfers are only handled ~~on an individual trade by trade basis, and~~ within the accounts of a single FCM Clearing Member (i.e., not a transfer between two FCM Clearing Members).

Transfer requests received by ForexClear Operations prior to ~~1715~~:00 London time will be managed and included in the ~~1918:30-00~~ London time margin run. The transfer of the FCM ForexClear Contract will occur **provided that** sufficient Margin is held for the FCM Clearing Member.

2.2.21 *ForexClear Reporting*

The Clearing House produces a suite of treasury reports for members across each of the Clearing House services. Some of these reports are cross-service reports and others are specific to the ForexClear Service (including the FCM ForexClear Service), thus an FX FCM will receive reports in respect of the FCM ForexClear Service and may also receive cross-service reports where it is a member of another service. Follow this link to the information available from the LCH.Clearnet website: [Banking Reports](#).³

In respect of the FCM ForexClear Service, on each business day the Clearing House will provide two sets of reports to FX FCMs: (1) Banking Reports; and (2) reports direct from the FCM ForexClear Service (together “**ForexClear Reporting**”). These Procedures reference the FCM ForexClear Service specific reports. Each day's report will remain available for download by FX FCMs from the FCM ForexClear Service Portal for five days.

The Clearing House (acting, where applicable, through the entity to which it has elected to delegate the relevant reporting obligations) shall, to the extent required by (and in line with the requirements of) applicable law (including Parts 43 and 45 of the CFTC Regulations, and applicable requirements under English law), report to one or more data or trade repositories (including swap data repositories) or similar body the details of all FCM ForexClear Transactions and FCM ForexClear Contracts, including any modifications or terminations without duplication and no later than the working day following the conclusion, modification or termination of such contract. In order to avoid any such duplication of reports, each FX FCM acknowledges and agrees that it will not report the details referred to in this paragraph to the bodies referred to in this paragraph, unless otherwise agreed with the Clearing House.

³ http://www.lchclearnet.com/Images/banking_report_tcm6-48011.pdf

(a) *Margin Liability Reports*

Reports detailing Liabilities are provided to FX FCMs following every scheduled Margin Run in accordance with Section 2.2.17 and where additional Collateral has been called by the Clearing House. Additionally, a report, including sensitivities, is provided at ForexClear Contracts level ~~at 22.00 hours, London time. If the EOD Margin Run has not completed by 22:00 hours, London time, on a particular business day, the report generated at EOD will reflect that not all the Liabilities of all FXCCMs as covered by Collateral by 22:00 hours, London time.~~ A report will also be provided detailing an FX FCM's Margin utilization level. If an FX FCM's Liabilities exceed its total available Margin, ForexClear will alert the FX FCM.

(b) *Market Data Reports*

Reports detailing Market Data are provided to FX FCMs following every scheduled Margin Run. They include reports of Market Data and Settlement Rate used in the valuation of FCM ForexClear Contracts and reports of Market Data shifts for each historic scenario used in IM calculations.

(c) *Trade Reports*

Reports are **provided that** enable FX FCMs to monitor their firms' trading events and positions in respect of ForexClear. Reports on open FCM ForexClear Contracts and on cancelled FCM ForexClear Transactions and FCM ForexClear Contracts are generated at EOD and reports on transferred FCM ForexClear Contracts are made on an ad hoc basis.

(d) *Trade Fixing and Settlement Reports*

Reports are published on each business day detailing the FCM ForexClear Contracts to which the Settlement Rate has been applied on that business day (the “**NDF Fixings**” report), FCM ForexClear Contracts that have been settled during that current business day (the “**Settlements Today**” report) and FCM ForexClear Contracts that will settle the next business day (the “**NDF's Fixed with Settlement Tomorrow**” report).

(e) *Fees Reports*

Reports on trading volumes on a daily and monthly basis are provided to FX FCMs. Monthly reports are provided on the last business day of each month. They include the full trading volumes on which the monthly transaction fees will be charged to those FX FCMs choosing to have tariffs levied per transaction.