



CDSClear

LCH SA CDS Clearing Procedures

Section 5 - CDS Clearing Operations

~~3 December 2020~~ [●]

CONTENTS**SECTION 5 - CDS CLEARING OPERATIONS**

| | | |
|------|--|-----|
| 5.1 | THE CDS CLEARING SERVICE | 752 |
| 5.2 | BACKLOADING TRANSACTIONS | 752 |
| 5.3 | CLEARING OF CLIENT TRADE LEGS | 755 |
| 5.4 | CDS CLEARING MEMBER REPORTING | 757 |
| 5.5 | TRADE COMPRESSION | 757 |
| 5.6 | PRE-DEFAULT PORTABILITY | 761 |
| 5.7 | EARLY TERMINATION | 767 |
| 5.8 | UPDATING THE TRADE INFORMATION WAREHOUSE | 767 |
| 5.9 | REGISTRATION OF SINGLE NAME CLEARED TRANSACTIONS | 769 |
| 5.10 | DIFFERENCES IN RECORDS | 770 |
| 5.11 | REGISTRATION OF CLEARED TRANSACTIONS | 770 |
| 5.12 | HEDGING TRANSACTIONS | 772 |
| 5.13 | REVERSING OF TRADES | 772 |
| 5.14 | MAXIMUM NOTIONAL AMOUNT | 772 |
| 5.15 | RECOUPONING | 772 |
| 5.16 | REPORTS | 773 |
| 5.17 | REGULATORY REPORTING | 788 |
| 5.18 | END OF DAY PRICE CONTRIBUTION | 789 |
| 5.19 | DELEGATION OF EXERCISE OF EXERCISE CLEARED TRANSACTIONS AND ELECTRONIC EXERCISE PLATFORM | 794 |

Capitalised terms used in this CDS Clearing Operations Procedure and not otherwise defined herein shall have the meaning given pursuant to the remainder of the CDS Clearing Documentation, as such term is defined in the document entitled "CDS Clearing Rule Book" published by LCH SA, as amended from time to time.

5.1 THE CDS CLEARING SERVICE

(a) Membership of Industry Organisations or Systems

Pursuant to Article 2.2.6.1 of the CDS Clearing Rule Book, LCH SA designates:

- (i) the Approved Trade Source Systems identified in a Clearing Notice;
- (ii) ISDA; and
- (iii) TIW,

as the industry organisations of which all Clearing Members must be a member (provided that, with respect to Approved Trade Source System membership, a Clearing Member must be a member of at least one (but is not required to be a member of each identified Approved Trade Source System). LCH SA may, from time to time, and where it is reasonable for it to do so or is otherwise necessary for a Clearing Member to utilise the CDS Clearing Service, designate other industry organisations or systems, and will issue a Clearing Notice where this is the case.

(b) Business Days

A "Business Day" is defined in the CDS Clearing Rule Book. It is every day, except days on which TARGET2 is closed, irrespective of public holidays in France or elsewhere.

(c) Opening Hours

LCH SA is open from 08.00 CET until 19.30 CET on all Business Days. During the Opening Hours the operations team of LCH SA is available. The operations team handles all questions relating to trade management. The customer technical helpdesk is open from 07.00 CET until 22.00 CET for any problem concerning accessing files.

(d) Clearing Days

A "Clearing Day" is defined in the CDS Clearing Rule Book. It is a day on which the CDS Clearing System is open for business. For the avoidance of doubt, all Clearing Days will be Business Days, but not all Business Days will be Clearing Days.

5.2 BACKLOADING TRANSACTIONS

Unless otherwise provided herein, any email required to be sent to LCH SA under this paragraph 5.2 should be sent to the CDSClear Operations Department at the following email address: cdsclear.ops@lch.com.

(a) Backloading Failure

Pursuant to Article 3.1.3.1 of the CDS Clearing Rule Book, if a Backloading Failure occurs in respect of one or more Clearing Member(s), the following will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle:

(i) the trade leg of every Backloading Transaction which was due to give rise to the registration of a Cleared Transaction in the Trade Account(s) of the Failed Backloading Clearing Member(s);

(ii) the corresponding trade leg(s) for each Backloading Transaction mentioned in Paragraph 5.2(a) (i) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Member other than the Failed Backloading Clearing Member(s) (the "Counterparty Clearing Member(s)"); and

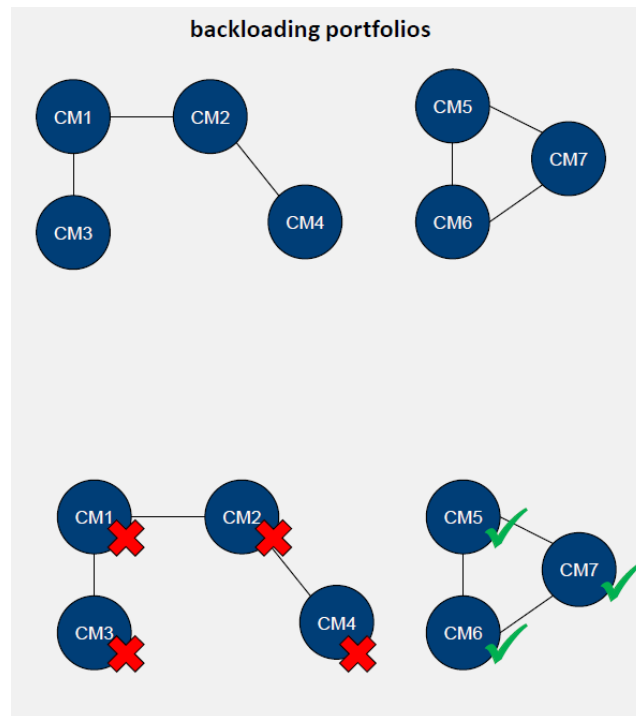
(iii) the following Backloading Transactions, which are "linked" to the Backloading Transactions referenced in Paragraph 5.2(a)(i) and (ii) above for the purposes of Article 3.1.3.1 of the CDS Clearing Rule Book, and comprise:

(a) the trade legs of any other Backloading Transactions due to give rise to the registration of a Cleared Transaction in any Trade Account of the Counterparty Clearing Member;

(b) the corresponding trade legs of each Backloading Transaction mentioned in Paragraph 5.3 (a)(iii)(a) above and which were due to give rise to the registration of Cleared Transaction(s) in any Trade Account(s) of any Clearing Members other than the Failed Backloading Clearing Member(s) and the Counterparty Clearing Member(s) (the "Indirect Counterparty Clearing Member(s)").

The provisions of Paragraph 5.3(a)(iii) shall apply *mutatis mutandis* to the Backloading Transactions to which the Indirect Counterparty Clearing Member(s) are party; accordingly, any Backloading Transaction which is "linked" to a Backloading Transaction entered into by an Indirect Counterparty Clearing Member will also be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.

The following diagram illustrates the Backloading Transactions which will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle.



In this diagram, Backloading Transactions entered into between seven Clearing Members have been considered:

- CM1 has entered into Backloading Transactions with CM2 and CM3;
- CM2 has entered into Backloading Transactions with CM1 and CM4;
- CM3 has entered into Backloading Transactions with CM1;
- CM4 has entered into Backloading Transactions with CM2; and
- CM5, CM6 and CM7 have entered into Backloading Transactions with each other.

Assuming CM1 is a Failed Backloading Clearing Member, the following Backloading Transactions will be removed from the relevant Weekly Backloading Cycle and/or Daily Backloading Cycle and shall become Rejected Transactions:

- Backloading Transactions entered into by CM1;
- Backloading Transactions entered into by CM2 and CM3, including any Backloading Transaction which has not been entered into with CM1; and
- Backloading Transactions entered into by CM4 (for the avoidance of doubt, which would also include any Backloading Transaction which was not entered into with CM2 but with other Clearing Members, should it be the case).

Only the Backloading Transactions entered into by CM5, CM6 and CM7 will be novated.

(b) Weekly Backloading Cycle

Pursuant to Section 3.1.1 of the CDS Clearing Rule Book, LCH SA operates a Weekly Backloading Cycle in accordance with the timetable set out in a Clearing Notice. For the avoidance of doubt, only CDS or Index Swaption with two House Trade Legs can be submitted for clearing through the Weekly Backloading Cycle.

(c) Daily Backloading Cycle

Pursuant to Section 3.1.2 of the CDS Clearing Rule Book, LCH SA operates the Daily Backloading Cycle in accordance with the timetable set out in a Clearing Notice. For the avoidance of doubt, CDS having either House Trade Legs or Client Trade Legs can be submitted for clearing through the Daily Backloading Cycle.

5.3 CLEARING OF CLIENT TRADE LEGS

(a) The Client Transaction Checks

Upon successful completion of the Eligibility Controls of:

- (i) an Intraday Transaction, other than an Intraday Transaction that is a Trading Venue Transaction, comprising one or more Client Trade Leg(s), or
- (ii) a Client Backloading Transaction,

LCH SA will request the consent (the “**Consent Request**”) of the Nominated Clearing Member(s) by carrying out the following process:

- (i) if such Intraday Transaction or Client Backloading Transaction has two Client Trade Legs and the relevant Clients do not have the same Nominated Clearing Member: LCH SA will send a Consent Request to each Nominated Clearing Member;
- (ii) if such Intraday Transaction or Client Backloading Transaction has two Client Trade Legs and the relevant Clients have the same Nominated Clearing Member, LCH SA will send two separate Consent Requests, in relation to the relevant Intraday Transaction or Client Backloading Transaction, to such Nominated Clearing Member;
- (iii) if such Intraday Transaction or Client Backloading Transaction has only one Client Trade Leg, LCH SA will send (x) a Consent Request to the Nominated Clearing Member and (y) an automated message to the Clearing Member holding the House Trade Leg confirming the submission for clearing to LCH SA of such Intraday Transaction or Client Backloading Transaction.

A Consent Request shall be processed in accordance with either paragraph 5.3(b) or paragraph 5.3(c).

- (b) Intraday Transactions and Client Backloading Transactions – Automatic Clearing Member take-up process

Each Clearing Member may, in respect of each of its Clients, configure the CDS Clearing System so that Intraday Transactions, which are not Trading Venue Transactions, and/or Client Backloading Transactions:

- (i) which are entered into by any such Clients, and
- (ii) in respect of which it is a Nominated Clearing Member,

are deemed to be automatically accepted for clearing upon the sending of the relevant Consent Request(s) to such Nominated Clearing Member (the “**Automatic Take-up Process**”). For the avoidance of doubt, such Nominated Clearing Member shall, in each case, not be requested to respond to the relevant Consent Request(s).

- (c) Intraday Transactions and Client Backloading Transactions – Manual Clearing Member take-up process

For each Client in respect of which no Automatic Take-up Process has been set up by its Clearing Member:

- (i) LCH SA shall send a Consent Request to such Clearing Member, acting in its capacity as Nominated Clearing Member, for each Intraday Transaction, other than an Intraday Transaction that is a Trading Venue Transaction, or Client Backloading Transaction entered into by such Client; and
- (ii) the relevant Nominated Clearing Member must accept or reject such Consent Request (the “**Manual Take-up Process**”). If the relevant Nominated Clearing Member has not responded to such Consent Request within the required timeframe, if any, under Applicable Law, or otherwise by the End of Real Time on the relevant Clearing Day, the Nominated Clearing Member will be deemed to have rejected the Consent Request and the related Intraday Transaction or Client Backloading Transaction will become a Rejected Transaction.

- (d) Intraday Transactions and Client Backloading Transactions - Notifications

Following the Automatic Take-up Process or the Manual Take-up Process, LCH SA will notify the relevant Approved Trade Source System, Trading Venue and/or Clearing Member(s) (as applicable) whether the relevant Intraday Transaction or Client Backloading Transaction has been accepted or rejected for clearing within the required timeframe, if any, under Applicable Law.

- (e) Indirect clearing

When a CCM Client providing indirect clearing services to CCM Indirect Clients submits a Client Trade Leg of a CDS or of an Index Swaption for the account of a CCM Indirect Client for clearing by LCH SA via an Approved Trade Source System, that CCM Client will indicate the specific trading code allowing for the proper identification of Client Trade Legs submitted for its CCM Indirect Client. LCH SA will then use that specific trading code, together with the Original Transaction Data, received from the Approved Trade Source System to determine the appropriate CCM Client Trade Account of the relevant CCM Indirect Client Segregated Account Structure in which to register such Client Trade Leg.

(f) Clients and CCM Indirect Clients' branches

Each Client of a Clearing Member may opt for multi-branch management allowing such Client to allocate Client Cleared Transactions registered in the relevant Client Trade Account to one of its branches or as the case may be, CCM Indirect Clients' branches, through which such Client, or CCM Indirect Client, operates. For this purpose, the Client will provide a specific code identifying its branch or the CCM Indirect Client's branch for a Client Trade Leg submitted for clearing to LCH SA by the relevant ATSS Participant.

The Clearing Member may update the allocation of Client Cleared Transactions registered in a Client Trade Account of such Client between its branches or, as the case may be, between the CCM Indirect Clients' branches, through the LCH Portal. Where each branch of a Client or a CCM Indirect Client's branch is identified in the TIW with a specific code, LCH SA will reflect each reallocation in the records of the TIW on its own behalf and on behalf of the relevant Clearing Member.

"LCH Portal" is the single sign-on solution for various LCH SA applications to which Clearing Members may have access over secured Internet.

For the avoidance of doubt, identification *per* branch of a Client or a CCM Indirect Client only affects Client Cleared Transactions held in the relevant Client Trade Account and has no effect on the net position held in the corresponding Client Margin Account. Furthermore, identification *per* branch of a Client or a CCM Indirect Client has no effect on the risk calculation which is based on the net position held in the relevant Client Margin Account.

5.4 CDS CLEARING MEMBER REPORTING

(a) Means of access and reporting mechanisms

LCH SA will ensure that all CDS Clearing System reports and files are accessible by Clearing Members through any means of access or reporting mechanism specified in a Clearing Notice.

(b) ClearLink gateway

Messages relating to the acceptance or rejection of Consent Requests, the novation and registration of Original Transactions and the various reports related to Cleared Transactions will be sent and received by LCH SA, the Clearing Members, the Approved Trade Source Systems using the ClearLink gateway.

5.5 TRADE COMPRESSION

LCH SA will provide trade compression services to Clearing Members on an ad hoc and on an automatic basis to allow Clearing Members to reduce the number of Cleared Transactions they hold in their House Trade Account and in each of their Client Trade Accounts. This allows, among other things, Clearing Members to reduce the administration associated with their portfolio of Cleared Transactions. For the avoidance of doubt, LCH SA will provide trade compression to Clearing Members on both an ad hoc and automatic basis on any Clearing Day.

Each Clearing Member may elect to compress any or all of its Cleared Transactions in any of its Trade Accounts provided that:

- (i) such Cleared Transactions are of the same CDS Type or Swaption Type;

(ii) the Initial Payment Amounts or in respect of the ad-hoc compression of Index Swaption Cleared Transactions, Premiums, relating to such Cleared Transactions have been settled; and

(iii) where a Client has opted for multi-branch management of the corresponding Client Trade Account of its Clearing Member, automatic trade compression will be processed at the level of the branches within the same Client Trade Account, subject to the election by a Clearing Member to exclude some of the branches from this process as set in Paragraph 5.5 (b) below.

In respect of the compression of Cleared Transactions that are Index Cleared Transactions or Single Name Clearing Transactions:

- (x) the Fixed Rate Payer Calculation Amount for the new Cleared Transaction will be the absolute value of the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer less the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller;
- (y) if the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is greater than the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then the Clearing Member will be the CDS Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the CDS Seller on the resultant Cleared Transaction;
- (z) if the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Buyer is equal to the sum of Fixed Rate Payer Calculation Amounts for Cleared Transactions where the Clearing Member is the CDS Seller then no resultant trade is booked.

In respect of the compression of Cleared Transactions that are Index Swaption Cleared Transactions:

- (x) the Original Notional Amount for the new Cleared Transaction will be the absolute value of the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer less the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller;
- (y) if the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer is greater than the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller then the Clearing Member will be the Index Swaption Buyer on the resultant Cleared Transaction. If the opposite is true then the Clearing Member will be the Index Swaption Seller on the resultant Cleared Transaction;
- (z) if the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Buyer is equal to the sum of Original Notional Amounts for Cleared Transactions where the Clearing Member is the Index Swaption Seller then no resultant trade is booked.

For the avoidance of doubt, compression only affects Cleared Transactions held in the relevant Trade Account and has no effect on the net position held in the Margin Account. Furthermore, compression has no effect on the risk calculation which is based on the net position held in the Margin Account.

(a) Ad-hoc compression

A Clearing Member may request ad-hoc compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book by up-loading an Ad-Hoc Compression Order File. The Ad-Hoc Compression Order File lists the Cleared Transactions that are to be compressed and also defines the resulting Cleared Transaction. The Ad-Hoc Compression Order File should be up-loaded by the Clearing Member on any means of access specified in a Clearing Notice.

Clearing Members may only request ad-hoc compression in relation to Index Cleared Transactions, Single Name Cleared Transactions and/or Index Swaption Cleared Transactions which have already been registered in the TIW, in accordance with Article 3.3.1.1(i) of the CDS Clearing Rule Book.

The Ad-Hoc Compression Order File must be received by LCH SA on any Clearing Day through any means of access specified in a Clearing Notice between 09.15 CET and 19.30 CET in order for the request to be processed and the related Cleared Transactions to be compressed on that same day (day "D"). LCH SA will include the results of the compression in the Cleared Trades Report and Compression Results File in respect of such Clearing Member. LCH SA will publish such Cleared Trades Report and Compression Results File via any reporting mechanism specified in a Clearing Notice as soon as practicable on the same Clearing Day as such Clearing Member's request for compression and following the implementation of such Clearing Member's request for compression. Where LCH SA receives such request after 19:30 CET, such request shall be deemed to not have been up-loaded and shall be of no effect.

As a contingency solution in case of disruption of any means of access or reporting mechanism specified in a Clearing Notice, the Clearing Member should send the request to the CDSClear Operations Department by email (cdsclear.ops@lch.com) by 17:00 CET. Where LCH SA receives such contingency request by 17:00 CET the request will be processed and the related Cleared Transactions will be compressed on the same day (day "D"). Where LCH SA receives such contingency request after 17:00 CET, LCH SA may, in its sole discretion, process such request and compress the related Cleared Transactions on the same day (day "D") provided that if LCH SA does not, in its sole discretion, process such a request and compress the related Cleared Transactions on the same day, LCH SA will process such request and the related Cleared Transaction will be compressed on the next Clearing Day (day "D+1") unless the relevant Clearing Member instructs the CDSClear Operations Department to withdraw such request.

A Clearing Member may request ad hoc compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book and this paragraph 5.5(a) in respect of Cleared Transactions notwithstanding that such Clearing Member has also requested automatic compression in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book and paragraph 5.5(b) below.

(b) Automatic Compression

Automatic Compression as described under this paragraph 5.5(b) can be set up by a Clearing Member in respect of:

- (i) Cleared Transactions which have been novated as part of the Daily Backloading Cycle and/or Weekly Backloading Cycle but have not been yet registered in the TIW; such Cleared Transactions may be compressed either with: (x) other Cleared Transactions which have been novated as part of the same Daily Backloading Cycle or Weekly Backloading Cycle, as applicable, and/or (y) other Cleared Transactions which have been already registered in the TIW (each a "**Backloading Compression**"); and/or
- (ii) Cleared Transactions which are already registered in the TIW.

A Clearing Member may configure the CDS Clearing System to perform automatic compression in respect of any Trade Account in accordance with Title III, Chapter 3 of the CDS Clearing Rule Book. Such a configuration allows the relevant Clearing Member to make the following elections:

- (i) whether the automatic trade compression is processed at the level of (x) the relevant Trade Account or (y) different desks within the same Trade Account,
- (ii) in respect of an automatic compression (other than a Backloading Compression), whether it shall occur on a daily or weekly basis, and
- (iii) whether a list of desks or in respect of Client Trade Accounts, a list of branches of Clients or, as the case may be, a list of branches of CCM Indirect Clients, shall be excluded for the purposes of automatic trade compression.

A Clearing Member may request LCH SA to change its previous election in respect of automatic compression through submitting a request via any means of access specified in a Clearing Notice at any time. Where LCH SA receives such a request by 19:30 CET via any means of access specified in a Clearing Notice on a Clearing Day (day "D"), the election will be effective from and including the following Clearing Day (day "D+1") unless and until a further request is made. Where LCH SA receives a request after 19:30 CET via any means of access specified in a Clearing Notice, such request will be effective from and including the second following Clearing Day (day "D+2") unless and until a further request is made.

Compression (other than a Backloading Compression) on a daily basis is performed on each Clearing Day as part of the morning batch process before 09.15 CET and after the registration in TIW has occurred.

Compression (other than a Backloading Compression) on a weekly basis is performed as part of the morning batch process before 09.15 CET on Wednesdays (or, if such Wednesday is not a Clearing Day, the next following Wednesday that is a Clearing Day) and after the registration in TIW has occurred.

Backloading Compression is performed as part of the Daily and/or Weekly Backloading Cycle and in any case before the registration in TIW has occurred.

(c) Restructuring Credit Event

Following the occurrence of a Restructuring Credit Event relating to:

- (i) a Single Name Cleared Transaction; or
- (ii) a Reference Entity referenced by an Underlying Index Transaction to which a set of Index Swaption Cleared Transactions of the same Swaption Type relates,

LCH SA will compress such Single Name Cleared Transaction or as the case may be, such Index Swaption Cleared Transactions resulting in a single position for a Trade Account, on the day determined by the industry for such purposes. If no automatic compression rules have been specified, then compression will be made per desk in respect of each Trade Account.

(d) Registration of Single Names Cleared Transaction

Single Name Cleared Transactions resulting from any compression as described under this paragraph 5.5 will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.6 PRE-DEFAULT PORTABILITY

In certain circumstances, LCH SA will transfer Client Cleared Transactions from a Carrying Clearing Member to a Receiving Clearing Member, pursuant to Title V Chapter 3 and Title VI Chapter 3 of the CDS Clearing Rule Book. Any actions required to be taken by a Clearing Member or LCH SA, in order to effect such transfer of Client Cleared Transactions, shall be effected in accordance with the timetable set out in paragraph 5.6 (d) of these Procedures. In the event that the relevant timing and notice requirements are not complied with, unless agreed otherwise between LCH SA and the relevant Clearing Members, the relevant transfer shall not take effect.

Any form referred to in this paragraph 5.6 is available upon request to LCH SA's CDSClear Operations department (CDSClear.ops@lch.com).

(a) Partial Transfers

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.3.1 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Individual Segregated Account Client ;
- (ii) Article 5.3.3.2 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for an CCM Net Omnibus Client Set;
- (iii) Article 5.3.3.3 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Gross Omnibus Multi Sub-Account Client Set;

- (iii) Article 5.3.3.4 of the CDS Clearing Rule Book, to receive a transfer of some but not all of the Client Cleared Transactions held with a Carrying Clearing Member for a CCM Gross Omnibus Single Sub-Account Client ;
- (iv) Article 5.3.3.5 of the CDS Clearing Rule Book, to receive a transfer of a portion of the portfolio of Client Cleared Transactions registered in the CCM Client Trade Account(s) of a CCM Indirect Client Segregated Account Structure of a Carrying Clearing Member; or
- (v) Article 6.3.3.1 of the CDS Clearing Rule Book, to receive a portion of the Client Cleared Transactions registered in the FCM/[BD](#) Client Trade Account of an FCM/[BD](#) Client;

it shall provide LCH SA with a form entitled "Client Partial Transfer Form", signed by or on behalf of the relevant Client(s). Such form shall list all of the Client Cleared Transactions that are to be transferred to it pursuant to these Procedures. Following receipt of a form entitled "Client Partial Transfer Form", LCH SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions. In the event that any of the conditions set forth in Article 5.3.3.1, Article 5.3.3.2, Article 5.3.3.3, Article 5.3.3.4 or 6.3.3.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain of the conditions have not been satisfied, using the form entitled "Carrying Member Response Form", LCH SA shall not proceed with the transfer of the Client Cleared Transactions and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new form entitled "Client Partial Transfer Form" in accordance with these Procedures.

(b) Full Transfer

Where a Receiving Clearing Member wishes, pursuant to:

- (i) Article 5.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in a CCM Client Trade Account of a CCM Individual Segregated Account Client of a Carrying Clearing Member;
- (ii) Article 5.3.2.2 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of the CCM Net Omnibus Segregated Account Clients within a CCM Net Omnibus Client Set of a Carrying Clearing Member;
- (iii) Article 5.3.2.3 of the CDS Clearing Rule Book, to receive a transfer of all of the Client Cleared Transactions registered in the CCM Client Trade Accounts of CCM Gross Omnibus Multi Sub-Account Clients within a CCM Gross Omnibus Multi Sub-Account Client Set of a Carrying Clearing Member;
- (iv) Article 5.3.2.4 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in a CCM Gross Omnibus Single Sub-Account Structure of a CCM Gross Omnibus Single Sub-Account Client of a Carrying Clearing Member;
- (v) Article 5.3.2.5 of the CDS Clearing Rule Book, to receive the entire portfolio (and not less than an entire portfolio) of the Client Cleared Transactions registered in the CCM Client

Trade Account(s) of a CCM Indirect Client Segregated Account Structure of a Carrying Clearing Member; or

(vi) Article 6.3.2.1 of the CDS Clearing Rule Book, to receive a transfer of all the Client Cleared Transactions registered in the FCM/[BD](#) Client Trade Account of an FCM/[BD](#) Client;

such Receiving Clearing Member shall provide LCH SA with a form entitled "Client Full Transfer Form", in respect of (and signed by or on behalf of) each Client on behalf of whom the relevant transfer would be made. Each such form shall confirm that all Client Cleared Transactions registered in the Client Trade Account(s) shall be transferred pursuant to these Procedures.

Where a Receiving Clearing Member submits a form entitled "Client Full Transfer Form", it must confirm whether or not the Client(s) also wishes to transfer Client Assets. Following receipt of a form entitled "Client Full Transfer Form", LCH SA shall notify the Carrying Clearing Member that a request has been received to transfer Client Cleared Transactions.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.2.5 or Article 6.3.2.1, as applicable, of the CDS Clearing Rule Book are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain conditions have not been satisfied, using the form entitled "Carrying Member Response Form", LCH SA shall not proceed with the transfer of the Client Cleared Transactions or the transfer of Client Assets (where applicable) and shall promptly notify the Receiving Clearing Member that the transfer will not proceed.

If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of the Client Cleared Transactions, it shall be required to submit a new form entitled "Client Full Transfer Form" or a new form entitled "Client Partial Transfer Form" in accordance with these Procedures.

Once a Carrying Clearing Member has been informed that a form entitled "Client Full Transfer Form" has been received, the Carrying Clearing Member shall not be permitted to submit additional Original Transactions, having Client Trade Leg(s) attributable to the relevant Client(s), for clearing. Such restriction will apply for the period commencing at the End of Real Time on the Business Day on which the relevant Clearing Member receives such notice from LCH SA and ending at the time at which the relevant transfer (including the transfer of the relevant Client Assets, if applicable) is actually effected, fails or is rejected in accordance with Section 5.3.2 or Section 6.3.2, as applicable, of the CDS Clearing Rule Book and these Procedures.

(c) Transfer of Client Assets

Where a Receiving Clearing Member notifies LCH SA that a Client wishes to transfer Client Assets from the Carrying Clearing Member to the Receiving Clearing Member, LCH SA shall notify the Carrying Clearing Member of such request.

With respect to the transfer of a CCM Individual Segregated Account Client, in accordance with Article 5.3.2.1, a CCM Net Omnibus Client Set, in accordance with Article 5.3.2.2, or a CCM Indirect Client Segregated Account Structure, in accordance with Article 5.3.2.5 of the CDS Clearing Rule Book, LCH SA will provide details of the relevant Client Assets to the Receiving Clearing Member and give the Receiving Clearing Member opportunity to reject a transfer of some or all of the Client Assets in accordance with the timetable below.

With respect to the transfer of a CCM Gross Omnibus Multi Sub-Account Client Set, in accordance with Article 5.3.2.3, a CCM Gross Omnibus Single Sub-Account Client, in accordance with Article 5.3.2.4, or an FCM/BD Client, in accordance with Article 6.3.2.1, of the CDS Clearing Rule Book, the Carrying Clearing Member shall confirm to LCH SA, using the form entitled "Carrying Member Response Form" which Client Assets are attributable to the CCM Gross Omnibus Gross Multi Sub-Account Client Set, CCM Gross Omnibus Single Sub-Account Client or FCM/BD Client and the Client Cleared Transactions. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, LCH SA shall determine (in its sole discretion) the Client Assets that are to be transferred from the Carrying Clearing Member's relevant CCM Client Collateral Account in the case of a CCM Gross Omnibus Gross Multi Sub-Account Client Set or a CCM Gross Omnibus Single Sub-Account Client and FCM/BD Client Financial Account in the case of an FCM/BD Client. LCH SA shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Client Assets that will be transferred in accordance with the timetable below. Following receipt of such notification by LCH SA, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Client Assets in accordance with Article 5.3.4.2 or Article 6.3.4.2 of the CDS Clearing Rule Book.

In the event that any of the conditions set forth in Article 5.3.2.1, Article 5.3.2.2, Article 5.3.2.3, Article 5.3.2.4, Article 5.3.2.5 or Article 6.3.2.1 of the CDS Clearing Rule Book, as applicable, are not satisfied, including where the Carrying Clearing Member notifies LCH SA that certain conditions have not been satisfied using the form entitled "Carrying Member Response Form", such that the Client Cleared Transactions will not be transferred, LCH SA shall not proceed with the transfer of the relevant Client Assets.

In the event that LCH SA transfers Client Assets pursuant to these Procedures and the CDS Clearing Rule Book, it will also transfer the aggregate Variation Margin and/or rights over aggregate NPV Amounts and next day settlement coupons and fees associated with the transferring Client Cleared Transactions.

(d) Timetable for Client Transfers

| No. | Time (all references below are to Continental European Time) | Partial Transfer | Full Transfer (with Collateral) | Full Transfer (without Collateral) |
|------------|--|--|--|---|
| 1 | Day 0: 17:00 | Deadline for receipt from Receiving Clearing Member of a form entitled "Client Partial Transfer Form". | Deadline for receipt from Receiving Clearing Member of a form entitled "Client Full Transfer Form" and confirmation that the Client(s) wish Client Assets to be transferred. | Deadline for receipt from Receiving Clearing Member of a form entitled "Client Full Transfer Form". |
| 2 | Day 0: 19:30 | Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of a form entitled "Client Partial Transfer Form". | Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of a form entitled "Client Full Transfer Form". | Deadline for LCH SA to notify Carrying Clearing Member of receipt by LCH SA of a form entitled "Client Full Transfer Form". |

| No. | Time (all references below are to Continental European Time) | <u>Partial Transfer</u> | <u>Full Transfer (with Collateral)</u> | <u>Full Transfer (without Collateral)</u> |
|------------|--|--|--|--|
| 3 | Day 1: 10:00 | Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision by LCH SA of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred. | Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred. | Deadline for: (i) notification by LCH SA to the Carrying Clearing Member and the Receiving Clearing Member that LCH SA intends to transfer the Client Cleared Transactions pursuant to a request from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Client Cleared Transactions to be transferred. |
| 4 | Day 2: 12:00 | Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.3.1(v), Article 5.3.3.2(v), Article 5.3.3.3(v), Article 5.3.3.4(v) or Article 5.3.3.5(vi) of the CDS Clearing Rule Book). | Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vi), Article 5.3.2.2(vi), Article 5.3.2.3(vi), Article 5.3.2.4(vi), or Article 5.3.2.5(vii) of the CDS Clearing Rule Book (as applicable)). | Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Article 5.3.2.1(vi), Article 5.3.2.2(vi), Article 5.3.2.3(vi), Article 5.3.2.4(vi), or Article 5.3.2.5(vii) of the CDS Clearing Rule Book (as applicable)). |
| 5 | Day 2: 12:00 (For transfer of FCM/ BD Clients and CCM Gross Omnibus Segregated Account Clients only) | N/A | Deadline for confirmation from Carrying Clearing Member of the Client Assets which are available to be transferred to the Receiving Clearing Member. | N/A |
| 6 | Day 2: 12:00 to 14:00 | N/A | LCH SA notifies the Receiving Clearing Member of the Client Assets that would be transferred. | N/A |

| No. | Time (all references below are to Continental European Time) | Partial Transfer | Full Transfer (with Collateral) | Full Transfer (without Collateral) |
|------------|--|--|---|---|
| 7 | Day 2: 17:00 | Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member. | Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions and notification of the rejection (if applicable) of some or all of the relevant Client Assets from the Receiving Clearing Member. | Deadline for receipt by LCH SA of consent to transfer of the Client Cleared Transactions from the Receiving Clearing Member. |
| 8 | Day 2: By 24:00 | N/A | Deadline for LCH SA to instruct Euroclear to transfer some or all of the relevant Client Assets from the Client Pledged Securities Account of the Carrying Clearing Member (in accordance with Section 3 of the Procedures). | N/A |
| 9 | Day 3: 08:00 | Target deadline for notification by LCH SA to the Carrying Clearing Member and/or the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement and/or NPV Payment Requirement, as applicable, is required to be satisfied effect the transfer. | Target deadline for notification by LCH SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement and/or NPV Payment Requirement, as applicable, is required to be satisfied to effect the transfer. | Target deadline for notification by LCH SA to the Receiving Clearing Member of whether an increased Margin Requirement or Variation Margin Requirement and/or NPV Payment Requirement, as applicable, is required to be satisfied to effect the transfer. |
| 10 | Day 3: 08:30 - 09:00 Or in the case of an FCM/BD Clearing Member (for the purposes of Cash Payments): 09.00 – 09.05 | The Carrying Clearing Member and/or the Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer. | The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer. | The Receiving Clearing Member must satisfy the Margin Requirements during the Morning Call to effect the transfer. |
| 11 | Day 3: 09:05 | LCH SA transfers the Client Cleared Transactions to the Receiving Clearing Member. | LCH SA transfers the Client Cleared Transactions and (if applicable) some or all of the Client Assets to the Receiving Clearing Member. | LCH SA transfers the Client Cleared Transactions to the Receiving Clearing Member. |

5.7 EARLY TERMINATION

A transfer pursuant to Article 5.4.1.1, Article 5.4.1.2 or Article 5.4.1.3 of the CDS Clearing Rule Book will be subject to the receipt by LCH SA of the following:

- (i) a copy of the notice from the relevant CCM to the relevant CCM Client or from the relevant CCM Client to the relevant CCM designating the relevant early termination date or, if such early termination date has occurred automatically, evidence of the relevant event of default or termination event having occurred; and
- (ii) a copy of a notice served by the relevant CCM on the relevant CCM Client alerting that CCM Client of its intention to request LCH SA to transfer the relevant Client Cleared Transactions.

Subject to the receipt of the documents listed in paragraphs 5.7 (i) to (ii) above, LCH SA will arrange a transfer of the relevant Client Cleared Transactions as soon as reasonably practicable (and usually within 24 hours of receipt of the documents).

5.8 UPDATING THE TRADE INFORMATION WAREHOUSE

- (a) Process

LCH SA will ensure that all Cleared Transactions are stored in the CDS Clearing System and replicated in the TIW.

There are two operations involved in the TIW update process, one or both of which will be relevant depending on the event leading to the update:

- the termination of old trades; and
- the creation of new trades.

The following events will require trades in the TIW to be updated by LCH SA:

- Novation of a Backloading Transaction:
 - Termination of the Backloading Transaction where the upfront amount has been paid;
 - Exit of the Backloading Transaction where the upfront amount has not been paid; and
 - Creation of Cleared Transactions
- Novation of an Intraday Transaction:
 - Termination of the Intraday Transaction, if applicable
 - Creation of Cleared Transactions

- Reallocation of a Client Cleared Transaction within a Client Trade Account between branches
 - Termination of the relevant Client Cleared Transaction allocated to the current branch
 - Creation of the Client Cleared Transaction resulting from the reallocation to another branch
- Trade Compression:
 - Termination of Cleared Transactions to be compressed, if applicable
 - Creation of compressed Cleared Transactions, if applicable
- Creation of Restructuring Cleared Transactions
 - Termination, if necessary, of Initial Single Name Cleared Transactions
 - Creation of the Restructuring Cleared Transactions
- Re-couponing of the Cleared Transactions
 - Termination of Cleared Transactions affected by the re-couponing
 - Creation of Cleared Transactions resulting from the re-couponing
- Completion of Physical Settlement following a Credit Event
 - Termination of Cleared Transactions
- Creation of Swaption Restructuring Cleared Transactions
 - Termination, if necessary, of original Index Swaption Cleared Transactions
 - Creation of the Swaption Restructuring Cleared Transactions
- Creation of Exercise Cleared Transactions
 - Termination of the relevant Index Swaption Cleared Transactions
 - Creation of the Exercise Cleared Transactions
- Exercise of Exercise Cleared Transactions
 - Termination of Exercise Cleared Transactions
 - Creation of Index Cleared Transactions resulting from the exercise
 - Creation of Initial Single Name Cleared Transactions and/or Restructuring Cleared Transactions, if applicable

LCH SA will make all relevant registrations in a timely fashion subject to receiving valid data from the relevant Clearing Members and DTCC being active and ensure that the registration is accurate and correct based on the information available to it.

In respect of sub-paragraphs (a) and (b) below, neither LCH SA nor a Clearing Member shall:

- (i) actively do anything that alters the trade confirmation or will prevent DTCC correctly calculating payments; or
 - (ii) make any changes to trades in the TIW which prevent the automated DTCC process being correctly executed on that trade unless authorised by LCH SA. For the avoidance of doubt, the failure by a Clearing Member to match a trade in the TIW will not affect the validity and enforceability of the Cleared Transactions registered within the CDS Clearing System and the related obligations of the relevant Clearing Member.
- (b) Cleared Transactions

In accordance with Article 2.2.1.1 (xx)(b) and Article 3.1.10.2 of the CDS Clearing Rule Book each Clearing Member authorises LCH SA to submit Cleared Transactions created in respect of Intraday Transactions to the TIW on the Clearing Member's behalf.

For all Cleared Transactions, LCH SA will book both trade legs in the TIW.

LCH SA will make all relevant registrations in a timely fashion subject to receiving valid data from the relevant Clearing Members and DTCC being active and ensure that the registration is accurate and correct based on the information available to it.

After a Cleared Transaction is booked in the TIW, the Clearing Member which is a party to such Cleared Transaction may modify the Trade Reference Identifier or workflow data (to the exclusion, for the avoidance of doubt, of any Transaction Data) registered in the TIW. LCH SA will ensure its own records are consistent with such modifications as soon as it receives the relevant TIW notification of such modifications.

- (c) Deemed Submission Authority

A Clearing Member is deemed to have authorised LCH SA to book a trade on behalf of the Clearing Member in accordance with Section 3.1.10 of the CDS Clearing Rule Book and LCH SA will make all relevant registrations in a timely fashion, subject to receiving valid data from the relevant Clearing Members and DTCC being active, and ensure that the registration is accurate and correct based on the information available to it.

- (d) TRIRename function

After a Clearing Member modifies its Trade Reference Identifier in respect of a Cleared Transaction in the TIW, the TRIRename function will allow the CDS Clearing System to be automatically updated with the new Trade Reference Identifier.

5.9 REGISTRATION OF SINGLE NAME CLEARED TRANSACTIONS

Single Name Cleared Transactions will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.10 DIFFERENCES IN RECORDS

Any differences noticed by Clearing Members between the record held by the CDS Clearing System and the TIW should be reported to LCH SA as soon as reasonably practicable.

To the extent that the terms of a Cleared Transaction either in the TIW or in the relevant report provided to the Clearing Member do not reflect, subject to and in accordance with the provisions of the CDS Clearing Rules and the CDS Clearing Supplement Documents, the Original Transaction that was submitted or the terms of the Restructuring Cleared Transaction, LCH SA will amend the records and/or reissue the relevant report, as applicable, to correct the differences as appropriate, to the extent it is authorised to do so.

5.11 REGISTRATION OF CLEARED TRANSACTIONS

(a) STM or CTM Classification of Trade Accounts

Upon creation of each new Trade Account, each relevant Clearing Member (other than FCM/BDs or Clearing Members established under the laws of any state of the United States of America or under the federal laws of the United States of America) shall indicate to LCH SA, in the relevant documentation made available by LCH SA's CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com), for such purposes from time to time, whether such Trade Account shall be classified as an STM Trade Account or a CTM Trade Account. In the absence of any such election at the time the request for the creation of a relevant Trade Account is received by LCH SA, such Trade Account shall be classified as a CTM Trade Account.

(b) Notification of registration

Following registration of the Cleared Transactions reflecting an Original Transaction, the CDS Clearing System will publish the confirmation of novation via the Cleared Trades Report available through any reporting mechanism specified in a Clearing Notice. Details of Cleared Transactions are also available through any reporting mechanism specified in a Clearing Notice. Confirmation of novation will also be reported through the relevant Approved Trade Source System, if it has such functionality.

(c) Update of the Product Family Form

In accordance with Article 2.2.0.4, or as the case may be Article 3.1.6.8, of the CDS Clearing Rule Book, a Select Member is entitled to add or remove any Product Family indicated in its Product Family Form by sending a copy of a duly signed updated Product Family Form by email LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com, provided that a Select Member may request the removal of a Product Family only if all of its Cleared Transactions registered in its House Account (and, if applicable, in the Client Account Structures of Affiliated Firms to which such Select Member provides CDS Client Clearing Services) Structure belong to the outstanding Product Families indicated in its updated Product Family Form.

(d) Conversion of STM Cleared Transactions

Following its receipt of a request (an "**STM Conversion Request**") made by a Converting Clearing Member pursuant to Article 3.1.10.8 of the CDS Clearing Rule Book, LCH SA may, in its sole and absolute discretion, nominate a Business Day (the "**STM Conversion Date**") from, and including, which the relevant CTM Trade Account shall, subject to the satisfaction of the

conditions specified below in this paragraph (d), become an STM Trade Account and all the Cleared Transactions registered in such Trade Account shall cease to be registered as CTM Cleared Transactions and shall immediately and automatically become STM Cleared Transaction.

For the avoidance of doubt, if LCH SA determines that it shall convert a CTM Trade Account into an STM Trade Account, such conversion shall be effected through LCH SA making such conversion in its systems and not through LCH SA and the Converting Clearing Member terminating the relevant CTM Transactions and entering into new Cleared Transactions registered into an STM Trade Account.

The occurrence of an STM Conversion Date in respect of an STM Trade Account shall be subject to the condition precedent that:

- (i) the Converting Clearing Member is not a Defaulting Clearing Member;
- (ii) no early termination date, howsoever described in the relevant CDS Client Clearing Agreement, has occurred in respect of the relevant Deemed Client Transactions(s);
- (iii) the conversion of that CTM Trade Account to an STM Trade Account would not violate or result in the violation of any applicable law or regulation;
- (iv) the Converting Clearing Member has satisfied all of its Cash Payment and Variation Margin and Collateral transfer obligations including any Margin Requirements, Variation Margin Requirements and Cash Payments in respect of the Cleared Transactions registered in that CTM Trade Account up to, but excluding, the STM Conversion Date. The Converting Clearing Member shall satisfy such Margin Requirements and Variation Margin Requirements in accordance with the CDS Clearing Rules, as would ordinarily be the case;
- (v) the Converting Clearing Member has paid to LCH SA, or LCH SA has paid to the Converting Clearing Member (as applicable), any cash settlement amount that LCH SA determines (in its sole and absolute discretion) must be paid to ensure that the net present value of each Cleared Transaction registered in the relevant Trade Account shall be equal to zero on the STM Conversion Date. The Converting Clearing Member and LCH SA agree that LCH SA may, in its sole and absolute discretion, apply any Variation Margin transferred to and held by LCH SA in respect of the Cleared Transaction registered in the relevant Trade Account to satisfy (in whole or in part) the Converting Clearing Member's obligation to pay the amount (if any) required under this paragraph in relation to each such Cleared Transaction. The Converting Member and LCH SA agree that any Variation Margin transferred to and held by the Converting Clearing Member in respect of the Cleared Transaction registered in the relevant Trade Account shall be applied to satisfy (in whole or in part) LCH SA's obligation to pay the amount (if any) required under this paragraph in relation to each such Cleared Transaction; and
- (vi) all other conditions stipulated by LCH SA have been complied with in a manner satisfactory to it.

Each time a Clearing Member delivers an STM Conversion Request that Clearing Member:

- a. agrees and acknowledges for the benefit of LCH SA that if an STM Conversion Date occurs in respect of any CTM Trade Account, such Trade Account and the Cleared

Transaction registered therein cannot, in any circumstance, be re-converted into, respectively, a CTM Trade Account and CTM Cleared Transactions; and

- b. is deemed to represent to LCH SA that the person, agent, officer, employee, or representative that delivers that STM Conversion Request is fully authorised by it to do so, and has the requisite power to bind the Converting Clearing Member in this regard.

5.12 HEDGING TRANSACTIONS

LCH SA may enter into a CDS or an Index Swaption with a Clearing Member for hedging purposes (a "Hedging Transaction") pursuant to Clause 2.1.1 of the CDS Default Management Process. A Hedging Transaction will be executed as an OTC transaction by a Clearing Member on day D and will be cleared in the same manner as a Daily Backloading Transaction on D+1 save that it will be between LCH SA and a Clearing Member.

5.13 REVERSING OF TRADES

Where a Clearing Member identifies an Original Transaction that it has cleared in error it may reverse the transaction by submitting an equal but opposite transaction via an Approved Trade Source System to LCH SA for clearing and then using compression pursuant to paragraph 5.5 of these Procedures. In such instances, for the avoidance of doubt the Clearing Member shall be solely responsible for entering into any bilateral transaction necessary to reverse the Original Transaction that was cleared in error.

5.14 MAXIMUM NOTIONAL AMOUNT

[This section is not used.]

5.15 RECOUPONING

In accordance with Part A or Part B of the CDS Clearing Supplement, LCH SA may, with the prior consent of all relevant Clearing Members, perform a re-couponing on any Restructuring Cleared Transaction (or portion thereof) in respect of which a valid Credit Event Notice is not delivered during the relevant CEN Triggering Period if the Fixed Rate of such Restructuring Cleared Transaction is not an Eligible Fixed Rate.

In the case of a re-couponing, the Restructuring Cleared Transaction will be terminated and replaced by two new Cleared Transactions: the "First Resulting Transaction" and the "Second Resulting Transaction".

The terms of the resulting Cleared Transactions will be identical to those of the Restructuring Cleared Transaction except that:

the Fixed Rate applicable for the First Resulting Transaction ("C1") will be the highest Eligible Fixed Rate that is inferior to the Fixed Rate of the Restructuring Cleared Transaction ("C");

the Fixed Rate applicable for the Second Resulting Transaction ("C2") will be the lowest Eligible Fixed Rate that is superior to the Fixed Rate of the Restructuring Cleared Transaction ("C");

The Floating Rate Payer Calculation Amount of the First Resulting Transaction (“N1”) will be calculated as per below:

$$N1 = N \times \frac{(C - C2)}{(C1 - C2)}$$

Where N is the Floating Rate Payer Calculation Amount of the Restructuring Cleared Transaction.

The Floating Rate Payer Calculation Amount of the Second Resulting Transaction (“N2”) will be calculated as per below:

$$N2 = N \times \frac{(C - C1)}{(C2 - C1)}$$

Where N is the Floating Rate Payer Calculation Amount of the Restructuring Cleared Transaction.

The Trade Date for the First Resulting Transaction and the Second Resulting Transaction will be the date on which the re-couponsing is performed;

The Transaction Type for the First Resulting Transaction and the Second Resulting Transaction will be Standard European Corporate.

Single Name Cleared Transactions resulting from a re-couponsing will be registered in the Clearing System under the CDSClear Preferred Reference Obligation as defined under Section 4 of the Procedures.

5.16 REPORTS

The reports set out at paragraph 5.16(a)-(c) will be made available by LCH SA to Clearing Members on each Business Day at the times specified in paragraph 5.16(a)-(e).

The reports set out at paragraph 5.16(d) will be made available by LCH SA to Clearing Members on a monthly basis, on the dates and at the times specified in Section 5.16(f).

The reports set out at paragraph 5.16 (e) and (f) will be made available by LCH SA to Clearing Members on an ad hoc basis.

A Clearing Member is entitled to request LCH SA to make all or part of the reports set out at paragraphs (a)(i)(D) to (J), (a)(ii), (b)(i), (b)(ii) and (c) as well as any other relevant report also available on Client Portal Accounts in order for their relevant Clients to access such reports (such process being referred to as a “**Feeding Request**”). A “**Client Portal Account**” means a technical account created by a Client on LCH Portal and which can be identified by a specific number. Each Feeding Request shall be made by sending a copy of a duly completed and signed form (a “**Feeding Request Form**”, available on the LCH Portal) by email to LCH SA’s CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com and one original of such Feeding Request Form by registered letter to the appropriate LCH SA interlocutor as set out on the Feeding Request Form. Promptly following any Feeding Request LCH SA shall make the reports which were the subject of such Feeding Request available on the relevant Client Portal Accounts.

Clearing Members may withdraw a Feeding Request by sending a copy of a duly updated and signed Feeding Request Form by email to LCH SA's CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com.

(a) Backloading Transaction Reports

(i) **Trade management reports**

(A) **Clearing Eligibility Report**

"**Clearing Eligibility Report**" means the report described in this paragraph.

Description: sets out:

- the Gold Records received overnight by LCH SA from DTCC;
- details of the Gold Records which have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.2 of the CDS Clearing Rule Book.

Timing: published by LCH SA by 09:30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Clearing Eligibility Report will be published.

(B) **DTCC Matching and Eligibility Report**

"**DTCC Matching and Eligibility Report**" means the report described in this paragraph.

Description: sets out:

- the Gold Records of the Eligible Weekly Backloading Transactions and Irrevocable Weekly Backloading Transactions which have not been removed from the TIW; and
- the Gold Records of the Eligible Weekly Backloading Transactions and Irrevocable Weekly Backloading Transactions which have been removed from the TIW.

Timing: published by LCH SA between 02:00 and 04:00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant DTCC Matching and Eligibility Report will be published.

(C) **Simulation DTCC Matching and Eligibility Report**

"**Simulation DTCC Matching and Eligibility Report**" means the report described in this paragraph.

Description: sets out:

- the Gold Records of the Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) which have not been removed from the TIW; and
- the Gold Records of the Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) which have been removed from the TIW.

Timing: published by LCH SA between 02.00 CET and 04.00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Simulation DTCC Matching and Eligibility Report will be published.

(D) **Simulation Margin Requirements Result File**

Description: sets out the detailed components of the estimated calculation relating to the Margin Requirements that would be required to be posted if the relevant Eligible Weekly Backloading Transactions or Irrevocable Weekly Backloading Transactions (as applicable) were registered as Cleared Transactions in the Clearing Member's House Account Structure at the time of the estimate.

Timing: published by LCH SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Simulation Margin Requirements Result File will be published.

(E) **Bilateral Trades Report**

"**Bilateral Trades Report**" means the report described in this paragraph.

Description: contains all Original Transactions for the current Business Day including details of those that have successfully passed and those which have failed the Eligibility Controls performed pursuant to Article 3.1.1.3, Article 3.1.2.2 or Article 3.1.2.3 of the CDS Clearing Rule Book.

Timing: published by LCH SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Bilateral Trades Report will be published but will not contain any data.

(F) **Cleared Trades Report**

"**Cleared Trades Report**" means the report described in this paragraph.

Description: this report will contain the private data relating to the Cleared Transactions of each individual Clearing Member in the CDS Clearing System, including:

- the financial value of each Cleared Transaction as at the date and time of publication of such Cleared Trades Report;
- the clearing time stamp confirming the time at which a Cleared Transaction is registered in the Trade Account of the relevant Clearing Member;
- the total stock of Cleared Transactions relating to the relevant Clearing Member as at the date and time of publication of such Cleared Trades Report; and
- information on the classification of the Cleared Transactions as CTM Cleared Transactions or STM Cleared Transactions.

Timing: published by LCH SA by no later than 09.30 CET on each Business Day. For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Cleared Trades Report will be published.

(G) **TIW Operations File**

"**TIW Operations File**" means the file described in this paragraph.

Description: sets out, for each Clearing Member, the Original Transactions novated and the Cleared Transactions created as a result of compression since the previous TIW Operations File was generated.

Timing: published by LCH SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant TIW Operations File will be published.

(H) **Clearing Member Restructuring Pair File**

"**Clearing Member Restructuring Pair File**" means the file described in this paragraph.

Description: in respect of a DC Credit Event Announcement relating to a M(M)R Restructuring, this file will provide Clearing Members with details of the relevant Restructuring Matched Pairs created in accordance with the CDS Clearing Supplement.

LCH SA will generate a file per Clearing Member on each Business Day, but these files will not contain any data unless a DC Credit Event Announcement relating to a M(M)R Restructuring occurs at any time, in which case, from (and including) the date when any relevant Restructuring Matched Pairs are created to (and including) the relevant movement option end date, the files will

contain details of the relevant Matched Buyer and Matched Seller comprised within each relevant Restructuring Matched Pair including the identity of the other Clearing Member and the associated Restructuring Matched Pair Amounts.

Timing: published by LCH SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Clearing Member Restructuring Pair File will be published.

(I) **Event Managements Reports**

"**Event Reports**" means the reports described in this paragraph.

Description: The event reports cover the following reports made to Clearing Members: "Restructuring Credit Event report", "Bankruptcy/Failure to Pay/Governmental Intervention Credit Event Report", "Rename Event Report" and "Succession Event Report". In respect of the DC Credit Event Announcements relating to Restructuring, Bankruptcy, Failure to Pay, Governmental Intervention and Succession Events, or of the market decisions for Rename Events, these reports will provide Clearing Members with the description of the ongoing events.

Timing: published by LCH SA between 09.15 CET and 09.30 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Event reports will be published.

(J) **Protected Exercise Matched Pairs Report**

"**Protected Exercise Matched Pairs Report**" means the report described in this paragraph.

Description: this file will provide Clearing Members with details of the relevant Exercise Matched Pairs created in accordance with Part C of the CDS Clearing Supplement.

Timing: published by LCH SA on each of the three Business Days prior to the Exercise Date and made accessible to the Clearing Members and Exercise Delegation Beneficiaries (as defined in paragraph 5.19.1 below) following occurrence of an EEP Failure Event only.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Protected Exercise Matched Pairs Report will be published (provided that an EEP Failure Event has occurred).

(ii) **Risk management reports**

The risk management reports are dedicated to providing Clearing Members with risk/margin calculations and reporting the resulting cash call calculations to Clearing Members.

(A) **Margin Requirements Results File**

"**Margin Requirements Results File**" means the file described in this paragraph.

Description: the Margin Requirements Results File is generated for each Clearing Member with an Open Position in respect of any of its Margin Accounts, and sets out the detailed components of the calculation relating to the Margin required to be transferred in relation to each related Margin Account, including the Credit Quality Margin applied to the Margin Account of such Clearing Member, if any. The file also specifies the Additional Margin that LCH SA is entitled to call from a Clearing Member on that Business Day.

The Margin Requirements Results File is made up of two sub-files:

- the Margin Result House File: containing the detailed components and the detailed calculations relating to the House Margin Requirement; and
- the Margin Result Client File: containing the detailed components and the detailed calculations relating to:
 - the Client Margin Requirement for each Client Margin Account ;
 - the hypothetical Client Margin Requirement calculated for each CCM Net Omnibus Segregated Account Client as if such client has opted for a CCM Direct Client Segregated Account Structure and for each Gross CCM Omnibus Multi Sub-Account Client as if such client has opted for a Gross CCM Omnibus Single Sub-Account Structure; and
 - the hypothetical Client Margin Requirement calculated for each branch identified as such by the relevant Client.

For the avoidance of doubt, the Margin Requirements Results File generated at the above time will contain details of the Open Positions (including positions pre-registered in the Account Structure of the relevant Clearing Member in accordance with Section 3.1.7 of the CDS Clearing Rule Book).

Timing: published by LCH SA on each Business Day before 08.00 CET.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, the relevant Margin Requirements Results File will be published.

(B) **Portfolio File**

"**Portfolio File**" means the file described in this paragraph.

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member that have been entered for the purpose of

calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH SA on each Business Day every hour and at the time of a Margin Call between 09.00 CET and 19.30 CET.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Portfolio File will be published.

(iii) **Collateral management reports**

Timing: collateral management reports and files are sent to Clearing Members in two formats (XML and/or plain text). The following reports and files are published by LCH SA on each Business Day between 05.15 CET and 05.45 CET (and, with respect to the AC0102E Report, AC0103E Report and AC0113E Report, before each call for payment of the Additional Contribution Amount as the case may be)

(A) **AC0103E Report**

"**AC0103E Report**" means the report described in this paragraph.

(1) **CDS Global Cash Call Document**

"**CDS Global Cash Call Document**" means the section of the AC0103E Report described in this paragraph.

Description: the CDS Global Cash Call Document contains details for each Clearing Member on:

- the daily activity (including the cash available to such Clearing Member from the previous Business Day and cash flows associated with Cleared Transactions of such Clearing Member); and
- the monthly activity (including the statement of account and invoicing fees flow) of cash flows relating to such Clearing Member in the CDS Clearing System.

The CDS Global Cash Call Document will separately set out the details:

- for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable; and
- for Euro cash flows and for USD cash flows, if applicable.

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH SA will send to each relevant Clearing Member the updated CDS Global Cash Call Document.

(B) **AC0102E Report**

"**AC0102E Report**" means the section of the AC0102E Report described in this paragraph.

(1) **CDS Cash Call Document**

"**CDS Cash Call Document**" means the Report described in this paragraph.

Description: the CDS Cash Call Document contains the global amount of clearing flows (including Fixed Amounts in relation to Cleared Transactions of the relevant Clearing Member), credit event flow (including Cash Settlement Amounts and Fixed Amount rebates in relation to Cleared Transactions of the relevant Clearing Member) and collateral flows (including spread margin, short charge margin, recovery risk margin, self-referencing protection margin, interest rate margin, coupon, credit event margin, increase coverage, contingency variation margin and liquidity charge), which is calculated for value day "D" and compared to the amount of Collateral (bonds and shares, non-Euro and Euro cash) allocated from the previous Business Day for the relevant Clearing Member.

The CDS Cash Call Document will separately document the clearing and collateral flows:

- for the House Account Structure of a Clearing Member and for each of its Client Account Structure(s), if applicable; and
- for Euro cash flows and for USD cash flows, if applicable.

The sum of all these cash flows is reported at the end of the CDS Cash Call Document and, also, as a specific line, in the CDS Global Cash Call Document.

(2) **CDS Default Fund Cash Call Document**

"**CDS Default Fund Cash Call Document**" means the section of the AC0102E Report described in this paragraph.

Description: the CDS Default Fund Cash Call Document details the global amount of a Clearing Member's contribution to the CDS Default Fund which is compared to the amount of Collateral allocated from the previous Business Day.

Before each call for payment of the Additional Contribution Amount on any Business Day, LCH SA will send to each relevant Clearing Member the updated CDS Default Fund Cash Call Document detailing the Additional Contribution Amount to be paid by such relevant Clearing Member in accordance with Section 6 of the Procedures.

(C) **AC0110E Report**

"**AC0110E Report**" means the report described in this paragraph.

(1) Initial and Global Financial Reports

"**Initial and Global Financial Reports**" means the Initial Financial Report and Global Financial Report sections of the AC0110E Report.

Description: LCH SA will send the Initial and Global Financial Reports to each Clearing Member using non-Euro currencies, Bonds and shares, as Collateral.

(A) **Initial Financial Report**

"**Initial Financial Report**" means the section of the AC0110E Report described in this paragraph.

The Initial Financial Report contains the detail of available and allocated cash, bonds and shares and non Euro currencies, per market and per sub-account.

Timing: published by LCH SA before each TARGET2 time slot on each Business Day and upon a Clearing Member crediting LCH SA TARGET2 Account as described under Section 3.7(f). In the latter case, it will only be made available to the relevant Clearing Member.

(B) **Global Financial Report**

"**Global Financial Report**" means the section of the AC0110E Report described in this paragraph.

The Global Financial Report contains details of the type of Eligible Collateral (ISIN code or code of non euro currency), and the related quotations, its value calculated in Euro, the applied haircut rate and its allocated and available amounts.

Timing: published by LCH SA before each TARGET2 time slot on each Business Day and upon a Clearing Member crediting LCH SA TARGET2 Account as described under Section 3.7(f). In the latter case, it will only be made available to the relevant Clearing Member.

(D) **AC0104E Report**

"**AC0104E Report**" means the report described in this paragraph.

(1) **Advice Accounting Notes Report**

"**Advice Accounting Notes Report**" means the section of the AC0104E Report described in this paragraph.

Description: the Advice Accounting Notes Report details all accounting operations recorded in LCH SA's books for each Clearing Member on the previous Business Day in accordance with its profile (market, sub-account, collateral, etc).

The Advice Accounting Notes Report is sent with the CDS Global Cash Call Document.

(E) **AC0111E Report**

"**AC0111E Report**" means the report described in this paragraph.

(1) **History of withdrawal/deposit requests and collateral balance after settlement**

Description: this report contains the recap of all the deposit and withdrawal demands of collateral (cash or securities) accepted or rejected, from the last report sent. This report contains also the total excess collateral. For each Collateral Account a balance after settlement is calculated with the global amount, the allocated amount and the available amount for each authorised type of collateral and such for each Collateral Account of the relevant Clearing Member.

(F) **AC0112E Report**

"**AC0112E Report**" means the report described in this paragraph.

(1) **Details of Regularisation of Cash Flow Operations**

"**Details of Regularisation of Cash Flow Operations**" means the section of the AC0112E Report described in this paragraph.

Description: the Details of Regularisation of Cash Flow Operations is published only if LCH SA operates any manual regularisation. The AC0112E Report will be sent with the CDS Default Fund Cash Call Document.

(G) **AC0113E Report**

"**AC0113E Report**" means the report described in this paragraph.

(1) **Net Payment Position of Cash Flow Operations**

Description: this report contains the sum of all the balances set out in the CDS Cash Call Document and the CDS Default Fund Cash Call Document, that are due by the Clearing Member to LCH SA. This report will separately identify the amounts due in respect of the House Account Structure of a Clearing Member and each of its Client Account Structure(s), if applicable

(b) Intraday Call Reports

"**Intraday Call Reports**" means the reports listed in this paragraph 5.16(b) (the descriptions of which are as set out in paragraph 5.16 (a), above unless otherwise noted below) published by LCH SA on each Business Day at the times, as specified below.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the Intraday Call Reports will still be published.

(i) **Trade management reports**

(A) **Bilateral Trades Report**

Description: contains all details of the Intraday Transactions which have been novated on the current Business Day as well as details of those that have become Rejected Transactions in accordance with the CDS Clearing Rule Book.

Timing: published by LCH SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET.

On a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Bilateral Trades Reports will not contain any data.

(B) **Cleared Trades Report**

Timing: published by LCH SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET.

(C) **TIW Operations File**

Timing: published by LCH SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 15.55 CET and 16.25 CET (in respect of the Second Intraday Call) and by 20.00 CET.

(ii) **Risk management reports**

(A) **Margin Requirements Results File**

Timing: published by LCH SA on each Business Day between 10.55 CET and 11.25 CET (in respect of the First Intraday Call), between 14.55 CET and 15.25 CET (in respect of the Second Intraday Call), and by 20.00 CET.

At these times, LCH SA will provide two Margin Requirements Results Files to each relevant Clearing Member:

- (i) the first Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions recorded in the House Margin Account, on the

basis of the relevant Clearing Member's Open Positions between 11:00 and 12:00 CET on that Business Day;

- (ii) the second Margin Requirements Results File will contain details of the calculation relating to the Margin required to be posted in relation to the Portfolio File described in paragraph 5.16(c)(ii)(B) below in respect of the Open Positions registered in each Client Margin Account which is calculated based on the Clearing Member's Open Positions at about 11.30 CET on that Business Day.

and in each case an indicator of whether such Margin Requirement Results File has been used for the purposes of the applicable Intraday Call.

(B) **Portfolio Files**

Description: the Portfolio File specifies, for each Margin Account, all the Open Positions of the Clearing Member and the positions corresponding to Eligible Transactions pre-registered in the Account Structure of the relevant Clearing Member that have been entered for the purpose of calculating the Margin which is required to be posted in relation to such Margin Account.

Timing: published by LCH SA on each Business Day between 11.55 CET and 12.25 CET (in respect of the First Intraday Call), between 14.55 CET and 15.25 CET (in respect of the Second Intraday Call), and by 20.00 CET.

(iii) **Collateral management reports**

Description:

- (A) **AC0103E Report**
- (B) **AC0102E Report**
- (C) **AC0110E Report**
- (D) **AC0104E Report**
- (E) **AC0111E Report**
- (F) **AC0112E Report**
- (G) **AC0113E Report**

Timing: the above mentioned reports and files are published by LCH SA on each Business Day between 11.05 CET and 11.20 CET (in respect of the First Intraday Call), and between 15.05 CET and 15.20 CET (in respect of the Second Intraday Call) (the descriptions of the following reports are as set out in Section 5.16(a)(iii), above).

- (c) Other daily reports

- (i) **Product File**

"**Product File**" means the file described in this paragraph.

Description: the Product File contains the details of all the types of CDS and Index Swaptions then eligible for clearing in the CDS Clearing System and all the types of CDS and Index Swaptions which have ceased to be eligible for clearing within the period commencing 60 Clearing Days prior to the date of publication of the relevant Product File and ending on the date of publication of such Product File.

Timing: published by LCH SA on each Business Day by 21.00 CET. For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Product File will be published.

(ii) **Cross Trades Report**

"**Cross Trades Report**" means the reports described in this paragraph.

Description: the Cross Trades Report contains details of those cross trades which are required to be executed by a Clearing Member in accordance with Paragraph 5.18.5.

Timing: published by LCH SA by 18.30 CET on each Clearing Day.

Where a Cross Trade Report is published on a Clearing Day that:

(a) is not a Firm Day; or

(b) is a Firm Day but, on which, none of the prices provided by the Clearing Member in accordance with Paragraph 5.18.5 result in the creation of cross trades,

then the Cross Trades Report will be published but will not contain any data.

For the avoidance of doubt, on a day that is a Clearing Day on which there is no Real Time Session, the relevant Cross Trades Report will be published.

(iii) **Variation Margin and NPV Amount Report**

Description: the Variation Margin and NPV Amount Report is generated for each Clearing Member and sets out the detailed components of the calculation relating to the Variation Margin Requirement and NPV Payment Requirement.. The Variation Margin and NPV Amount Report is made up of two sub-files: the Variation Margin and NPV Amount House File with respect to the House Variation Margin Requirement and House NPV Payment Requirement and the Variation Margin and NPV Amount Client File with respect to the Client Variation Margin Requirement and Client NPV Payment Requirement for each Client Margin Account. Each of these sub-files specifies:

- with respect to each Cleared Transaction registered in the relevant Account Structure of the relevant Clearing Member, the Variation Margin and/or NPV Amount which shall be transferred or paid, as applicable, to LCH SA or, as applicable, received from LCH SA at the same time as the following Morning Call; and
- with respect to each Irrevocable Backloading Transaction pre-registered in the relevant Account Structure of the relevant Clearing Member, the Variation Margin and/or NPV Amount which shall be transferred or paid, as applicable, to

LCH SA or, as applicable, received from LCH SA at the same time as the following First Intraday Call, provided that such Irrevocable Backloading Transaction is novated following the Morning Call on the relevant Clearing Day.

Timing: published by LCH SA between 02:00 CET and 04:00 CET on each Business Day.

For the avoidance of doubt, on a day that is a Business Day but not a Clearing Day, or on a day that is a Clearing Day on which there is no Real Time Session, the relevant Variation Margin and NPV Amount Report will be published.

(d) Monthly reports

(i) **AC0101E Report**

"**AC0101E Report**" means the report described in this paragraph.

(A) **Invoicing Cash Call Report**

"**Invoicing Cash Call Report**" means the section of the AC0101E Report described in this paragraph.

LCH SA will send the Invoicing Cash Call Report to each Clearing Member on the tenth Clearing Day of the month, listing the references and amounts of the invoices relating to the CDS Clearing System. Once available, this information is also set out as a specific line item in the CDS Global Cash Call Document.

(ii) **AC0106E Report**

"**AC0106E Report**" means the report described in this paragraph.

(A) **Interest Report**

"**Interest Report**" means the section of the AC0106E Report described in this paragraph.

LCH SA will send the Interest Report to each Clearing Member on the third Clearing Day of each month, containing the global monthly calculation per Margin/Collateral Account and a detailed calculation of interest to be paid to LCH SA, or due from LCH SA, relating to the Collateral transferred by such Clearing Member pursuant to Section 3 of the Procedures. The sum of interest is also reported as a specific line in the CDS Global Cash Call Document.

(iii) **AC0126E Report**

"**AC0126E Report**" means the report described in this paragraph.

(A) **Interest Scales Report Section**

"**Interest Scales Report**" means the section of the AC0126E Report described in this paragraph.

LCH SA will send the Interest Scales Report to each Clearing Member on the third Clearing Day of each month, containing the detail of the daily calculation of interest and fees for each Margin Account, including for each date, the amount of allocated collateral and applied daily rate.

(iv) **AC0129E Report**

"**AC0129E Report**" means the report described in this paragraph.

(A) **CDS Default Fund Contribution**

"**CDS Default Fund Contribution**" means the section of the AC0129E Report described in this paragraph.

LCH SA will send the CDS Default Fund Contribution to each Clearing Member on the fourth Business Day of the month, setting out the new calculation of such Clearing Member's monthly contribution to the CDS Default Fund for the next period.

This new contribution is also reported in the CDS Default Fund Cash Call Document.

(v) **AC0105E Report**

"**AC0105E Report**" means the report described in this paragraph.

(A) **Monthly Accounting Notes Report**

"**Monthly Accounting Notes Report**" means the section of the AC0105E Report described in this paragraph.

LCH SA will send the Monthly Accounting Notes Report to each Clearing Member on the first Clearing Day of each month detailing all accounting operations recorded in LCH SA's book for the relevant Clearing Member during the month in accordance with its profile (market, sub-account, collateral, etc.

Each AC0105E Report is sent with the CDS Global Cash Call Document.

(vi) **Billing and Invoicing Reports**

"**Billing and Invoicing Report**" means the report described in this paragraph.

LCH SA will send to each Clearing Member a CDS Billing and Invoicing Report on a monthly basis.

(e) **Collateral Holding Report**

"**Collateral Holding Report**" means the report described in this paragraph.

Euroclear Bank SA/NV will provide LCH SA and each Clearing Member with a Collateral Holding Report via SWIFT each time there is a movement on the pledged securities account contemplated by paragraph 3.13 of Section 3 of the Procedures (the "**Pledged Account**") on a Business Day. Such report will include: (i) details of the Eligible Collateral held in the

Pledged Account; (ii) the ISIN code(s) of the relevant Eligible Collateral, if applicable; and (iii) the outstanding principal amount of the relevant Eligible Collateral. LCH SA shall grant Clearing Members simultaneous access to each such Collateral Holding Report via Euclid PC between 05.00 CET and 20.00 CET on each Business Day.

(f) Compression Results File

"**Compression Results File**" means the report described in this paragraph.

Description: A Compression Results File will contain confirmation of the details of the resultant compressed trades that have been created following the submission of an ad-hoc compression request by a Clearing Member.

Timing: Shortly after a Clearing Member submits an ad-hoc compression request in accordance with paragraph 5.5(a) above, LCH SA will publish a Compression Results File in respect of such request.

5.17 REGULATORY REPORTING

(a) Reporting obligation under EMIR

Pursuant to EMIR, LCH SA will report the details of any Cleared Transaction subject to the reporting obligation in accordance with EMIR Article 9.1 to a trade repository duly registered or recognised in accordance with EMIR.

LCH SA will not report the details of any Cleared Transaction on behalf of the relevant Clearing Member and/or its Clients.

The details of any Cleared Transaction and any modification (including any correction of errors or inconsistencies contained in a report) or termination of such Cleared Transaction shall be reported to the trade repository no later than the Business Day following the day of occurrence of the event triggering the obligation to report pursuant to EMIR.

For the purpose of the above reporting, LCH SA will generate a Unique Trade ID ("**UTI**") to identify a Cleared Transaction and will communicate such UTI to the relevant Clearing Members in due time. Such UTI will be used from the creation of the Cleared Transaction until its termination.

(b) Reporting obligation under CFTC Regulations Part 45

Pursuant to CFTC Regulations Part 45, LCH SA will send reports to a Swap Data Repository ("**SDR**"). For this purpose LCH SA will be using DTCC Data Repository (U.S.) LLC ("**DDR**") as an SDR.

The reporting to DDR will include creation data, continuation data and valuation data on any relevant Cleared Transaction as described below and according to the below timing:

1. Creation data: any creation of a Cleared Transaction as a result of the novation process will be reported by LCH SA to DDR, upon occurrence of registration of the Cleared Transaction in accordance with Section 3.1.10 of the CDS Clearing Rule Book;

2. Continuation data: information on lifecycle events of the Cleared Transaction, including any termination, compression, credit events will be reported by LCH SA to DDR, upon occurrence of the relevant registration of such event;
3. Valuation data: the value of each relevant Cleared Transaction will be reported on a daily basis by LCH SA to DDR.

For the purpose of the above reporting, LCH SA will use:

- (i) a Unique Swap Identifier (“**USI**”) to identify a Cleared Transaction and such USI will be used from the creation of the Transaction until its termination;
- (ii) the CFTC Interim Compliant Identifier (“**CICI**”) of each Party to the Transaction.

5.18 END OF DAY PRICE CONTRIBUTION

References to times and deadlines in this paragraph 5.18 are to London local time (being Greenwich Mean Time (GMT) or British Summer Time (BST) as applicable) unless otherwise specified.

5.18.1 Market Data submission

LCH SA has appointed the Index Publisher to be a Third Party Data Aggregator for the purposes of the CDS Admission Agreement.

On each Price Contribution Day, LCH SA will request the Index Publisher to obtain Market Data from each Price Contribution Participant for CDS and Index Swaptions in respect of which they have Open Positions.

Price Contribution Participants are required to submit Market Data at the times set out in paragraph 5.18.3 below.

If a Clearing Member wishes to appoint a Price Contribution Delegate, it shall first obtain the prior approval of LCH SA. For that purpose, the relevant Clearing Member shall contact LCH SA’s CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com) and shall provide such information as may be required by LCH SA. For the avoidance of doubt, LCH SA has full discretion as to the approval of a Price Contribution Delegate for any Clearing Member.

In accordance with Article 2.2.0.5 of the CDS Clearing Rule Book, a Clearing Member that is a Select Member may decide to receive, or as the case may be, stop receiving the Price Requirement Files (as defined in paragraph 5.18.3 below). For that purpose, the relevant Clearing Member shall contact LCH SA’s CDSClear Business Development & Relationship Management team (cdsclearbusinessdevrm@lch.com) and shall provide such information as may be required by LCH SA.

5.18.2 Calculation of End of Day Contributed Prices

(a) In respect of CDS

The process for the calculation of End of Day Contributed Prices in respect of CDS involves the following steps for the Index Publisher (unless otherwise specified):

- (i) Receipt of Price Contribution Participants' Market Data by the Index Publisher
- (ii) Application of bid/ask constraint by the Index Publisher. The bid/ask constraint values are defined by LCH SA and updated from time to time
- (iii) Determination of clearing price
- (iv) Determination of any cross trades (potential)
- (v) Communication of clearing price

(b) In respect of Index Swaptions

The process for the calculation of End of Day Contributed Prices in respect of Index Swaptions involves the following steps:

- (i) Receipt of Price Contribution Participants' Market Data by the Index Publisher
- (ii) Communication of Market Data by the Index Publisher to LCH SA
- (iii) Application of bid/ask constraint by LCH SA. The bid/ask constraint values are defined by LCH SA and updated from time to time.
- (iv) Determination of clearing price by LCH SA
- (v) Determination of any cross trades (potential) by LCH SA.

5.18.3 Price submission procedure

Price Contribution Participants should submit Market Data in accordance with the following procedure:

- LCH SA will transmit to the Index Publisher, on a daily basis, the Market Data for Clearing Members with Open Positions in Cleared Transactions;
- Price Contribution Participants will receive price requirement files listing the Open Positions in respect of which they are required to submit Market Data (each a "**Price Requirement File**");
- The Price Requirement Files will be available from the Index Publisher's website for download daily:
 - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in Euro: from 13.15; or
 - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: from 14.30 New York City local time,

provided that the Price Requirement Files may be available at earlier times as notified in advance by LCH SA.

- Price Contribution Participants upload Market Data submissions to the Index Publisher for the Cleared Transactions listed in the Price Requirement File:
 - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in Euro: between 16.30 and 16.35; or
 - in respect of a CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: between 16.30 and 16.35 New York City local time,

provided that Price Contribution Participants may be required to upload Market Data submissions at earlier times as notified in advance by LCH SA.

- Market Data can be re-submitted during this time; where a Price Contribution Participant does this the latest submitted Market Data will be taken into account by the Index Publisher;
- Market Data should be supplied via a Markit spreadsheet or a Markit API;
- Price Contribution Participants' Market Data submission can either be Bid/Ask pairs or Mids;
- The Index Publisher carries out real time checks on the data submitted to take account of fat-fingering, invalid reference data, etc. A validation log will be available to Price Contribution Participants for erroneous submissions/warnings.

5.18.4 Use of composite spreads/prices

To the extent LCH SA has not received: (x) End of Day Contributed Prices in respect of CDS with a CDS Contractual Currency in Euro or Market Data in respect of Index Swaptions with a CDS Contractual Currency in Euro from the Index Publisher by 17.15; or (y) End of Day Contributed Prices in respect of CDS with a CDS Contractual Currency in US Dollar or Market Data in respect of Index Swaptions with a CDS Contractual Currency in US Dollar from the Index Publisher by 17.15 New York City local time, it will use:

- (a) With respect to Index Cleared Transactions, composite prices/spreads for the purposes of calculating the Variation Margin Requirement and/or NPV Payment Requirement for each Margin Account of a Clearing Member on the next following Business Day;
- (b) With respect to Single Name Cleared Transactions, a computation of end of day contributed spreads and composite spreads for the purpose of calculating the Variation Margin Requirement and/or NPV Payment Requirement for each Margin Account of a Clearing Member on the next following Business Day; and
- (c) With respect to Index Swaption Cleared Transactions, a computation of end of day contributed spreads and composite spreads for the purpose of calculating the Variation Margin Requirement and/or NPV Payment Requirement for each Margin Account of a Clearing Member on the next following Business Day,

in accordance with Article 4.2.7.1 of the CDS Clearing Rule Book.

5.18.5 Trade crossing

In order to validate the Market Data submitted by Price Contribution Participants in accordance with this Paragraph 5.18, LCH SA shall require Price Contribution Participants to undertake trade crossing in accordance with Article 4.2.7.7 of the CDS Clearing Rule Book.

For the avoidance of doubt, in respect of Price Contribution Participants that are Select Members, or as the case may be their Price Contribution Delegates, paragraph 5.18.5 shall only apply to them in respect of Market Data that they have submitted.

(a) Firm Days

LCH SA shall determine a number of "Firm Days" being the last Clearing Day of each quarter and 30 other Clearing Days in any calendar year chosen at LCH SA's sole discretion, and shall communicate such Firm Days to Price Contribution Participants promptly after the closure of the submission window:

- in respect of CDS and an Index Swaption with a CDS Contractual Currency in Euro: at 16.35; or
- in respect of CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: at 16.35 New York City local time,

on each such Firm Day.

(b) Determination of cross trades

(i) CDS

The Index Publisher will inform LCH SA on each Price Contribution Day where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not reflect the quoted daily spread for a particular CDS. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily spread for a particular CDS on such Firm Day will be required to execute a CDS with another Price Contribution Participant on pre-determined terms, as set out in Paragraph 5.18.5(c)(i) below. CDS must be executed by a Price Contribution Participant:

- in respect of a CDS with a CDS Contractual Currency in Euro: prior to 18.30; or
- in respect of a CDS with a CDS Contractual Currency in US Dollar: prior to 17.30 New York local time,

on the Price Contribution Day following the relevant Firm Day.

(ii) Index Swaption

On each Price Contribution Day LCH SA will identify where prices submitted by Price Contribution Participants in accordance with this Paragraph 5.18 do not reflect the quoted daily price for a particular Index Swaption. On each Firm Day, Price Contribution Participants whose price(s) do not reflect the quoted daily price for a particular Index Swaption on such Firm Day will be required to execute a "Delta Hedged Swaption Package" being an Index Swaption and a CDS referencing an eligible Index Version to hedge the Index Swaption delta, with another Price Contribution Participant on pre-determined terms, as set out in Paragraph

5.18.5(c)(ii) below. The Delta Hedged Swaption Package must be executed by a Price Contribution Participant:

- in respect of an Index Swaption with a CDS Contractual Currency in Euro: prior to 18.30; or
- in respect of an Index Swaption with a CDS Contractual Currency in US Dollar: prior to 17.30 New York local time,

on the Price Contribution Day following the relevant Firm Day.

(c) Terms of cross trades

LCH SA shall notify the relevant Price Contribution Participant of the following required CDS or Delta Hedged Swaption Package terms by issuing a Cross Trade Report in accordance with Paragraph 5.16(c)(iii) above:

(i) For CDS:

- Index Version or Reference Entity as applicable
- Red code
- Original Notional Amount or Floating Rate Payer Calculation Amount as applicable
- Currency
- Fixed Rate
- Fixed Rate Payer
- Floating Rate Payer
- Scheduled Termination Date
- applicable ISDA Credit Derivatives Definitions
- Initial Payment Amount
- Initial Payment Payer
- Initial Payment Receiver
- Transaction Type

(ii) For Delta Hedged Swaption Package:

- In respect of the Index Swaption:
 - Swaption Type
 - Swaption Strike
 - Expiration Date
 - Swaption Buyer
 - Swaption Seller
 - Premium
 - Index Version of the Underlying Index Transaction
 - Red Code of the Underlying Index Transaction
 - Scheduled Termination Date of the Underlying Index Transaction
 - Original Notional Amount of the Underlying Index Transaction
 - Currency of the Underlying Index Transaction
- In respect of the CDS referencing an eligible Index Version to hedge the Index Swaption delta:
 - Original Notional Amount
 - Initial Payment Amount

(d) Notification of execution

Price Contribution Participants required to execute cross trades in accordance with this Paragraph 5.18.5 must provide LCH SA with the DTCC trade reference identifiers (TRI):

- in respect of a CDS and an Index Swaption with a CDS Contractual Currency in Euro: before 18.30; or
- in respect of a CDS and an Index Swaption with a CDS Contractual Currency in US Dollar: before 17.30 New York local time,

on the Price Contribution Day following the relevant Firm Day by emailing this to LCH SA's CDSClear Operations department at cdsclear.ops@lch.com.

5.18.6 Failure to submit prices

In the event that a General Member or as the case may be its Price Contribution Delegate, does not submit prices to the Index Publisher in accordance with paragraph 5.18.3, LCH SA shall be permitted to invoke Disciplinary Proceedings in respect of the General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, in accordance with Section 8 of the Procedures.

In circumstances where a failure to provide prices in accordance with paragraph 5.18 is the only breach by that General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, of its obligations under the CDS Clearing Documentation, LCH SA shall not be permitted to declare an Event of Default in respect of that General Member, or as the case may be, the affiliated General Member for which such Price Contribution Delegate acts, pursuant to Article 4.3.1.2 of the CDS Clearing Rule Book.

5.18.7 Failure to execute cross trades

In the event that a Price Contribution Participant does not execute cross trades in accordance with paragraph 5.18.5, LCH SA shall be permitted to invoke Disciplinary Proceedings in respect of that Price Contribution Participant, or as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, in accordance with Section 8 of the Procedures.

In circumstances where a failure to execute cross trades in accordance with paragraph 5.18 is the only breach by that Price Contribution Participant, or as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, of its obligations under the CDS Clearing Documentation, LCH SA shall not be permitted to declare an Event of Default in respect of that Price Contribution Participant, or as the case may be, the affiliated Clearing Member for which such Price Contribution Participant acts, pursuant to Article 4.3.1.2 of the CDS Clearing Rule Book.

5.19 DELEGATION OF EXERCISE OF EXERCISE CLEARED TRANSACTIONS AND ELECTRONIC EXERCISE PLATFORM

5.19.1. Delegation of Exercise or Abandonment of Exercise Cleared Transactions

Any Clearing Member (a “**Delegating Clearing Member**”) which has delegated to a Client (an “**Exercise Delegation Beneficiary**”) the power to Exercise and/or Abandon all or part of its Exercise Cleared Transactions in accordance with Section 6.4 of Part C of the CDS Clearing

Supplement (in each case an “**Exercise Delegation**”) shall notify such Exercise Delegation to LCH SA by sending a copy of a duly completed and signed notification form (an “**Exercise Delegation Form**”, available on the LCH Portal) by email to LCH SA’s CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com and one original of such Exercise Delegation Form by registered letter to the appropriate LCH SA interlocutor as set out on the Exercise Delegation Form.

Upon receipt of a duly completed and signed Exercise Delegation Form LCH SA shall ensure that only the Exercise Delegation Beneficiary is authorised to Exercise or Abandon the relevant Exercise Cleared Transactions identified in such Exercise Delegation Form.

Clearing Members who withdraw an Exercise Delegation shall inform LCH SA by sending a copy of a duly updated and signed Exercise Delegation Form by email to LCH SA’s CDSClear Business Development & Relationship Management team at cdsclearbusinessdevrm@lch.com (an “**Exercise Delegation Withdrawal**”). For the avoidance of doubt, in accordance with Section 6.4 of Part C of the CDS Clearing Supplement, an Exercise Delegation may be withdrawn only if no Exercise Cleared Transaction is registered in the Client Trade Account of the relevant Exercise Delegation Beneficiary.

Notwithstanding the above, receipt by LCH SA of one of the documents listed in paragraphs 5.7 (i) to (ii) above or Article 6.4.1.3 of the CDS Clearing Rule Book will be deemed an Exercise Delegation Withdrawal with respect to Cleared Transactions registered in the Client Trade Account of the relevant Client and will be processed as such by LCH SA, unless otherwise instructed by the relevant Delegating Clearing Member.

LCH SA shall process Exercise Delegations and Exercise Delegation Withdrawals as soon as reasonably practicable.

5.19.2. **Electronic Exercise of Exercise Cleared Transactions**

Except in case of EEP Failure Event, Clearing Members and Exercise Delegation Beneficiaries shall Exercise or Abandon Exercise Cleared Transactions using one of the EEP applications available on LCH Portal.

Upon submission by the relevant Clearing Member or Exercise Delegation Beneficiary of an Option Intent in the EEP, LCH SA will carry out logicity controls in respect of such Option Intent, in order to help Clearing Members and Exercise Delegation Beneficiaries identify an Option Intent which could have been submitted in the EEP in error. Such logicity controls will be based on the relative position of the price of Exercise compared to reference prices determined by LCH SA in its sole discretion and provided in the EEP. Any Option Intent which does not pass such logicity controls will be deemed illogical and will not be registered in the EEP.

Notwithstanding the above, Clearing Members and Exercise Delegation Beneficiaries may elect to bypass such logicity controls by specifying “Confirm” (or “Force”, as applicable) in relation to the relevant Option Intent when submitting such Option Intent (“**Force Submission**”).

Clearing Members and Exercise Delegation Beneficiaries shall be informed as soon as reasonably practicable by LCH SA any time an Option Intent is deemed illogical, and such

Clearing Member or Exercise Delegation Beneficiary may then elect to re-submit such Option Intent and Force Submission in relation to such Option Intent.

LCH SA will not carry out logicity controls in respect of any Option Intent in respect of which the relevant Clearing Member or Exercise Delegation Beneficiary has elected to Force Submission in relation to. Before registering any Option Intent submitted through (i) the LCH Portal or (ii) in case of Exercise Delegation, a Client Portal Account identified in the relevant Exercise Delegation Form received by LCH SA, LCH SA will ensure that:

- (i) such Option Intent is submitted by a user who (a) is connected with the proper user ID and password and (b) based on such ID and password, is duly authorised to Exercise or Abandon, as applicable, the relevant Exercise Cleared Transactions;
- (ii) an Option Intent has not already been submitted in the EEP in respect of the relevant Exercise Cleared Transaction (other than a partial Exercise);
- (iii) the Option Intent passes the logicity controls or the relevant Clearing Member or Exercise Delegation Beneficiary has Forced Submission, as described above.

LCH SA will not be required to carry out any further control.